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## **Fresenius Investor News**

### **Fresenius plans conversion of Fresenius AG into European Company (SE) and share split**

The Management Board and Supervisory Board of Fresenius AG will propose to its shareholders in an extraordinary general meeting on December 4, 2006, to convert the Company's legal form from a German AG (Aktiengesellschaft) into a European Company (Societas Europaea – SE). This is a public limited-liability company under European law. At the same time, the shareholders will be asked to approve a share split that triples the number of shares issued.

After the successful expansion of the Group's international business and the strong growth in recent years, the proposed conversion into a European Company is a consistent step in the company's development. The SE is a modern legal form based on European law which will underline the Group's international focus and facilitate an open and international corporate culture at Fresenius.

As a European Company, Fresenius remains committed to high-quality and efficient corporate governance practices. The conversion does not have any effect on the Company's corporate structure and management organization. The two-tier system consisting of Management Board and Supervisory Board will remain unchanged. The Supervisory Board of Fresenius SE will continue to have twelve members. However, employee representatives from various European countries will be represented on the Supervisory Board. Currently, only German employee representatives serve on the Company's Supervisory Board. The same size of the Supervisory Board ensures that the efficiency of the Company's corporate governance will be preserved. Without the proposed conversion, Fresenius would have to increase the number of Supervisory Board members to twenty due to the increased number of German employees.

Fresenius will continue to have its registered office in Germany. The conversion into an SE does not lead to a liquidation of the company or to the formation of a new legal entity. The Company's legal and economic identity will be preserved. In addition, the conversion does not result in any tax consequences for Fresenius. All shareholder's stakes in Fresenius will remain unchanged.

"The European Company enables us to reflect the international focus of our business in the legal form while we continue our well-proven corporate governance. At the same time, the SE assures the representation of our European employees on the Supervisory Board", says Dr. Ulf M. Schneider, Chairman of the Management Board of Fresenius AG.

The proposed share split is intended to promote trading activity in Fresenius shares and to increase the shares' attractiveness for a broader group of investors. Fresenius share prices have increased significantly in recent years: Since the end of 2004, the share prices of the ordinary share and the preference share have almost doubled. The preference share price is currently one of the highest in Germany's HDAX index.

The subscribed capital of Fresenius AG currently amounts to € 131.5 million\*. It is divided into 25,688,455 ordinary shares and 25,688,455 preference shares. Through a conversion of capital reserves, the subscribed capital is first increased to € 154.1 million. The subscribed capital is then divided into 77,065,365 ordinary shares and 77,065,365 preference shares. The new proportionate amount of the subscribed capital will be 1 € per share. After the share split, every holder of an ordinary share will hold three ordinary shares and every holder of a preference share will hold three preference shares. As a result of the share split, the price level will be reduced arithmetically without affecting the overall value for shareholders.

\* including the capital increase from authorised capital against contribution in kind in the amount of € 903,884.80 in the course of the acquisition of HUMAINE Kliniken GmbH, which yet has to be registered in the commercial register

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