

FRESENIUS MEDICAL CARE CORP

Form 424B3

January 06, 2006

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PROSPECTUS

U.S. CONVERSION OFFER

Conversion Offer
To U.S. holders of the non-voting preference shares
without par value, including preference shares represented by
American Depositary Shares, of Fresenius Medical Care AG

We are offering holders of our non-voting preference shares, including preference shares represented by American Depositary Shares, the opportunity to convert their preference shares into voting ordinary shares in the ratio of: one preference share without par value for one ordinary share without par value of Fresenius Medical Care AG; and

one preference American Depositary Share (ADS) (each preference share ADS representing one-third of a preference share of Fresenius Medical Care AG) for one ordinary share ADS of Fresenius Medical Care AG (each ordinary share ADS representing one-third of an ordinary share of Fresenius Medical Care AG).

Preference shares tendered for conversion must be accompanied by payment of a conversion premium of 9.75 per preference share, or 3.25 per preference share ADS. *Holder of preference share ADSs must pay the conversion premium in U.S. dollars. Each preference share ADS tendered for conversion of the underlying preference shares must be accompanied by payment of a conversion premium of \$4.28 per preference share ADS.* That amount equals approximately 110% of the U.S. dollar equivalent of 3.25, based on an exchange rate of 1 equals \$1.1980 at January 3, 2006 (the day before the date of this prospectus). The additional 10% U.S. dollar premium payment is required to cover possible currency exchange rate fluctuations, and any excess premium payment of more than \$10.00 will be returned to converting preference share ADS holders. Holders of preference share ADSs will not be charged any depositary fees for the surrender of their preference ADSs for conversion or for the issuance of ADSs representing the ordinary shares held upon consummation of the conversion.

The U.S. offer will expire at midnight, New York City time, on February 3, 2006, unless it is extended prior to that time. You may withdraw any preference shares or preference shares ADSs tendered in the U.S. offer at any time prior to the expiration time.

On August 30, 2005, the shareholders of Fresenius Medical Care AG approved a resolution for the transformation of Fresenius Medical Care AG from a stock corporation (*Aktiengesellschaft*) under German law into a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) under German law to be called Fresenius Medical Care AG & Co. KGaA (Fresenius Medical Care KGaA). Upon registration of the transformation, the share capital of Fresenius Medical Care AG will become the share capital of Fresenius Medical Care KGaA, and shareholders in Fresenius Medical Care AG will become shareholders of Fresenius Medical Care KGaA. We intend to arrange for the registration of the transformation immediately following completion of the conversion offer, and we will not register the conversion of preference shares into ordinary shares pursuant to the conversion offer unless we are satisfied that the transformation of legal form will occur. Upon registration of the transformation of legal form, the ordinary shares of Fresenius Medical Care AG offered in this conversion offer will be transformed into ordinary shares of Fresenius Medical Care KGaA. Accordingly, holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who elect to convert their shares in the conversion offer will receive ordinary shares of Fresenius Medical Care KGaA. Holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who do not elect to convert their shares in the conversion offer will become preference shareholders of Fresenius Medical Care KGaA.

Fresenius Medical Care AG is making the conversion offer to all holders of its outstanding preference shares through two separate offers. See The U.S. Offer The U.S. Offer and the German Offer. Together, these offers are being made for the conversion of all issued and outstanding preference shares, including preference shares represented by preference share ADSs, and all preference shares that are or may become issuable prior to the expiration of the offers due to the exercise of outstanding preference share options or the conversion of outstanding convertible bonds issued under our employee participation programs. Depending on the level of acceptance of the offers, up to approximately 27,762,179 preference shares (including preference shares represented by ADSs) will be converted into ordinary shares pursuant to the offers. The completion of the offers is subject to certain conditions, as described under

The U.S. Offer Conditions to the U.S. Offer. Subject to applicable law and regulations, we reserve the right to modify or waive any of such conditions in our discretion.

For a discussion of the risk factors that you should consider carefully in evaluating the U.S. offer, see Risk Factors beginning on page 20.

Fresenius Medical Care AG ordinary shares are listed on the Frankfurt Stock Exchange and trade on the Xetra system under the symbol FME and Fresenius Medical Care AG ordinary share ADSs are listed on the New York Stock Exchange, or NYSE, and trade under the symbol FMS. Fresenius Medical Care AG preference shares are listed on the Frankfurt Stock Exchange and trade on the Xetra system under the symbol FME3 and Fresenius Medical Care AG preference share ADSs are listed on the New York Stock Exchange, and trade under the symbol FMS p. We intend to list both the ordinary shares and preference shares of Fresenius Medical Care KGaA on the Frankfurt Stock Exchange, and we expect the shares to be traded on the Xetra system. American Depositary Shares representing Fresenius Medical Care KGaA ordinary shares and preference shares have been approved for listing on the New York Stock Exchange, subject to official notice of issuance and, in the case of preference share ADSs, satisfaction of New York Stock Exchange distribution criteria. However, we cannot assure holders of Fresenius Medical Care AG preference ADSs that, after the conversion and the transformation, the preference ADSs of Fresenius Medical Care KGaA will be eligible for listing on the New York Stock Exchange or that we will be able to maintain an American Depositary Receipt facility for the preference shares of Fresenius Medical Care KGaA. See Stock Exchange Listing and Trading.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this prospectus or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Information Agent for the U.S. Offer is:

D.F. King & Co., Inc.

This prospectus is dated January 4, 2006.

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INFORMATION INCORPORATED BY REFERENCE

This prospectus incorporates important information about Fresenius Medical Care AG by reference and, as a result, this information is not included in or delivered with this prospectus. For a list of those documents that are incorporated by reference into this prospectus, see *Where You Can Find More Information* on page 1.

Documents incorporated by reference are available from us upon oral or written request without charge. You may also obtain documents incorporated by reference into this prospectus from the Internet site of the Securities and Exchange Commission, or SEC, at the URL (or uniform resource locator) *http://www.sec.gov* or by requesting them in writing or by telephone from the information agent for these offers:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
212-269-5550

or

Call Toll-Free (888) 542-7446
Email: webmaster@dfking.com

In deciding whether to convert your preference shares in the conversion offer described in this prospectus, you should rely only on the information contained or incorporated by reference into this prospectus and the ADS letter of transmittal (collectively referred to herein as the related U.S. offer documents). Fresenius Medical Care AG has not authorized any person to provide you with any information that is different from, or in addition to, the information that is contained in this prospectus or in the related offer documents.

The information contained in this prospectus speaks only as of the date indicated on the cover of this prospectus unless the information specifically indicates that another date applies.

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REGULATORY STATEMENT

The conversion offers described in this prospectus are subject to the applicable laws and regulations of the Federal Republic of Germany, including the Securities Prospectus Act (*Wertpapierprospektgesetz*) and of the United States, including the tender offer rules applicable to equity securities registered under Section 12 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act. This U.S. offer document constitutes a prospectus under Section 5 of the United States Securities Act of 1933, as amended, or the Securities Act, with respect to the ordinary shares offered in connection with the U.S. offer.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

This prospectus has not been reviewed by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, or BaFin*). Accordingly, this prospectus may not be used to make offers or sales in Germany in connection with any offer described herein.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual reports on Form 20-F and furnish periodic reports on Form 6-K to the United States Securities and Exchange Commission (the SEC). You may read and copy any of these reports at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549, U.S.A., and its public reference rooms in New York, New York, U.S.A. and Chicago, Illinois, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The reports may also be obtained from the website maintained by the SEC at <http://www.sec.gov>, which contains reports and other information regarding registrants that file electronically with the SEC. The New York Stock Exchange currently lists American Depositary Shares representing our ordinary shares and American Depositary Shares representing our preference shares. Our periodic reports, registration statements and other information that we file with the SEC are also available for inspection and copying at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, U.S.A. Our SEC filings are also available to the public from commercial document retrieval services.

We prepare annual and quarterly reports, which are then distributed to our shareholders. Our annual reports contain financial statements examined and reported upon, with opinions expressed by, our independent auditors. The consolidated financial statements of Fresenius Medical Care AG included in these annual reports are prepared in conformity with U.S. generally accepted accounting principles. Our annual and quarterly reports to our shareholders are posted on our website at www.fmc-ag.com. In furnishing our website address in this prospectus, however, we do not intend to incorporate any information on our website into this prospectus, and you should not consider any information on our website to be part of this prospectus.

We will also furnish JP Morgan Chase Bank, N.A., the depository for our American Depositary Receipts, with all notices of general meetings of shareholders and other reports and communications that are made generally to our shareholders. Such documents will be available for inspection by appointment by registered holders of American Depositary Receipts at the principal office of the depository, presently located at 4 New York Plaza, New York, New York, 10004 U.S.A.

This prospectus is a part of a registration statement on Form F-4 that we are filing with the SEC to register the offer of ordinary shares in connection with the conversion of our preference shares in the conversion offer. As allowed by SEC rules, this prospectus does not contain all the information included in the registration statement or the exhibits to the registration statement.

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The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in, or incorporated by reference in, this prospectus through the date hereof. This prospectus incorporates by reference the documents set forth below that we have previously filed with or furnished to the SEC. These documents contain important information about our company and its finances.

SEC Filings (File No. 001-14444)	Period/Filing Date
Annual Report on Form 20-F	Fiscal Year ended December 31, 2004 (filing date March 1, 2005)
Form 6-K Report	July 2005 (furnished to the SEC July 5, 2005)
Amended Annual Report on Form 20-F	Fiscal year ended December 31, 2004 (filing date July 13, 2005)
Form 6-K Report	November 2005 (furnished to the SEC November 3, 2005 and containing the Company's financial statements as of and for the nine months ended September 30, 2005).
Form 6-K Report	November 2005 (furnished to the SEC on November 29, 2005)
Form 6-K Report	December 2005 (furnished to the SEC on December 1, 2005)
Form 6-K Report	December 2005 (furnished to the SEC on December 22, 2005)
Form 6-K Report	December 2005 (furnished to the SEC on December 23, 2005)
Form 6-K Report	January 2006 (furnished to the SEC on January 3, 2006)

If you are a shareholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the SEC. Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this prospectus.

Shareholders may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from the appropriate party at the following address:

In North America

Elsewhere

Fresenius Medical Care North America
 Investor Relations
 95 Hayden Avenue
 Lexington, MA 02420
 Attn: Heinz Schmidt
 Toll Free: 1(800)662-1237

Fresenius Medical Care AG
 Investor Relations
 Else-Kröner-Strasse 1
 D. 61352 Bad Homburg, Germany
 Attn: Oliver Maier
 ++ 49 6172 609-2601

D.F. King & Co., Inc.
 48 Wall Street
 New York, NY 10005
 Toll Free: 1 (888) 542-7446
 Banks and Brokers 1(212) 269-5550

D.F. King & Co., Inc.
 No. 2 London Wall Buildings
 London Wall, London EC2M 5PP
 Toll Free, Germany 0 800 182 0227
 Toll Free, U.K.: 0 800 917 8414
 Call Collect: +(44) 20 7920 9700

In addition, the articles of association of Fresenius Medical Care AG, the proposed articles of association of Fresenius Medical Care KGaA and the historical financial information of Fresenius Medical Care AG and its subsidiaries for each of the two financial years prior to the date of this prospectus are available for inspection for the duration of the offers during normal business hours at the above address of Fresenius Medical Care AG in Bad Homburg, Germany. Future annual reports and interim reports issued by the Company will also be available at that office.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction.

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You should rely only on the information contained or incorporated by reference in this prospectus or in the related U.S. offer documents. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus or in the related U.S. offer documents.

This prospectus is dated January 4, 2006. You should not assume that the information contained in this prospectus is accurate as of any date other than this date. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus will, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this prospectus by reference or in our affairs since the date of this prospectus.

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QUESTIONS AND ANSWERS ABOUT THE U.S. OFFER

Q: Why is Fresenius Medical Care AG making the U.S. Offer? (See page 46)

A: We are making the U.S. offer and the concurrent German offer because we believe that the conversion of our outstanding preference shares into ordinary shares, in addition to the transformation of the legal form of our company from an AG to a KGaA, will increase our financial and operative flexibility by increasing the number of publicly held ordinary shares (which we refer to as our free float). We expect that this increase in free float will increase the liquidity of our ordinary shares and strengthen our position on the DAX, the index of 30 major German stocks, while enabling us to substantially maintain our existing corporate governance.

We also believe that increased liquidity for our ordinary shares will allow us to attract equity financing so that we may pursue our long-term growth objectives and strategies, which will help us maintain and improve our position as a leading global integrated provider of dialysis products and services. There can be no assurance, however, that the anticipated benefits will be realized. For a discussion of the risk factors that you should consider carefully in evaluating the U.S. offer, see Risk Factors.

Q: Why are there two offers? (See page 34)

A: We are making two offers so that we can comply with the Exchange Act and the rules and regulations under that Act in connection with the conversion offer to U.S. residents and holders of ADSs and with the somewhat different provisions of German law in connection with the German Offer. Making two offers also enables us to offer and issue our ordinary shares to U.S. residents in compliance with the Securities Act in connection with the U.S. offer and with German securities regulations in connection with the German offer.

Q: What are the differences between the German offer and the U.S. offer? (See page 34)

A: Subject to statutory requirements, the German offer and the U.S. offer are being made on substantially similar terms and completion of the offers is subject to the same conditions. The U.S. offer is open to all holders of preference shares who are residents of the United States, and to all holders of preference share ADSs, wherever located. The German offer is a public offer in Germany open to all holders of our preference shares (other than preference shares represented by ADSs) who are residents of Germany and, subject to applicable local laws and regulations, to all holders of our preference shares (other than preference shares represented by ADSs) who reside outside of Germany and the United States. Participants in the U.S. offer are entitled to withdrawal rights under the Securities Exchange Act of 1934 and the rules of the SEC thereunder. German law, which governs the German offer, does not require withdrawal rights in connection with the conversion, but such rights will be available in the German offer. See The U.S. Offer Withdrawal Rights. The U.S. offer and the German offer will each commence on January 6, 2006 and will each expire on February 3, 2006, subject to extension in each case.

Q: May I participate in the German offer? (See page 34)

A: No. Holders of preference shares who are United States residents, and all holders of preference share ADSs, wherever located, must follow the procedures set forth in this prospectus to tender your preference shares or preference share ADSs pursuant to the U.S. offer.

Q: Must I pay a premium in order to convert my preference shares to ordinary shares?

A: Yes. Conversion of preference shares requires payment of a premium of 9.75 per preference share or 3.25 per preference share ADS. The premium must be paid at the time you tender your preference shares or preference

share ADSs. *If you hold ADSs (each ADS representing one-third of one preference share), you must pay the conversion premium in U.S. dollars and your preference share ADSs must be accompanied by payment of \$4.28 per ADS.* That amount is approximately 110% of the U.S. dollar equivalent of 3.25, based on an exchange rate of 1 equals \$1.1980 on January 3, 2006 (the day before the date of this prospectus). The additional 10% U.S. dollar conversion premium payment is required to cover possible currency exchange rate fluctuations between the date of your payment and the date on which the depositary converts your payment into Euro for payment to Fresenius Medical Care. Your payment and 10% deposit will be held in a separate non-interest bearing account pending completion of the offer period and converted into Euro upon expiration of the U.S. offer, based on the Euro-dollar exchange rate then in

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effect. At the end of the offer period, after payment of your aggregate conversion premium in Euro, any deposit amount remaining of more than ten U.S. dollars (\$10.00) will be returned to you without interest. If, however, the offering is not completed, both your payment and deposit will be returned to you without interest. Any amount returned to you will be paid in U.S. dollars and will depend on the prevailing exchange rate at the time funds in the possession of the depositary are converted from Euro to U.S. dollars.

Q: How was the amount of the premium I must pay to convert my preference shares to ordinary shares determined?

A: The amount of the conversion premium corresponds to approximately one-half of the difference between the weighted average German stock exchange price of our ordinary shares and the weighted average German stock exchange price of our preference shares for the three months through and including May 3, 2005, the last trading day before our first announcement of the proposed conversion and transformation, determined by using the stock exchange prices reported on the official website of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, or *BaFin*). See The Conversion and Transformation; Effects Structure of the Conversion and Transformation.

Q: If my preference shares are represented by American Depositary Shares, are there additional depositary fees that I must pay in connection with the conversion of any preference shares?

A: No. Holders of preference American Depositary Shares who elect to convert the preference shares represented by their American Depositary Shares will not be required to pay any depositary fees for the surrender of their preference American Depositary Shares of Fresenius Medical Care AG for conversion or for the issuance of ADSs representing the ordinary shares held upon consummation of the conversion.

Q: What will I receive in the U.S. offer? (See page 35)

A: For each preference share validly tendered, not withdrawn and accompanied by payment of 9.75 in cash, you will receive one ordinary share. For each preference share ADS (each representing one-third of a preference share) validly tendered, not withdrawn and accompanied by the conversion premium payment of \$4.28 in cash, you will receive one ordinary share ADS (each representing one-third of an ordinary share).

Q: How long will the U.S. offer be open? (See page 37)

A: Unless we extend the U.S. offer, it will expire at midnight, New York City time, on February 3, 2006.

Q: Under what circumstances will you extend the U.S. offer? (See page 37)

A: If we believe that for specific reasons an extension of the conversion period would be beneficial for us or if SEC rules require us to extend the conversion offer, we may extend such period. In any event, we expect that the conversion period will not be longer than six weeks.

Q: How will you let me know if you extend the U.S. offer? (See page 36)

A: If we extend the U.S. offer we will issue a press release. Our press release will set forth the expiration date and time of the extended U.S. offer and inform holders of our preference shares that they may tender, or withdraw their tendered, preference shares at any time until the expiration of the offer period, as extended.

Q: Are there any conditions to your obligation to accept the preference shares that I tender? (See page 36)

A: Yes. Our obligation to complete the offers is subject to the condition, which must be satisfied or waived prior to expiration of the offers, that we are satisfied that the transformation of legal form will be registered immediately following registration of the conversion.

Q: After I tender my preference shares in the U.S. offer, may I change my mind and withdraw them? (See page 39)

A: Yes. You may withdraw your preference shares or preference ADSs, tendered in the U.S. offer at any time until the expiration date without charge. Your withdrawn preference share ADSs and conversion premium will be returned to you promptly upon withdrawal.

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Q: I hold American Depositary Receipts for preference share ADSs or my ADSs are held through the Direct Registration System maintained by the Depository. How do I accept the U.S. offer? (See page 37)

A: If you hold American Depositary Receipts, or ADRs, for preference share ADSs, complete and sign the ADS letter of transmittal included with this document and send it, together with your ADRs and any other required documents, to the U.S. ADS exchange agent before the expiration of the U.S. offer. ***Do not send your certificates to Fresenius Medical Care AG or the Information Agent.***

Q: I hold preference share ADSs through a bank, broker or other nominee. How do I accept this U.S. offer? (See page 37)

A: If you hold preference share ADSs in book-entry form through a bank, broker or other nominee, instruct such bank, broker or other nominee to complete the confirmation of a book-entry transfer of your preference share ADSs into the account of the U.S. ADS exchange agent at The Depository Trust Company, commonly known as DTC, and send either an agent's message or an ADS letter of transmittal and any other required documents to the U.S. ADS exchange agent before the expiration of the U.S. offer.

Q: I hold preference shares through a U.S. custodian, such as a broker, bank or trust company. How do I accept this U.S. offer? (See page 39)

A: If you hold your preference shares through a U.S. custodian, you do not need to complete the ADS letter of transmittal. Instead, your U.S. custodian should either forward to you the transmittal materials and instructions sent by the German financial intermediary that holds the shares on behalf of the U.S. custodian as record owner or send you a separate form prepared by the U.S. custodian. If you have not yet received instructions from your U.S. custodian, please contact your U.S. custodian directly.

Q: I hold preference shares through a German financial intermediary, such as a German broker or bank. How do I accept this U.S. offer? (See page 39)

A: If you hold preference shares through a German financial intermediary, you do not need to complete the ADS letter of transmittal. Instead, your German financial intermediary should send you transmittal materials and instructions for accepting the U.S. offer. If you have not yet received instructions from your German financial intermediary, please contact the information agent or your German financial intermediary directly.

Q: What will happen to my preference share options and convertible bonds if these offers are completed? (See page 44)

A: Holders of convertible bonds or stock options entitling them to preference shares under our employee participation programs will be separately offered the opportunity to receive convertible bonds or stock options entitling them to receive ordinary shares. The number of convertible bonds or options and the conversion or exercise prices will be adjusted. No conversion premium will be payable in connection with such adjustments.

Q: Do I need to do anything if I want to retain my preference shares? (See page 45)

A: No. If you want to retain your preference shares, you do not need to take any action. Upon registration of the transformation your preference shares will become preference shares of Fresenius Medical Care KGaA.

Q: When will I know the outcome of the offers?

A: We will issue a press release regarding the results of the offers promptly after they expire. We intend to file those press releases with the SEC under Form 6-K. We will also file an amendment to our Schedule TO with the SEC setting forth the final results of the offers.

Q: Is Fresenius Medical Care making any recommendation with respect to the conversion offer?

A: We believe that the conversion offer is in the best interest of the Company and its shareholders. However, preference shareholders should determine for themselves, in consultation with their tax and financial advisors, whether to accept the conversion offer with respect to all or any part of their preference shares or to retain their preference shares.

Table of Contents**SUMMARY**

The following summary does not contain all the information that may be important to investors. As an investor, you should base your investment decision on the entire prospectus, including the incorporated documents.

In this prospectus, (1) the Company refers to both Fresenius Medical Care AG prior to the transformation and Fresenius Medical Care KGaA after the transformation; (2) we and our refers either to the Company or the Company and its subsidiaries on a consolidated basis both before and after the transformation, as the context requires; and (3) Management AG refers to a newly formed entity that will serve as the general partner of Fresenius Medical Care KGaA and that is wholly owned by Fresenius AG.

General Information on the Company and its Business

Fresenius Medical Care AG has operated as a stock corporation (*Aktiengesellschaft*) organized under the laws of Germany since August 5, 1996. On August 30, 2005, our shareholders approved the transformation of the Company's legal form from an AG, to a KGaA, which is a German partnership limited by shares. Fresenius Medical Care AG is registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under HRB 2460. Our registered office (*Sitz*) is Hof an der Saale, Germany.

Our business address is Else-Kröner-Strasse 1, 61352 Bad Homburg v.d.H., Germany, telephone ++49-6172-609-0. Our fiscal year is the calendar year.

We operate both in the field of dialysis products and in the field of dialysis services. Based on publicly reported sales and number of patients treated, we are the largest dialysis company in the world. (Source: *Nephrology News & Issues*, July 2005; company data of significant competitors.) Our dialysis business is vertically integrated, providing dialysis treatment at our own dialysis clinics and supplying these clinics with a broad range of products. In addition, we sell dialysis products to other dialysis service providers. At September 30, 2005, we provided dialysis treatment to approximately 130,400 patients in 1,670 clinics worldwide located in 27 countries. In the U.S. we also perform clinical laboratory testing and provide inpatient dialysis services, therapeutic aphaeresis, hemoperfusion and other services under contract to hospitals. In 2004, we provided 18.8 million dialysis treatments, an increase of approximately 5% compared to 2003. In the first nine months of 2005, we provided approximately 14.7 million dialysis treatments, an increase of approximately 5% compared to the first nine months of 2004. We also develop and manufacture a full range of equipment, systems and disposable products, which we sell to customers in over 100 countries. For the year ended December 31, 2004, we had net revenues of \$6.2 billion, an increase of 13% over 2003 revenues. We derived 68% of our revenues in 2004 from our North America operations and 32% from our international operations. In the first nine months of 2005, we had net revenues of \$5.0 billion, an increase of 9% over our net revenues for the first nine months of 2004.

Dialysis is the artificial means of removing toxic metabolic end products and excess liquid from the body. Dialysis is the most widespread method to treat chronic renal failure, which is also called end-stage renal disease or ESRD. ESRD is the stage of progressed chronic renal disease characterized by the irreversible loss of the renal function. Keeping the patient alive requires regular dialysis treatment or kidney transplantation. The number of possible transplantations is restricted by the lack of suitable donor kidneys. For these reasons, the majority of ESRD patients depend on dialysis. There are two methods of dialysis treatment: hemodialysis and peritoneal dialysis. Approximately 89% of patients worldwide are treated by hemodialysis.

Competitive Strengths, the Renal Care Industry and Our Strategy

We believe that our size and our activities in both dialysis care and dialysis products allow us to operate more cost-effectively than many of our competitors.

We use the insight we gain when treating patients in developing new and improved products.

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Comprehensive renal therapy solutions

Dialysis treatment. For the year 2004, dialysis services accounted for 72% of our total revenue. We offer dialysis services for outpatient treatment in its own centers as well as inpatient treatment in hospitals on a contractual basis.

Due to our large number of patients, we are able to compile our own databases with patient statistics which enable us to improve the results of our dialysis treatments as well as the quality and efficiency of our dialysis products and thus to decrease mortality rates in the long run. We believe that in addition to our patient databases physicians in private practices, hospitals and managed care organizations determine to have their ESRD patients treated in our centers for the following reasons:

Our reputation for high quality treatment and support of patients;

Our extensive network of dialysis centers, which enables medical specialists to refer their patients to a conveniently located center; and

Our reputation as a provider of technically advanced dialysis products.

Dialysis products. For the year 2004, dialysis products accounted for 28% of our total revenue. We are currently the world's largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer of peritoneal dialysis products. (Source: internal estimates, publicly available market data and company data of significant competitors.) We sell our dialysis products in over 100 countries. The majority of our customers are dialysis centers. Fresenius Medical Care produces a wide range of equipment and accessories for hemodialysis and peritoneal dialysis. These products include hemodialysis equipment, peritoneal dialysis cyclers, dialyzers, solutions for peritoneal dialysis in flexible plastic bags, hemodialysis concentrates and solutions, blood lines and disposable tubes as well as systems for water treatment in dialysis centers.

The dialysis market

We offer life-sustaining and life-saving treatments in markets characterized by favorable demographic trends.

Based on our own estimates, approximately 1.8 million ESRD patients were being treated worldwide as of year-end 2004. Of these patients, approximately 1,375,000 were receiving dialysis treatment, of which 1,225,000 were receiving hemodialysis and just under 150,000 were receiving peritoneal dialysis. More than 400,000 kidney patients were living with donated kidneys. In 2004, the number of dialysis patients grew by approximately 6% over 2003.

The growth in patient numbers has not been uniform across all regions. For example, in the United States, Japan and Western and Central Europe, patient growth rates tend to be below average. This is because the percentage of ESRD patients treated is already high and access to appropriate treatment, primarily dialysis, is generally available in these countries and regions. On the other hand, significantly higher growth rates of approximately 10% were recorded in economically less-developed regions. Of all dialysis patients worldwide, approximately 24% were treated in the United States, approximately 18% in Japan and approximately 18% in the 25 countries of the European Union. The remaining 40% of all dialysis patients were spread across 90 countries throughout the rest of the world.

Strategy

Our objective is generating revenue growth that exceeds market growth of the dialysis industry, measured by growth in the patient population, while maintaining our leading position in the market and increasing earnings at a faster pace than revenues. In the past five years revenues from dialysis services and products have

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increased more rapidly than the total market and we believe that we are well positioned to meet our objectives by focusing on the following strategies:

Maintenance of high-quality dialysis treatment;

Patient care programs which distinguish themselves from those of our competitors; in particular, in single-use high flux polysulfone dialyzers and related services;

Worldwide strengthening of the presence in attractive growth markets;

Expansion of the range of dialysis services that we offer;

Continuing to offer a complete product range for dialysis, ensuring a constant flow of revenues from disposable products; and

Strengthening our position as an innovator in product and process technologies.

Acquisition of Renal Care Group, Inc.

On May 3, 2005, we entered into a definitive merger agreement for the acquisition of Renal Care Group, Inc. (RCG) for an all cash purchase price of approximately \$3.5 billion. RCG is a Delaware corporation that provides dialysis and other ancillary services to patients with ESRD. RCG was on May 1, 2005 the fourth largest provider of out-patient renal care and ancillary services in the United States. (Source: *Nephrology News and Issues*, July 2005, based on patients treated.) In 2004 RCG had revenue of approximately \$1.35 billion and net income of approximately \$122 million. As of September 30, 2005, RCG provided dialysis and ancillary services to over 32,000 patients through more than 450 outpatient dialysis centers in 34 states in the United States, in addition to providing acute dialysis services to more than 200 hospitals. RCG generates a large share of its revenue from private insurers and other private payors. We believe that RCG has an attractive portfolio of patients.

RCG's stockholders have approved the acquisition. Completion of the acquisition remains subject to governmental approvals (including termination or expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended). On June 15, 2005, we announced that we had received a request for additional information from the United States Federal Trade Commission (FTC) relating to the RCG acquisition. We intend to continue to cooperate with the FTC and to respond promptly to the request so as to enable us to complete the acquisition in early 2006, but we cannot offer any assurance that the acquisition will be completed during this time.

The following sets forth selected unaudited *pro forma* financial data illustrating the *pro forma* effects of the acquisition of RCG. The *pro forma* income statement data are based on the income statements of FMC AG and RCG for the year ended December 31, 2004 and the nine-month period ended September 30, 2005, and assume that the merger occurred as of January 1, 2004. The *pro forma* balance sheet data are based on the balance sheets of FMC AG and RCG as of September 30, 2005, and assume that the merger occurred as of September 30, 2005. The selected *pro forma* financial data should be read together with the *pro forma* financial statements of FMC AG contained in Appendix A-1 to this prospectus. **THE SELECTED PRO FORMA FINANCIAL DATA DO NOT PURPORT TO REPRESENT WHAT THE FINANCIAL POSITION OR RESULTS OF OPERATIONS OF FMC AG OR RCG WOULD ACTUALLY HAVE BEEN IF THE MERGER HAD IN FACT OCCURRED AS OF JANUARY 1, 2004 OR TO PROJECT THE FINANCIAL POSITION OR RESULTS OF OPERATIONS FOR ANY FUTURE DATE OR PERIOD.**

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	Year ended December 31, 2004	Nine Months Ended September 30, 2005
(in millions, except per share amounts)		
Summary of Pro Forma Operating Information		
Net Revenues	\$ 7,523	\$ 6,115
Earnings before income taxes	613	566
Net earnings	371	320
Earnings per share	\$ 3.83	\$ 3.31

	September 30, 2005
Pro Forma Balance Sheet Information	
Total assets	\$ 12,481
Total borrowings	6,469
Total liabilities	8,661
Total shareholders equity	3,820

In connection with the proposed acquisition, we have entered into a commitment letter pursuant to which Bank of America, N.A. and Deutsche Bank AG New York Branch have agreed, subject to certain conditions, to underwrite an aggregate of \$5.0 billion in principal amount of term and revolving loans to be syndicated to other financial institutions. See [Recent Developments](#) [Acquisition of Renal Care Group, Inc.](#) and [The New Senior Credit Facilities](#).

Structure of the Conversion and Transformation*Conversion of preference shares into ordinary shares*

We are offering our preference shareholders the opportunity voluntarily to convert their preference shares into ordinary shares on a one-to-one basis pursuant to a conversion offer approved by shareholder meetings held on August 30, 2005. Preference shareholders who decide to convert their shares will be required to pay a premium of 9.75 per preference share (\$4.28 per American Depositary Share) and will lose their preferential dividend rights under the articles of association and under German law. The right to convert preference shares into ordinary shares is available only through the expiration date of the conversion offer. See [The Conversion and Transformation](#); [Effects Structure of the Conversion and Transformation](#). *Conversion premium payments made by holders of preference American Depositary Shares must be made in U.S. dollars.* The ADS conversion premium of \$4.28 per ADS includes an additional deposit of approximately 10% of the aggregate premium payment to cover possible currency exchange rate fluctuations. At the end of the offer period, after payment of the aggregate conversion premium to Fresenius Medical Care in Euro, any deposit amount of more than ten U.S. dollars (\$10.00) remaining will be returned to converting shareholders without interest. Holders of preference American Depositary Shares who decide to convert their shares will not be required to pay any depositary fees for the surrender of their preference American Depositary Shares of Fresenius Medical Care AG or for the issuance of ADSs representing the ordinary shares into which the preference shares were converted. In this prospectus, we refer to this conversion of our preference shares into ordinary shares as the [conversion](#).

Transformation into a partnership limited by shares

On August 30, 2005, our shareholders also approved the transformation of the Company's legal form, from an AG, which is a German stock corporation, to a KGaA, which is a German partnership limited by shares. The transformation will become effective upon registration with the commercial register of the local court (*Amtsgericht*),

in Hof an der Saale. Upon registration of the transformation, the Company's legal form will be changed by operation of law to a partnership limited by shares, and it will continue to exist in that legal form. The Company as a KGaA will be the same legal entity under German law, rather than a successor to the stock corporation. Our share capital will become the share capital of the Company in its new legal form after

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the transformation. Shareholders in Fresenius Medical Care AG at the time of the registration of the transformation of legal form in the commercial register will be shareholders in Fresenius Medical Care KGaA. Fresenius Medical Care Management AG, a subsidiary of Fresenius AG, will be the general partner of the Company. In this prospectus, we refer to this transformation of our legal form as the transformation. For more information, see The Conversion and Transformation Structure of the Conversion and Transformation and The Legal Structure of Fresenius Medical Care KGaA.

Immediately following completion of the offering and registration of the ordinary shares into which our preference shares are converted, we intend to arrange for the registration of the transformation of legal form with the commercial register. Our board of management was instructed by the shareholders meeting on August 30, 2005 to register the changes in the articles of association connected with the implementation of the conversion offer only when they are convinced that the transformation into a KGaA will take place. For that reason holders of preference shares who accept the conversion offer will not receive ordinary shares of the Company in the legal form of a stock corporation. In effect, they will receive ordinary shares of Fresenius Medical Care KGaA. Holders of preference shares who do not accept the conversion offer will hold preference shares of Fresenius Medical Care KGaA.

Reasons for the conversion and transformation

We believe that the conversion and transformation will improve our financial and operative flexibility, and that the conversion will increase the number of publicly held ordinary shares (which we refer to as our free float), which we expect will increase the liquidity of our ordinary shares and strengthen our position on the DAX, the index of 30 major German stocks. We also believe that our increased liquidity will allow us to attract equity financing so that we may pursue our long-term growth objectives and strategies.

Additional Information on the Company

Manage