

Stock Option Plan 2003

Underlying principles of the stock option plan 2003

a) Authorization to issue convertible bonds

Subject to the consent of the Supervisory Board, the Managing Board is hereby authorized to issue once or recurrently up to 27 May 2008 convertible bonds entitling to a total subscription of up to 900,000 bearer ordinary shares and up to 900,000 non-voting bearer preference shares with a total par value of Euro 4,608,000.00 to members of the Managing Board of the Corporation, to managerial staff members of affiliates of the Corporation, to employees of the Corporation and to employees of affiliates of the Corporation. However, managerial staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The Supervisory Board is hereby authorized accordingly insofar as members of the Managing Board of the Corporation are concerned.

Each convertible bond has a par value of Euro 2.56 and is interest-bearing at the rate of 5.5% per annum, payable in arrears. The term of the convertible bonds is 10 years as of grant. A convertible bond with a par value of Euro 2.56 provides an entitlement for a term of up to 10 years after grant of such convertible bond, in consideration of the requirements established under this resolution for the subscription of a bearer ordinary share and a non-voting bearer preference share in the Corporation.

b) Beneficiaries and Allocation of the Convertible Bonds

The entitlement to, the quantity and the nature of convertible bonds (with or without a success target) will be determined for the relevant group of employees by the Managing Board, and for Managing Board members by the Supervisory Board. Convertible bonds of voting bearer ordinary share and convertible bonds of a non-voting bearer preference share will always be issued in the same amount. The group of employees will include managerial staff members – except for Managing Board members of the Corporation -, executive staff members and other employees of Fresenius AG and of those companies affiliated with the Corporation. However, managerial staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The competent corporate body granting the convertible bonds may, exercising its due discretion, grant convertible bonds also to persons who would not be eligible for obtaining convertible bonds with respect to the applicable time period, but who are eligible with respect to another time period within the business year concerned.

Should convertible bonds which are subject to a success target be offered to the beneficiaries, the beneficiary may instead acquire convertible bonds without a success target, in which case the quantity of convertible bonds he or she may acquire will be reduced by 15%. If the reduced quantity does not result in a number dividable by 2, the reduced quantity shall be rounded down to the next lower number dividable by 2.

The group of Managing Board members shall be entitled to 400,000 convertible bonds with an entitlement to subscribe to 200,000 bearer ordinary shares and non-voting bearer preference shares each. The employees shall be entitled to 1,400,000 convertible bonds with an entitlement to subscribe to 700,000 bearer ordinary shares and non-voting bearer preference shares each.

The statutory subscription right for shareholders is excluded.

c) Periods of Grant

The convertible bonds will be granted on the first working day in July.

d) Non-Transferability and No Charter

The convertible bonds granted are not transferable inter vivos by way of a legal transaction. The individual convertible bonds issued within a period of grant will be summarized in one global certificate; there is no right to individual certificates.

e) Vesting Period and Conversion Periods

The beneficiaries may exercise the corresponding conversion right for one third of the convertible bonds 2 years after the relevant grant. The corresponding conversion right for a further third of the convertible bonds may be exercised three years after the grant of such convertible bonds and for the remaining third of the convertible bonds 4 years after the grant of the relevant convertible bonds. Convertible bonds of bearer ordinary shares and convertible bonds of a non-voting bearer preference shares can only be converted in the same amount.

Exercise of the conversion right is permitted within 15 working days after the ordinary general meeting of the Corporation and 15 working days after publication of the business figures of the Corporation for the past calendar quarter if and when at this point in time the ordinary general meeting of the Corporation for the past business year has already taken place.

Should the Corporation or its affiliates be taken over, or in similar exceptional cases, special regulations may be adopted by the Managing Board with the consent of the Supervisory Board, and by the Supervisory Board insofar as Managing Board members are concerned, provided that the statutory provisions are observed.

f) General Prerequisites for Exercise

The conversion right may be exercised only as long as the holder of the convertible bonds is in the employment or service of the Corporation or an affiliate, including Fresenius AG or one of its affiliates, for which notice of termination or dismissal has not been given. The transfer of employees of the Company to Fresenius Medical Care AG or its affiliated entities shall not exclude the employees' conversion right. In case of

death, occupational disability or incapacity for employment, retirement or dismissal on operational grounds and in similar exceptional cases, special regulations may be adopted.

g) Success Target as Prerequisite of Exercise

The convertible bonds may be issued either as convertible bonds which are subject to a success target or as convertible bonds without a success target.

In the case of convertible bonds which are subject to a success target, exercise of the conversion right will be conditional on achievement of that target. The success target shall be deemed to have been met if the increase of the joint average stock-exchange rate of the bearer ordinary shares and the non-voting bearer preference shares in the Corporation exceeds the stock exchange rate on the date of grant of the respective convertible bond (Initial Value) by 25% or more for at least one day, prior to exercise of the relevant conversion right. The Initial Value shall be the joint average stock exchange rate of the bearer ordinary share and the non-voting bearer preference share in the Corporation during the last 30 trading days of the stock exchange before the grant of the convertible bond.

The stock exchange price of the individual shares in the Corporation shall be deemed to be the closing price of the shares (ordinary share / preference share) in the Corporation in electronic "Xetra" trading of the Deutsche Börse AG. Should a closing price not be established in "Xetra" electronic trading, then with the consent of the Supervisory Board the Managing Board shall be entitled to agree on an appropriate way to substitute a closing price established by way of "Xetra" electronic trading.

The Managing Board is hereby authorized to establish other restrictions as prerequisites for exercise in the convertible bond terms. The same applies to the Supervisory Board regarding convertible bonds for the Managing Board.

h) Conversion Price

Upon the exercise of the conversion right the beneficiary shall pay to the Corporation a conversion price per bearer ordinary share as well as per non-voting bearer preference share to which he or she subscribes. The conversion price for convertible bonds without a success target shall correspond to the average stock exchange price of the bearer ordinary share as well as the non-voting bearer preference share of the Corporation during the last 30 trading days at the stock exchange prior to the grant of the relevant convertible bonds, less the par value of the converted convertible bond. The conversion price for convertible bonds which are subject to a success target shall correspond to the stock exchange rate of the bearer ordinary share as well as the non-voting bearer preference share in the Corporation at the time the target is achieved for the first time, less the par value of the converted convertible bond.

Clause 1 g) Section 3 (definition of the "Stock Exchange Rate") shall apply accordingly.

The conversion price shall be reduced in accordance with the more detailed provisions of the convertible bond terms if and when during the

term of the convertible bonds the Corporation either increases its capital or establishes conversion rights, option rights or other convertible bonds or conversion obligations which are coupled with the grant of a subscription right to its shareholders, and fails to grant a subscription right to persons who hold convertible bonds pursuant to this resolution of the general meeting.

i) Alternative Performance of the Conversion Right

Instead of a subscription to new bearer ordinary share and non-voting bearer preference shares in the Corporation upon the exercise of the conversion right, with the consent of the Supervisory Board the Managing Board may resolve, and the Supervisory Board may resolve insofar as Managing Board members are concerned, that bearer ordinary shares and non-voting bearer preference shares in the Corporation which the latter acquires or holds as company-owned shares be issued to the beneficiaries.

Acquisition of the Corporation's company-owned shares for the purpose of alternative satisfaction of the conversion right shall take place according to the statutory regulations; authorization pursuant to § 71 Section 1 No. 8 of the Stock Corporation Act (Aktiengesetz) is not granted by this resolution.

j) Other Regulations

Subject to the consent of the Supervisory Board, insofar as members of the group of employees are concerned, the Managing Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the convertible bonds as well as the conversion procedure for the convertible bonds issued. Insofar as Managing Board members are concerned, the Supervisory Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the convertible bonds as well as the conversion procedure for the convertible bonds issued.