



Corporate Governance Report and Declaration on Corporate Governance

The Management Board and the Supervisory Board of Fresenius Medical Care are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. Long-term strategies, solid financial management, strict adherence to legal and ethical business standards, and a transparent communication of the Company are its key elements.

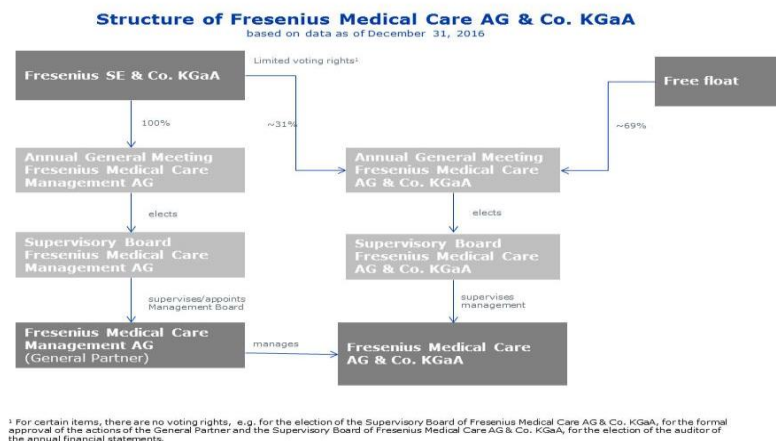
The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC-AG & Co. KGaA or the Company) hereunder report pursuant to section 289a of the German Commercial Code (*Handelsgesetzbuch – HGB*) and to section 3.10 of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*, hereinafter: the Code) on the Company’s corporate governance.

The Declaration on Corporate Governance is publicly available on the Company’s website at www.freseniusmedicalcare.com in the “Investors” section.

DECLARATION ON CORPORATE GOVERNANCE

Group management and supervision structure

The legal form of the Company is that of a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*). Their corporate bodies provided for by statutory law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In 2016 as the year under review, there were no significant changes to the Group’s management and supervision structure; see also the chart below concerning the Group’s management and supervision structure:



Fresenius Medical Care AG & Co. KGaA, 61346 Bad Homburg, Germany, T +49 6172 609-0, F +49 6172 609-2422
 Registered Office and Commercial Register: Hof an der Saale, HRB 4019
 Chairman of Supervisory Board: Dr. Gerd Krick
 General Partner: Fresenius Medical Care Management AG
 Registered Office and Commercial Register: Hof an der Saale, HRB 3894
 Management Board: Rice Powell (Chairman), Michael Brosnan, Dr. Olaf Schermeier, William Valle, Kent Wanzek, Dominik Wehner, Harry de Wit
 Chairman of Supervisory Board: Stephan Sturm
 Bank Account: Commerzbank AG, Frankfurt/Main, IBAN: DE23 5008 0000 0711 6731 00, SWIFT/BIC: DRES DE FF 501

The Articles of Association of FMC-AG & Co. KGaA, which also specify the responsibilities of the bodies of the Company in more detail, are available on our website at www.freseniusmedicalcare.com in the "Investors" section.

Functioning of the Management Board and the Supervisory Board as well as composition and functioning of their committees

The German Stock Corporation Act prescribes a dual management system for stock corporations (Aktiengesellschaft) as well as for partnerships limited by shares consisting of a management body and a supervisory board. The peculiarity in the case of the legal form of a KGaA is that its business activities are conducted by a personally liable shareholder (General Partner). In the case of FMC-AG & Co. KGaA, this is Fresenius Medical Care Management AG, whose Management Board is also responsible for conducting the business activities of the KGaA. Within the scope of statutory allocation of competences, the Supervisory Board is responsible for supervising and advising the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are clearly defined by legislation and are strictly separated from one another. In addition to the Company's Supervisory Board, Fresenius Medical Care Management AG has its own Supervisory Board.

The General Partner and its bodies

The Management Board of Fresenius Medical Care Management AG

The General Partner – Fresenius Medical Care Management AG – represented by its Management Board, which acts on its own responsibility, manages the Company and conducts the Company's business. Its actions and decisions are directed towards the interests of the Company. In the year under review, the Management Board was composed of seven members, with a change of personnel taking place at the end of the first quarter of the year under review. With effect as of March 31, 2016 Mr. Roberto Fusté, Management Board member for the Asia-Pacific region, resigned from the Management Board; with effect as of April 1, 2016 Mr. Andreas Hendrik (Harry) de Wit has been appointed as a member of the Management Board for the Asia-Pacific region.

In addition to observing legislation, the Articles of Association and the principles as explained herein, the General Partner's Management Board conducts the business activities of the Company in accordance with the applicable rules of procedure, as amended on December 29, 2016, within the meaning of section 77 para. 2 of the German Stock Corporation Act (Aktiengesetz – AktG) and section 4.2.1 sentence 2 of the Code. These rules of procedure define the principles of cooperation and provide for the schedule of responsibilities. Matters of special significance and scope are decided by the full Management Board in accordance with the rules of procedure. In order to increase the efficiency of the Management Board's work, the General Partner's Supervisory Board established a Management Board Committee for certain cross-departmental matters. Such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC-AG & Co. KGaA or acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. Apart from the Chairman of the Management Board and the Chief Financial Officer, the Management Board Committee, which consists of at least three members, must include the Management Board member responsible for the respective matter or another Management Board member appointed by the Chairman at his reasonable discretion in each case. In its meetings the Management Board Committee decides with a simple majority of the votes cast; outside

of meetings the Management Board Committee decides with the simple majority of its members.

The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least twelve times a year.

The meetings and the taking of resolutions by the Management Board are led by the Chairman of the Management Board. If he is unavailable, this task resides with the Management Board member named by the Chairman, or, if no member has been named, with the participating Management Board member most senior in office. The Chairman of the meeting determines the order of the agenda items and the modus of voting. Unless unanimity or the acting of all members of the Management Board is required by mandatory legal regulations or the Articles of Association, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members. In case of a voting tie, the Chairman of the Management Board has the casting vote.

The members of the Management Board and their areas of responsibility are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

In various relevant and important cases, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board or the competent Supervisory Board committee of the General Partner.

The Supervisory Board of Fresenius Medical Care Management AG

As a stock corporation, Fresenius Medical Care Management AG also has its own Supervisory Board. According to the Articles of Association the Supervisory Board consists of six members. In the year under review, initially six members were in office and as of June 30, 2016 five members. With effect as of June 30, 2016 Mr. Stephan Sturm has been appointed as Chairman. Until that point in time Dr. Ulf M. Schneider acted as Chairman. Other members of the Supervisory Board of Fresenius Medical Care Management AG were in the year under review Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon, William P. Johnston and Dr. Gerd Krick as well as Dr. Walter L. Weisman until the end of the Annual General Meeting of Fresenius Medical Care Management AG on May 11, 2016 and Dr. Ulf M. Schneider until resigning from the Supervisory Board on June 30, 2016. Mr. Stephan Sturm was elected as member of the Supervisory Board on May 11, 2016. With regard to candidates proposed by the Supervisory Board to the Annual General Meeting of Fresenius Medical Care Management AG the Supervisory Board has ensured that each candidate would be able to meet the time requirements for this position. Further information on the members of the Supervisory Board of Fresenius Medical Care Management AG is available on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

In addition to this, for the year under review the following information is provided with regard to the chairmen of the Supervisory Board of Fresenius Medical Care Management AG, Dr. Schneider (chairman until June 30, 2016) as well as for Mr. Stephan Sturm (chairman as of June 30, 2016):

Dr. Ulf M. Schneider

Chairman and member of the management board of Fresenius Management SE, general partner of Fresenius SE & Co. KGaA (until June 30, 2016)

SUPERVISORY BOARD:

Fresenius Kabi AG (Chairman and member until 30 June 2016)

OTHERS:

Fresenius Kabi USA, Inc., U.S. (member of the Board of Directors until 30 June 2016)

E. I. du Pont de Nemours and company, U.S. (member of the Board of Directors)

Mr. Stephan Sturm

Chairman of the management board (as of July 1, 2016) and Chief Financial Officer of Fresenius Management SE, general partner of Fresenius SE & Co. KGaA

SUPERVISORY BOARD:

Fresenius Kabi AG (deputy chairman until 29 August 2016, Chairman as of 29 August 2016)

VAMED AG, Austria (deputy chairman)

Deutsche Lufthansa AG

OTHER:

No other mandates

Because of his extraordinary contributions to the development of the Company and his comprehensive experience, Dr. Ben Lipps is honorary chairman of the Supervisory Board of Fresenius Medical Care Management AG.

The Supervisory Board of Fresenius Medical Care Management AG appoints the members of the Management Board and supervises and advises the Management Board in its management responsibilities. In accordance with section 5.1.3 of the Code, the Supervisory Board has established rules of procedure. Irrespective of the independence requirements according to statutory rules and of the recommendations of the Code, the so-called Pooling Agreement entered into, among others, between Fresenius Medical Care Management AG and Fresenius SE & Co. KGaA provides that at least one third (and at least two) of the members of the Supervisory Board of Fresenius Medical Care Management AG must be independent members. Pursuant to the Pooling Agreement, an "independent member" is a member of the Supervisory Board with no substantial business or professional relationship with FMC-AG & Co. KGaA, with its General Partner, with Fresenius SE & Co. KGaA, or with its general partner Fresenius Management SE, or with any affiliates of these companies.

Committees of the Supervisory Board of Fresenius Medical Care Management AG

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work.

Supervisory Board Committee	Responsibility	Number of meetings
<p>Human Resources Committee 5 members Chairman: Stephan Sturm (member and chairman as of September 27, 2016) Dr. Ulf M. Schneider (member and chairman until June 30, 2016) Vice Chairman: Dr. Gerd Krick Other members: William P. Johnston, Dr. Dieter Schenk (as of May 11, 2016) Rolf A. Classon (as of May 11, 2016) Dr. Walter L. Weisman (until May 11, 2016)</p>	<ul style="list-style-type: none"> Advice on complex special matters such as the appointment of Management Board members and their compensation 	As required
<p>Regulatory and Reimbursement Assessment Committee 3 members Chairman: Rolf A. Classon (Chairman as of May 11, 2016) William P. Johnston (Chairman until May 11, 2016) Vice Chairman: William P. Johnston (Vice Chairman as of May 11, 2016) Rolf A. Classon (Vice Chairman until May 11, 2016) Other member: Dr. Dieter Schenk</p>	<ul style="list-style-type: none"> Advice on complex special matters such as regulatory provisions and reimbursement in the dialysis segment 	As required
<p>Nomination Committee 3 members Chairman: Stephan Sturm (member and Chairman as of September 27, 2016) Dr. Ulf M. Schneider (member and Chairman until June 30, 2016) Other members: Dr. Gerd Krick, Dr. Dieter Schenk (as of May 11, 2016) Dr. Walter L. Weisman (until May 11, 2016)</p>	<ul style="list-style-type: none"> Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting 	As required

Supervisory Board of the Company

The Supervisory Board of FMC-AG & Co. KGaA advises and supervises the business activities as conducted by the General Partner and performs the other duties assigned to it by law and by the Articles of Association. It is involved in strategy and planning as well as all matters of fundamental importance for the Company.

The Supervisory Board of FMC-AG & Co. KGaA consisted in the year under review of the following six members: Dr. Gerd Krick (Chairman), Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon and William P. Johnston. Until the completion of the Annual General Meeting of FMC-AG & Co. KGaA on May 12, 2016 also Dr. Walter L. Weisman and Prof. Dr. Bernd Fahrholz were members of the Supervisory Board; with effect as of that date, Ms. Deborah Doyle McWhinney and Ms. Pascale Witz have been elected as additional members to the Supervisory Board. In accordance with section 5.4.1 para. 4 of the Code, the Supervisory Board has ensured that both candidates proposed to the Annual General Meeting of the Company for election to the Supervisory Board would be able to meet the time requirements for this position.

Information on the members of the Supervisory Board is also available on the internet at www.freseniusmedicalcare.com in the "About us" section.

Because of his extraordinary contributions to the Company's development and his comprehensive experience, Dr. Ben Lipps is also honorary chairman of the Supervisory Board of FMC-AG & Co. KGaA.

All members of the Supervisory Board are elected by the General Meeting of FMC-AG & Co. KGaA as the competent election body according to the provisions of the German Stock Corporation Act by a simple majority of the votes cast. Fresenius SE & Co. KGaA is excluded from voting on this issue (further explanations on this matter can be found under "Further Information regarding Corporate Governance" in the section titled "Shareholders"). When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, what it considers an adequate number of independent Supervisory Board members and diversity. As the composition of the Supervisory Board needs to be aligned with the interests of the enterprise and has to ensure the effective supervision and consultation of the Management Board, it is a matter of principle and of prime importance that each member is suitably qualified. In the company's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board confines itself in compliance with its statutory obligations (section 111 para. 5 German Stock Corporation Act) to pursue self-defined targets for the representation of female Supervisory Board members (for details see also the paragraph "Diversity and definition of targets") and particularly refrains from an age limit for its members and from a duration limit on the term of membership of the Supervisory Board. Therefore, with the exception of the determination of target figures for women's proportion on the Supervisory Board, the Supervisory Board has refrained from determining and taking into account specific objectives with respect to its composition when proposing candidates and from publishing the state of their implementation in the Corporate Governance Report. Accordingly, non-compliance is declared in the declaration of compliance of the 2016 financial year also insofar.

Simultaneous membership in both the Supervisory Board and the Management Board is not permissible. In the year under review, the Supervisory Board did not include any members who were also members of the Management Board of the General Partner during the previous two years. The members of the Company's Supervisory Board are inde-

pendent in their decisions and are not bound by requirements or instructions of third parties.

The Supervisory Board consists of what it considers an adequate number of independent members, who also do not entertain any personal or business relations with the Company, its corporate bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. Details on the treatment of potential conflicts of interests are set out in the section "Legal relationships with members of the Company's corporate bodies" below.

The term of office of the members of the Supervisory Board is five years; the current term of office of all Members of the Supervisory Board of FMC-AG & Co. KGaA ends on conclusion of the General Meeting for 2021.

Details on the election, constitution and term of office of the Supervisory Board, its meetings and the adoption of resolutions, as well as its rights and obligations, are set out in the Company's Articles of Association. In accordance with section 5.1.3 of the Code, the Supervisory Board has furthermore adopted rules of procedure which set out, among other things, the modalities for convening meetings and the manner in which resolutions are adopted. As a consequence, the Supervisory Board meets regularly at least twice per calendar half year. The deliberations of the Supervisory Board are conducted by the Chairman or, if the latter is unavailable, by his deputy. The chairman of the meeting also determines the order of the agenda items and the type of voting. As a rule, the Supervisory Board decides by simple majority of votes cast if decisions are taken in physical meetings and otherwise with the simple majority of its members, unless other majorities are prescribed by a mandatory provision of law in the individual case. Moreover, the Chairman of the Supervisory Board is responsible for coordinating and directing the Supervisory Board and represents the Supervisory Board vis-à-vis third parties.

In accordance with section 5.6 of the Code, the members of the Supervisory Board regularly carry out efficiency evaluations with regard to their work. These take place in the form of open discussions in plenary meetings. On these occasions, also the complexity and the design of the presentations, as well as the meetings' procedure and structuring are discussed. The results of the evaluations carried out show that each of the Supervisory Board and the Committees are efficiently organized and that the co-operation of the Supervisory and Management Boards works very well, too.

All members of the Supervisory Board have the capabilities as well as the knowledge required for the proper exercise of their duties and regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. In addition to information provided to them by several external experts, also experts of the Company's departments regularly provide reports about relevant developments, such as – for example – relevant new developments in the revision of legal rules or in jurisprudence and also about recent developments in regulations on accounting and auditing. In this way, the Supervisory Board, with the Company's reasonable assistance, ensures an ongoing qualification of its members and also a further development and updating of their expertise, power of judgment and experience, which is required for the Supervisory Board including its Committees to duly perform their tasks.

In the year under review, six meetings of the Supervisory Board have taken place. In addition, the Supervisory Board had one session via telephone conference. In fiscal year 2016, key aspects of the activities of the Supervisory Board involved the strategic considerations and actions on the expansion of the business areas, in particular medical services which go beyond the dialysis treatment itself (Care Coordination). The compensa-

tion of the Management Board was discussed. The business development, the competitive situation and the Management Board’s business planning in the regions have also been key aspects of the consultations. The Supervisory Board was informed on the progress with regard to improve the cost base. The Supervisory Board was also informed on the quality standards system and the qualitative results of the various production sites and, together with the Management Board, deliberated on the expected developments in the volume of the existing sites and its expansions. The Supervisory Board was informed of the compliance situation and, together with the Management Board, it further discussed and deliberated legal disputes. The Supervisory Board was intensely occupied with the preparation of personnel changes.

Committees of the Supervisory Board of FMC-AG & Co. KGaA

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees’ work.

Supervisory Board Committee	Responsibility	Number of meetings
<p>Audit and Corporate Governance Committee 4 members Chairman: William P. Johnston (Chairman as of May 12, 2016) Dr. Walter L. Weisman (until May 12, 2016) Vice Chairman: Rolf A. Classon (as of May 12, 2016) Prof. Dr. Bernd Fahrholz (until May 12, 2016) Other members: Dr. Gerd Krick, Deborah Doyle McWhinney (as of May 12, 2016)</p>	<ul style="list-style-type: none"> • Supervision of the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system and of compliance • Supervision of the annual auditing, in particular with regard to the independence of the auditor and the additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement • Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report • Assessment of the General Partner’s report on relations to affiliated companies 	<p>At least four times per year, otherwise as required</p>

<p>Nomination Committee 3 members Chairman: Dr. Gerd Krick Vice Chairman: Dr. Dieter Schenk (Vice Chairman as of May 12, 2016) Other members: Rolf A. Classon (as of May 12, 2016) Dr. Walter L. Weisman (until May 12, 2016)</p>	<ul style="list-style-type: none"> • Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting 	<p>As required</p>
---	--	--------------------

Further information on the Audit and Corporate Governance Committee

With the consent of the Supervisory Board, the Audit and Corporate Governance Committee adopted rules of procedure. On the basis of the relevant provisions of the Articles of Association of the Company (section 12 para. 2) the rules of procedure define the composition, work and tasks of the Audit and Corporate Governance Committee. Accordingly, the Audit and Corporate Governance Committee shall consist of at least three and not more than five exclusively independent members. The requirement of independence is met, *inter alia*, if the respective member fulfills the criteria for independence pursuant to section 12 para. 2 sentence 3 of the Articles of Association as well as to the rules of the New York Stock Exchange.

In addition, pursuant to section 107 para. 4 in connection with section 100 para. 5 of the German Stock Corporation Act, at least one independent member must have expertise in the fields of accounting or auditing. Moreover, in accordance with the recommendations of the Code, the Chairman of the Audit and Corporate Governance Committee shall neither act as Chairman of the Supervisory Board of the Company at the same time nor be a former member of the Management Board whose appointment has ended less than two years ago. In the opinion of the Supervisory Board, the composition of the Audit and Corporate Governance Committee meets these requirements.

Joint Committee

FMC-AG & Co. KGaA also has established a Joint Committee whose composition and activity is provided for in Articles 13a et seq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely in cases of certain legal transactions defined in the Articles of Association as substantial transactions and for which the General Partner requires the consent of the Joint Committee.

Joint Committee	Responsibility	Number of meetings
<p>4 members</p> <p>Members of Fresenius Medical Care Management AG: Stephan Sturm (as of September 27, 2016 member and Chairman) Dr. Gerd Krick, Dr. Ulf M. Schneider (until June 30, 2016 member and Chairman)</p> <p>Members of Fresenius Medical Care AG & Co. KGaA: Rolf A. Classon (as of May 12, 2016) William P. Johnston, Dr. Walter L. Weisman (until May 12, 2016)</p>	<ul style="list-style-type: none"> Approval of certain legal transactions as defined in the Articles of Association, such as acquisitions and disinvestments 	<p>As required</p>

Co-operation of General Partner and Supervisory Board of the Company

Good corporate governance requires an efficient co-operation between the management and the supervisory board on the basis of mutual trust. The General Partner and the Supervisory Board of the Company work together closely and in a trusting manner in the Company's interest: their joint goal is to increase the Company's value in the long term in compliance with good corporate governance principles and compliance regulations. In the expired fiscal year, the Supervisory Board regularly supervised the General Partner and advised its management Board. Deliberations of the Supervisory Board covered all significant questions of business policy, the company planning and the strategy. Further subjects were the risk situation and risk management.

Diversity and definition of targets

At Fresenius Medical Care, for each selection of personnel the individual qualification is decisive. Irrespective thereof, Fresenius Medical Care duly considers aspects of diversity, e.g. internationality, age or intercultural background when selecting professionally qualified candidates.

In addition, the Supervisory Board of FMC-AG & Co. KGaA is legally obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period and to report on the defined targets and their achievement during the relevant reference period or in the event of a failure to meet these targets, on the reasons for this, within the scope of the declaration on corporate governance. By contrast, for companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares the definition of targets for the composition of the Management Board is not expressly required. Likewise, also the Supervisory Board of Fresenius Medical Care Management AG is not required to define targets for the Management Board, because Fresenius Medical Care Management AG is not in the scope of the relevant legal provisions.

The Supervisory Board of FMC-AG & Co. KGaA has resolved on September 29, 2015 to set the target for the representation of female Supervisory Board members at two Supervisory Board members with a view to its own composition; this corresponds to a percentage share of approximately 33% of all members, of which the Supervisory Board of the Company is required to be composed of according to the Articles of Association. This target was achieved by the election of Ms. Deborah Doyle McWhinney and Ms. Pascale Witz to the Supervisory Board of FMC AG & Co. KGaA by the Annual General Meeting of the Company on May 12, 2016 and, thus, already in the year under review and well before the end of the ongoing initial implementation period ending on June 30, 2017.

Moreover, the Management Board is legally obliged to define targets for female representation in the two top management levels below the Management Board as well as an appropriate implementation period.

In fulfillment of this legal obligation the Management Board, had resolved to define the two top management levels below the Management Board in a first fundamental step already on September 28, 2015 as follows:

- the first management level includes all direct reports worldwide to a member of the Management Board who are participants in the Long Term Incentive Program (or any successive program) of Fresenius Medical Care;
- the second management level includes all direct reports worldwide to a member of the first management level who are participants in the Long Term Incentive Program (or any successive program) of Fresenius Medical Care.

On January 13, 2016, the Management Board also resolved in a second step upon new targets for female representation envisaged for the two top management levels below the Management Board and upon an additional implementation period to end on December 31, 2020. The corresponding targets were defined at 18.8% for the first management level and at 28.2% for the second management level below the Management Board. Hence, the Management Board pursued the target of at least maintaining the level of female participation existing at the first management level at the end of the previous year and of slightly improving such level of participation on the second management level. Irrespective of the Management Board fully complying with the legal requirements regarding the definition of targets for the proportion of women in the two management levels below the Management Board, the recruiting and staffing practice of Fresenius Medical Care as well as the selection decisions regarding the hiring and promotion to top management levels will continue to be taken with a focus on the specific qualifications of the individual. For this reason, the Management Board will select candidates for the top management of Fresenius Medical Care according to the candidate's excellence and suitability for the specific role and function in such management positions, regardless of their race, gender or other non-performance related attributes.

Relevant information on corporate governance practices

Compliance

Global business activities result in global responsibility. As the global market leader in dialysis, Fresenius Medical Care is aware of its responsibility. We are committed to conduct the Company's business activities in compliance with the respective legal provisions.

Our efforts to provide our patients around the world with a better life through excellent products and services are based on our commitment to the core values of our Company: quality, honesty and integrity, innovation and progress, respect and dignity. Our corporate culture and policy as well as our entire business activities are guided by our values.

This also applies to our work and business relationships with our patients, customers, business partners, public authorities, investors and the general public, as well as to our employees.

These fundamental values are firmly established in our Code of Ethics and Business Conduct. Our Code of Conduct describes our Company's business standards and emphasizes our commitment to operate in accordance with the applicable laws and regulations and with our own company policies.

The Code of Ethics and Business Conduct is available on the Company's website at www.freseniusmedicalcare.com in the "About us / Compliance" section.

Each employee is required to ensure, by complying with the laws as well as the values and rules of the Company, that Fresenius Medical Care is appreciated as a partner of integrity and reliability in the healthcare system for patients, customers, business partners, public authorities, investors and the general public. Fresenius Medical Care has developed a compliance program which shall help to abide by these values and by the legal and ethical obligations. Compliance is the responsibility of every single employee.

Compliance organization

Our compliance organization supports managers and employees to live by these values during their daily work.

The Chief Compliance Officer, who is responsible for the worldwide compliance organization, directly reports to the Chairman of the Management Board of Fresenius Medical Care. Furthermore, the Chief Compliance Officer regularly provides a compliance update to the Audit and Corporate Governance Committee of the Supervisory Board of FMC-AG & Co. KGaA and to the Supervisory Board of Fresenius Medical Care Management AG.

Our compliance organization is arranged on a global scale. The compliance officers work together closely on a central, regional and national level to efficiently support the business activities.

In the year under report 2016 we established further resources within the compliance organization. The worldwide teamwork within our compliance organization was further strengthened through various measures.

Compliance program

In order to adequately and effectively address the challenges and compliance risks associated with changes in the economic and regulatory environment, world-wide business activities and business development, we are continuously working on enhancing our compliance program.

The Code of Ethics and Business Conduct is the basis of the compliance program.

In the year 2016, we have revised various other compliance-related internal guidelines, processes and controls. These guidelines and provisions will be implemented in each of our business units and subsidiaries worldwide.

Existing processes and controls are also being reviewed and revised. The efficiency of our compliance program is reviewed through monitoring measures.

All employees are in a position to report potential violations of applicable law or company policies. Information on violations may also be provided anonymously.

We have also continued and further developed our compliance training. Our portfolio of compliance trainings consists of on-site and web-based trainings. On-site trainings enable our employees and executives to discuss issues of relevant correct behavior by reference to practical examples from the daily working routine.

Risk and opportunity management

At Fresenius Medical Care, an integrated management system is in place to ensure that risks and opportunities are already identified at an early stage, optimizing the risk profile and minimizing the costs potentially related to the occurrence of risks through timely intervention. Our risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of our internal control systems for the financial reporting are reviewed on a regular basis by the Management Board and by our auditor.

Further information about the risk and opportunity management system can be found in the risk management section of the management report.

German Corporate Governance Code and Declaration of Compliance

The German Corporate Governance Code includes in form of recommendations and suggestions of national and international accepted standards of good and responsible corporate governance, with the aim of making the rules for managing and supervising companies in Germany more transparent and comprehensible. The Code is also intended to enhance the confidence of international and national investors and of the public as well as of employees and customers in the management and supervision of German listed stock corporations.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA endorse the standards set forth in the German Corporate Governance Code. The vast majority of the guidelines, recommendations and suggestions in the code have been an integral and active part of Fresenius Medical Care's day-to-day operations since the founding of the Company. Comprehensive information regarding corporate governance is available on our website at www.freseniusmedicalcare.com in the "Investors" section.

The annually required Declaration of Compliance according to section 161 of the German Stock Corporation Act issued by the Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA as of December 2016, previous Declarations of Compliance and other extensive information on corporate governance are made permanently available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

**Declaration by the Management Board of
the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical
Care Management AG,
and by the Supervisory Board of
Fresenius Medical Care AG & Co. KGaA
on the German Corporate Governance Code
pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)**

The Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, (hereafter the Management Board) and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the previous declaration of compliance in December 2015 the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (hereafter the Code) in the version of May 5, 2015 since publication thereof in the Federal Gazette have been met and will be met in the future. Only the following recommendations of the Code in its version of May 5, 2015 have not been met and will not be met:

**Code number 4.2.3 paragraph 2 sentence 6:
Caps regarding specific compensation amounts**

Pursuant to Code number 4.2.3 paragraph 2 sentence 6, the amount of compensation for Management Board members shall be capped, both overall and for variable compensation components.

This recommendation is not met. The service agreements with members of the Management Board do not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-oriented short-term compensation (the variable bonus) is capped. As regards stock options, phantom stock and performance shares as compensation components with long-term incentives, the service agreements with members of the Management Board do provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would contradict the basic idea of the members of the Management Board participating appropriately in the economic risks and opportunities of the Company. Instead of that, Fresenius Medical Care pursues a flexible concept considering each individual case. In situations of extraordinary developments in relation to the stock-based compensation which are not related to the performance of the Management Board, the Supervisory Board may cap the stock-based compensation.

**Code number 4.2.3 paragraph 4:
Severance payment cap**

Pursuant to Code number 4.2.3 paragraph 4, in concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the employment contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.

These recommendations are not met insofar as the employment contracts of the members of the Management Board do not contain severance payment arrangements for the case of premature termination of the contract and consequentially do not contain a limitation of any severance payment amount insofar. Uniform severance payment arrangements of this kind would contradict the concept practiced by Fresenius Medical Care in accordance with the German Stock Corporation Act according to which employment contracts of the members of the Management Board are, in principle, concluded for the period of their appointment. They would also not allow for a well-balanced assessment in the individual case.

**Code number 4.2.5 paragraph 3:
Presentation in the compensation report**

Pursuant to Code number 4.2.5 paragraph 3, the presentation of the compensation for each individual member of the Management Board in the compensation report shall inter alia present the maximum and minimum achievable compensation for variable compensation components by using corresponding model tables.

Fresenius Medical Care, in deviation from Code number 4.2.3 paragraph 2 sentence 6, does not provide for caps regarding specific amounts for all variable compensation components and, therefore, does not provide for caps regarding specific amounts for the overall compensation. In this respect, the compensation report cannot meet the recommendations of the code. Irrespective thereof, Fresenius Medical Care will continue to present its compensation system and the amounts paid to members of the Management

Board in its compensation report in a comprehensive and transparent manner. The compensation report will include tables relating to the value of the benefits granted as well as to the allocation in the year under review which follow the structure and largely also the specifications of the model tables.

**Code number 5.1.2 paragraph 2 sentence 3:
Age limit for members of the Management Board**

Pursuant to Code number 5.1.2 paragraph 2 sentence 3 an age limit shall be specified for members of the Management Board. As in the past, Fresenius Medical Care will refrain from determining an age limit for members of the Management Board in the future. Complying with this recommendation would unduly limit the selection of qualified candidates.

**Code number 5.4.1 paragraph 2 and paragraph 3:
Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making recommendations to the competent election bodies**

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 3, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the competent election bodies, take these objectives into account. The objectives specified by the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. These recommendations are not met.

The composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Management Board. Hence, it is a matter of principle and of prime importance that each member is suitably qualified. When discussing its recommendations to the competent election bodies, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, and diversity.

In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board, however, confines itself to pursue self-defined targets for the representation of female Supervisory Board members and particularly refrains from an age limit and from a duration limit on the term of membership.

Bad Homburg v.d.H., December 2016

Management Board of the general partner of
Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG,
and Supervisory Board of Fresenius Medical Care AG & Co. KGaA

Further information regarding Corporate Governance

Shareholders

The shareholders of the Company exercise their rights and voting powers in the General Meeting. The share capital of FMC-AG & Co. KGaA is divided exclusively into ordinary shares. Each share of FMC-AG & Co. KGaA entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist. As a matter of principle, the General Partner (as far as it would be a shareholder in the Company, which was not the case in the year under review), respectively, its sole shareholder, Fresenius SE & Co. KGaA, can exercise at the General Meeting the voting rights connected with the shares it holds in FMC-AG & Co. KGaA. However, the General Partner and its sole shareholder are subject to various rules preventing them by law from voting on certain resolutions. These include, among others, the election of the Supervisory Board, formal approval of the actions of the General Partner and the members of the Supervisory Board of FMC-AG & Co. KGaA, as well as the election of the auditor of the annual financial statements. This is to guarantee that the shareholders in the partnership limited by shares (KGaA) can solely decide on these matters, particularly those concerning the control of the management.

Annual General Meeting

According to the principles of the German Stock Corporation Act (*Aktiengesetz*), shareholders can exercise their voting rights at the Annual General Meeting themselves, by proxy via a representative of their choice, or by a Company-nominated proxy acting on their instructions. Proxy voting instructions to a Company nominee can be issued before and during the Annual General Meeting until the end of the open discussion period.

The Annual General Meeting of FMC-AG & Co. KGaA took place on May 12, 2016 in Frankfurt/Main (Germany). Approximately 78% of the share capital was represented at the Annual General Meeting. At the Annual General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for the fiscal year 2015,
- allocation of distributable profit,
- approval of the actions of the General Partner and the Supervisory Board,
- election of the auditors and consolidated group auditors for the fiscal year 2016,
- approval of the modified system for the compensation of the members of the Management Board of the General Partner,
- elections to the Supervisory Board as well as to the Joint Committee,
- adjustment of the compensation of the members of the Supervisory Board and its Committees as well as the adoption of a corresponding new version of section 13 of the Articles of Association of the Company, authorization to acquire own shares pursuant to section 71 para. 1 no. 8 of the German Stock Corporations Act as well as the exclusion of the subscription right,
- approval to adjust the pooling agreement between the Company, Fresenius SE & Co. KGaA and the so-called Independent Directors as well as the adjustment of the existing authorization to grant subscription rights to executives and members of the management of the Company or an affiliated company (Stock Option Program 2011).

All documents and information on the Annual General Meeting are available on our website at www.freseniusmedicalcare.com in the "Investors" section.

Legal relationships with members of the Company's corporate bodies

When making decisions and in connection with the tasks and activities performed by them, the members of the Management Board of the General Partner and of the Supervisory Board of FMC-AG & Co. KGaA, as well as the Supervisory Board of Fresenius Medical Care Management AG, do not pursue personal interests or give unjustified advantages to other people. Any outside activities or business dealings with the Company by members of the corporate bodies are to be disclosed to the Supervisory Board immediately and are subject to its approval, if necessary. The Supervisory Board reports to the General Meeting about possible conflicts of interests and how to deal with them. Furthermore, Mr. Rice Powell as the Chairman of Fresenius Medical Care Management AG's Management Board, in the year under review, with the approval of Fresenius Medical Care Management AG's Supervisory Board, was at the same time a member of the Management Board of Fresenius Management SE. The members of the Supervisory Board of FMC-AG & Co. KGaA Dr. Krick (Chairman) and Dr. Schenk (Vice Chairman) were, in the year under report, also members of the Supervisory Board of Fresenius Medical Care Management AG (Dr. Schenk as Vice Chairman) and of the Supervisory Board of Fresenius Management SE (Dr. Krick as Chairman, Dr. Schenk as Vice Chairman), the general partner of Fresenius SE & Co. KGaA. Furthermore, Dr. Krick is the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA. Dr. Schenk continues to be chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, the sole shareholder of Fresenius Management SE as well as limited shareholder of Fresenius SE & Co. KGaA, and co-executor of the estate of Ms. Else Kröner. Dr. Krick receives a pension from Fresenius SE & Co. KGaA due to his previous work on the Management Board of the Company. During the year under review, consulting or other service relationships between members of the Supervisory Board and the Company existed only in the case of Dr. Schenk, who was in the year under review a member of the Supervisory Board of the Company and of the Supervisory Board of Fresenius Medical Care Management AG, a member of the Supervisory Board of Fresenius Management SE and, at the same time, a partner of the law firm Noerr LLP. In the year under review, the companies of the internationally operating law firm Noerr acted for FMC-AG & Co. KGaA and affiliated companies as legal advisor. The Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA have concerned themselves with each of the assignments in a detailed manner; moreover, the Supervisory Board dealt with the fee volume for the legal advice rendered by the law firm Noerr in proportion to the fee volume for other law firms. As regards specific mandates for future services to be provided by law firm Noerr and as regards the first three quarters of the year under review, the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA have already given their consent to such activity, with Dr. Schenk abstaining from the vote. The resolutions were in each case passed on the basis of a written document for the Supervisory Board specifically stating each single mandate and the invoices rendered for each mandate. All payments rendered to the law firm Noerr in the year under review were made only after the approval of both Supervisory Boards. Any services rendered in the fourth quarter of the year under review will be topic of the Supervisory Board's Meeting in March 2017 and will also be compensated only after approval has been obtained.

In the year under review, an amount of approximately € 0.9 M (excluding VAT) was paid by Fresenius Medical Care to the law firm Noerr (2015: about € 1.1 M). This represents less than 1% of the legal and other consultancy fees paid by Fresenius Medical Care on a global scale. This amount paid includes also payments for services already provided in 2015 which have been paid in 2016.

Managers' transactions

According to article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation), the members of the Management Board and the Supervisory Board as well as other persons discharging managerial responsibilities and all persons closely associated with the aforementioned persons shall notify the Company of each transaction with shares in Fresenius Medical Care and additional related financial instruments conducted on their own account if the transaction volume reaches a total amount of € 5,000 within a single year.

A detailed overview of managers' transactions undertaken in 2016 is published on our website at www.freseniusmedicalcare.com in the "Investors" section.

Transparency of our reporting

Fresenius Medical Care meets all transparency requirements imposed by section 6 of the Code. We attach special importance to informing our shareholders simultaneously and uniformly about our Company in our regular financial reporting events. Ad hoc releases and our corporate website play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information we release.

Financial accounting and audit, stock exchange listing

To date, Fresenius Medical Care prepares its financial reporting in accordance with the U.S. Generally Accepted Accounting Principles (U.S. GAAP) and in U.S. dollars. In line with this, the Consolidated Financial Statements as well as the Interim Consolidated Quarterly Reports are also prepared in accordance with these principles. The Consolidated Financial Statements are published within the first 90 days of the end of each fiscal year, and the quarterly reports within the first 45 days of the end of each quarter.

As required by law, consolidated financial statements and a Group management report as well as quarterly reports continue to be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, too.

The Annual Financial Statements and the Management Report of FMC-AG & Co. KGaA are prepared in accordance with the German Commercial Code (*Handelsgesetzbuch, HGB*). The Annual Financial Statements are decisive for the distribution of the annual profit.

Moreover, an Annual Report of Fresenius Medical Care, which equally reflects the requirements of U.S. GAAP and the German Commercial Code, is published each year.

From January 1, 2017 on, the financial reporting will be made in accordance with IFRS and in euro. The reporting in accordance with U.S. GAAP and in U.S. dollars will be discontinued from this moment on. The change of financial reporting became possible as a consequence of the resolution by the Annual General Meeting 2016 on the adjustment of the pooling agreement. Accordingly, FMC-AG & Co. KGaA can elect if it reports to the U.S. Securities and Exchange Commission according to U.S. GAAP or IFRS. For the purpose of financial reporting at its highest efficiency, financial reporting will be made according to IFRS, starting the next business year.

Fresenius Medical Care's shares are listed on the stock exchange in the U.S. (as American Depositary Receipts) and in Germany. Fresenius Medical Care is therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of the Company. On the one hand, in addition to mandatory re-

quirements under stock corporation and commercial law, we comply with the regulations of Deutsche Börse and adhere to most of the recommendations of the German Corporate Governance Code. On the other hand, being a non U.S. company (a “foreign private issuer”) we are subject to the regulations connected to our listing in the U.S. Observance of the Sarbanes-Oxley Act (SOX) and portions of the Corporate Governance Rules of the New York Stock Exchange in particular is required. The Sarbanes-Oxley Act includes provisions governing companies and their auditors and is aimed at improving financial reporting, ensuring auditor independence and implementing other matters. The extension of regulations for financial reporting and internal control systems is intended to increase the trust of investors and other parties interested in the Company. We fully meet all of the current requirements applicable to our Company.

Compensation Report

The Compensation Report of FMC-AG & Co. KGaA summarizes the main elements of the compensation system for the members of the Management Board of Fresenius Medical Care Management AG, the General Partner of FMC-AG & Co. KGaA, and in this regard notably explains the amounts and structure of the compensation paid to the Management Board. Furthermore, the principles and the amount of the remuneration of the Supervisory Board are described. The Compensation Report is part of the Management Report on the annual financial statements and the annual consolidated group financial statements of FMC-AG & Co. KGaA as of December 31, 2016. The Compensation Report is prepared on the basis of the recommendations of the German Corporate Governance Code and also includes the disclosures as required pursuant to the applicable statutory regulations, notably in accordance with the German Commercial Code (HGB).

Compensation of the Management Board

The entire Supervisory Board of Fresenius Medical Care Management AG is responsible for determining the compensation of the Management Board. The Supervisory Board of Fresenius Medical Care Management AG is assisted in this task by a personnel committee, the Human Resources Committee, a committee which is created from among the Supervisory Board of Fresenius Medical Care Management AG’s members. The Human Resources Committee is composed of Mr. Stephan Sturm (Chairman) Dr. Gerd Krick (Vice Chairman), Mr. William P. Johnston, Dr. Dieter Schenk and Mr. Rolf A. Classon.

The current Management Board compensation system was approved by the General Meeting of FMC-AG & Co. KGaA on May 12, 2016, and is reviewed by an independent external compensation expert on a regular basis. The objective of the compensation system is to enable the members of the Management Board to participate reasonably in the sustainable development of the Company’s business and to reward them based on their duties and performance as well as their success in managing the Company’s economic and financial position giving due regard to the peer environment.

The amount of the total compensation of the members of the Management Board is measured taking particular account of a horizontal comparison with the compensation of management board members of other DAX-listed companies and similar companies of comparable size and performance in the relevant industry sector. Furthermore, the relation of the overall compensation of the members of the Management Board and that of the Senior Management as well as the staff overall, as determined by way of a vertical comparison, is taken into account.

The compensation of the Management Board is, as a whole, performance-based and consisted of three elements in the fiscal year:

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation in form of share-based compensation with cash settlement)

I. Fixed compensation

The Management Board members receive a fixed amount as basic compensation. In Germany or Hong Kong, as the case may be, the fixed compensation is paid in twelve equal monthly installments. To the extent the fixed compensation is paid to members of the Management Board in the U.S., payment is made in accordance with local customs in twenty-four equal instalments.

Moreover, the members of the Management Board received additional benefits consisting mainly of payment for insurance premiums, the private use of company cars and special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.

II. Performance-based compensation

Performance-based compensation is awarded as a short-term cash component (one-year variable compensation) and as components with long-term incentive effects (share-based compensations with cash settlement). The share-based compensations with cash settlement consist of the so-called Share Based Award, resulting as a deferral amount from the one-year variable compensation, as well as of Performance Shares, which are granted in the context of the "Fresenius Medical Care Long-Term Incentive Plan 2016" (LTIP 2016). In addition, the Supervisory Board may grant a discretionary bonus for extraordinary performances.

One-year variable compensation and Share Based Award

The amount of the one-year variable compensation and of the Share Based Award depends on the achievement of the following individual and common targets:

- net income growth,
- free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) in percent of revenue,
- operating income margin

The targets are weighted differently depending on the department of the Management Board or its functions. In the case of Messrs. Rice Powell and Michael Brosnan (both with corporate group functions) as well as Dr. Olaf Schermeier (Research & Development), the net income growth is weighted with 80%. In the case of Messrs. Roberto Fusté (Management Board member until March 31, 2016), Ronald Kuerbitz, Dominik Wehner and Harry de Wit (Management Board member since April 1, 2016) (Management Board members with regional responsibility) as well as Mr. Kent Wanzek (Global Manufacturing & Quality), the net income growth is weighted with 60%. In the case of the members of the Management Board last named, the valuation of the operating margins contributes another 20%. The target free cash flow as a percentage of the sales revenues is uniformly measured with 20% for all members of the Management Board.

	Net income growth	Free cash flow in % of revenues	Operating margin (regional)
Corporate group functions and/or Research & Development	80%	20%	-
Regional functions and/or Global Manufacturing & Quality	60%	20%	20%

The degree of the achievement of the specific targets (target achievement) is determined by comparing the actual values with the target values to be achieved.

The net income growth to be achieved is taken into account up to a growth rate of 10%. Furthermore, the members of the Management Board are also evaluated by reference to the development of free cash flow within the Group or, as the case may be, in the relevant regions, with the targets being within a range of rates between 3% and 6% of the respective free cash flow in percent of revenue. For the benefit of Management Board members with regional responsibilities as well as for the benefit of the Management Board member responsible for Global Manufacturing & Quality, growth of regional operating income margins is compensated within individual targets ranging between 13% and 18.5%, reflecting the particularities of the respective regions and responsibilities.

	Minimum (0% target achievement)	Target achievement 100%	Maximum (120% target achievement)
Net income growth	0.00%	8.00%	10.00%
Free cash flow in % of revenues	3.00%	5.71%	6.00%
Operating margin (regional)	Individual target corridors between 13.00% and 18.50%, depending on the respective responsibilities		

Multiplying the level of the respective overall target achievement by the respective fixed compensation and another fixed multiplier results in the total amount, of which a 75% share is paid out in cash to the Management Board members as a one-year variable compensation after approval of the annual financial statements of FMC-AG & Co. KGaA for the respective fiscal year. Since the maximum level of target achievement is set at 120%, the Management Board's maximum achievable one-year variable compensation is limited as regards to specific amounts.

For the 2016 fiscal year and the previous year, the amount of cash compensation payments to members of the Management Board without components with long-term incentive effects consisted of the following:

Amount of Cash Payments

in € THOUS

	Non-performance related compensation				Short-term performance related compensation		Cash compensation (without long-term incentive components)	
	Fixed compensation		Other benefits ¹⁾		Bonus		2016	2015 ²⁾
	2016	2015 ²⁾	2016	2015 ²⁾	2016	2015 ^{2), 3)}		
Management board members serving as of December 31, 2016								
Rice Powell	1,242	1,239	121	342	2,403	1,032	3,766	2,613
Michael Brosnan	696	694	194	533	1,300	581	2,190	1,808
Ronald Kuerbitz	845	843	19	28	1,476	785	2,340	1,656
Dr. Olaf Schermeier	450	450	83	635 ⁴⁾	891	381	1,424	1,466
Kent Wanzek	539	538	112	112	1,054	594	1,705	1,244
Dominik Wehner	406	350	37	37	804	394	1,247	781
Harry de Wit ⁵⁾	360	-	213	-	713	-	1,286	-
Former member of the management board who resigned March 31, 2016								
Roberto Fusté ⁶⁾	145	580	73	482 ⁷⁾	-	648	218	1,710
Total:	4,683	4,694	852	2,169	8,641	4,415	14,176	11,278

1) Includes insurance premiums, private use of company cars, special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) as well as other fringe benefits, also in case accruals have been set up therefore.

2) Please note for purposes of comparison with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

3) Includes a discretionary bonus granted to Mr. Rice Powell in the amount of €541, to Mr. Michael Brosnan in the amount of €306, to Mr. Roberto Fusté in the amount of €189, to Mr. Ronald Kuerbitz in the amount of €451, to Dr. Olaf Schermeier in the amount of €203, to Mr. Kent Wanzek in the amount of €203 and to Mr. Dominik Wehner in the amount of €117.

4) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

5) Please note for purposes of comparison of the amounts indicated for the fiscal year that Mr. Harry de Wit has been appointed as member of the Management Board only with effect as of April 1, 2016 and, therefore, has received compensation payments to be set out herein only as of such date.

6) In addition to the compensation set out herein, Mr. Roberto Fusté received a fixed compensation in the amount of €435, fringe benefits in the amount of €253 as well as a short-term performance-based compensation in the amount of €1,531; such compensation was received by Mr. Roberto Fusté only after his resignation from the Management Board.

7) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

The remaining share, amounting to 25% of the total amount calculated according to the key data above, is granted to the members of the Management Board in the form of the so-called Share Based Award, which is included in the compensation components with long-term incentive effects. The Share Based Award is subject to a three-year waiting period, although a shorter period may apply in special cases (e.g. professional incapacity, entry into retirement, non-renewal by the Company of expired service agreements). The amount of the cash payment of the Share Based Award is based on the share price of FMC-AG & Co. KGaA shares upon exercise after the three-year waiting period.

In accordance with the targets achieved in the fiscal year, the members of the Management Board who were members of the Management Board on December 31 of the fiscal year acquired entitlements to Share Based Awards valued at €3,281 THOUS (2015: €801 THOUS). Based on the already fixed value, the allocation of the specific number of virtual shares made by the Supervisory Board takes place no sooner than March of the following year on the basis of the then current price conditions of the shares of FMC-AG & Co. KGaA. This number will then serve as a multiplier for the share price on the relevant exercise date and, thus, as the basis for the determination of the payment of the relevant stock-based compensation after the end of the three-year waiting period.

The components with long-term incentive effects contain a limit option for the case of extraordinary developments.

Performance Shares

In addition to the Share Based Award, the members of the Management Board were also granted so-called "Performance Shares" on the basis of the LTIP 2016, as further performance-related components with a long-term incentive effect in the fiscal year. The LTIP 2016 was approved in the fiscal year by the Supervisory Board upon recommendation of the Human Resources Committee and replaces the LTIP 2011. As of the end of the previous year no further stock options may be granted under the LTIP 2011. Performance Shares are virtual remuneration instruments not backed by equity. These may provide entitlement to a cash payment depending on the achievement of the performance targets described below and the development of the company's share price. The LTIP 2016 stipulates that the Management Board members will be granted Performance Shares once or twice a year in the years 2016 to 2018. For the members of the Management Board, the Supervisory Board determines, after due consideration and taking into account the responsibilities and performances of the respective members of the Management Board, the so-called "grant value", as the initial amount for each grant to be made to members of the Management Board. This grant value is divided by the applicable fair value of a Performance Share at the grant date, in order to determine the number of Performance Shares to be granted. This number may change over a period of three years depending on the degree to which the performance targets are achieved, whereby the total loss of all granted Performance Shares as well as a doubling (at most) of that number is possible. The number of Performance Shares after the three-year performance period, resulting from the respective target achievement, is considered as vested four years after the date the respective allocation was made. The above-mentioned number of Performance Shares is then multiplied by the average price of the Company's shares during a thirty-day period prior to the expiration of this vesting period. The resulting amount is paid out in cash to the members of the Management Board for their respective Performance Shares.

The degree of the total target achievement during the three-year performance period is determined on the basis of the three performance targets (i) revenue growth, (ii) annual growth of the net income attributable to the shareholders of FMC-AG & Co. KGaA ("net income growth") as well as (iii) increase of the return on invested capital (Return on Invested Capital "ROIC" improvement). The target corridors and targets are as set out in the table below:

	Growth/increase	Target achievement	Weight
Performance target 1: Revenue growth	≤ 0%	0%	1/3
	7%	100%	
	≥ 16%	200%	
Performance target 2: Net income growth	≤ 0%	0%	1/3
	7%	100%	
	≥ 14%	200%	
Performance target 3: ROIC level against target ROIC	0.2 percentage points below target ROIC	0%	1/3
	target ROIC	100%	
	0.2 percentage points above target ROIC	200%	

The ROIC target for the year 2016 is set at 7.3% and increases by 0.2 percentage points each year, that is, to 7.5% (2017), 7.7% (2018), 7.9% (2019) and 8,1% (2020). For each revenue growth and/or any net income growth and ROIC level within the range of the values presented above, the degree of target achievement is linearly interpolated. If the target achievement in relation to the ROIC target in the third year of an assessment period is higher than or equal to the target achievement in each of the two previous years, the ROIC target achievement for the third year applies to all years of the respective assessment period.

Each of these three performance targets accounts for one-third in the calculation of the yearly target achievement, which is calculated for each year of the three-year performance period. The overall target achievement at the end of the three-year performance period is determined by the mean of these three average yearly target achievements. The overall target achievement can lie in a corridor between 0% and 200%.

The number of Performance Shares granted to the Management Board members at the beginning of the performance period is multiplied by the overall target achievement in order to determine the final number of Performance Shares that form the basis of the cash compensations under the LTIP 2016 as described above.

In the course of the fiscal year, 642,349 Performance Shares were granted under the LTIP 2016. This includes 79,888 Performance Shares with a total value of €6,170 THOUS, which were granted to the members of the Management Board. The relevant fair value of the Performance Shares issued in July of the fiscal year amounted on the grant date to €76.80 for grants in euro (applies to Messrs. Dr. Olaf Schermeier, Harry de Wit, Dominik Wehner and Roberto Fusté) and to \$85.06 for grants in U.S. dollars (applies to Messrs. Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek). In the previous year, instead of Performance Shares, stock options and phantom stock in a total value of €7,555 THOUS and €4,582 THOUS, respectively, were granted. By the end of the fiscal year, the Management Board members being in office on December 31, 2016, held a total of 79,888 Performance Shares (2015: 0).

For the fiscal year, the value of the share-based compensations with cash settlement issued to the members of the Management Board in each case, is shown respectively compared to the previous year, in the following table.

Long-term Incentive Components

	Stock Options				Share-based compensation with cash settlement		Total	
	Number		in € THOUS		in € THOUS		in € THOUS	
	2016	2015	2016	2015	2016 ¹⁾	2015 ^{2, 3)}	2016	2015
Management board members serving as of December 31, 2016								
Rice Powell	-	149,400	-	2,244	2,415	941	2,415	3,185
Michael Brosnan	-	74,700	-	1,122	1,306	480	1,306	1,602
Ronald Kuerbitz	-	49,800	-	748	1,482	888	1,482	1,636
Dr. Olaf Schermeier	-	49,800	-	748	1,072	836	1,072	1,584
Kent Wanzek	-	69,720	-	1,047	1,120	596	1,120	1,643
Dominik Wehner	-	49,800	-	748	1,043	869	1,043	1,617
Harry de Wit	-	-	-	-	1,013	-	1,013	-
Former member of the management board who resigned March 31, 2016								
Roberto Fusté ⁴⁾	-	59,760	-	898	-	774	-	1,672
Total:	-	502,980	-	7,555	9,451	5,384	9,451	12,939

1) This includes Performance Shares pursuant to the LTIP 2016 as well as Share Based Awards granted to the Management Board members during the fiscal year. The share-based compensation amounts are based on the fair value on the grant date.

2) This includes Phantom Stock pursuant to the LTIP 2011 as well as Share Based Awards granted to the Management Board members during the previous year. The share-based compensation amounts are based on the fair value at the grant date. Please note for purposes of comparison of the amounts indicated for the fiscal year to those for the previous year that the Performance Shares do not only replace Phantom Stock as compensation element but also Stock Options pursuant to the LTIP 2011. The increase of share-based compensation with cash settlement compared to the previous year is accompanied by the discontinuation of Stock Options as a compensation element.

3) Please note for purposes of comparison between the amounts indicated and those for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) In addition to the compensation indicated, Mr. Roberto Fusté received the following long-term incentive components in the fiscal year: share-based compensation with cash settlement in an amount of €775, which was granted to Mr. Roberto Fusté following his resignation from the Management Board.

The components with long-term incentive effect entitle to a cash payment or can be exercised only after the expiration of predefined waiting- and/or vesting periods. Their value is distributed over the waiting periods and is proportionally accounted for as an expense in the respective fiscal year.

The expenses pertaining to components with long-term incentive effects for the fiscal year and for the previous year, in which the stock options and phantom stock illustrated below were issued, are set out in the following table:

Expenses for Long-term Incentive Components

in € THOUS

	<u>Stock Options</u>		<u>Share-based compensation with cash settlement</u>		<u>Share-based compensation</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Management board members serving as of December 31, 2016						
Rice Powell	593	377	668	699	1,261	1,076
Michael Brosnan	605	187	726	450	1,331	637
Ronald Kuerbitz	190	153	494	261	684	414
Dr. Olaf Schermeier	190	153	401	177	591	330
Kent Wanzek	288	151	398	495	686	646
Dominik Wehner	169	162	376	152	545	314
Harry de Wit	-	-	122	-	122	-
Former member of the management board who resigned March 31, 2016						
Roberto Fusté ¹⁾	887	136	1,014	471	1,901	607
Total:	2,922	1,319	4,199	2,705	7,121	4,024

1) In addition to the compensation set out, the following expenses arose for Mr. Roberto Fusté following his resignation from the Management Board in the fiscal year: €1,176 for share-based compensation with cash settlement.

Focus on sustainable corporate development

To the extent the portion of the performance-based components with long-term incentive effects (i.e. Performance Shares and Share Based Award) does not reach 50% of the sum of all variable compensation components for the respective fiscal year, it has been contractually provided that the one-year variable compensation shall be reduced accordingly. The Share Based Award is increased correspondingly. This shall ensure that the compensation structure is always oriented towards a sustainable corporate development.

Stock options and phantom stock

Until the end of the fiscal year 2015 grants under the Long Term Incentive Program 2011 (LTIP 2011), which consisted of the 2011 Stock Option Plan and the 2011 Phantom Stock Plan, constituted an essential component of the compensation system for the members of the Management Board. As of the end of the fiscal year 2015 grants under the LTIP 2011 are no longer possible. However, the members of the Management Board may exercise stock options or phantom stock, which have already been granted, taking into consideration the blackout periods applicable to the exercise of such instruments, the achievement of defined performance targets as well as, subject to deviating stipulations in the individual case, the continuation of the service- and/or employment relationship.

Under the LTIP 2011 a combination of stock options and phantom stock awards was granted to the participants. The number of stock options and phantom stock awards to be granted to the members of the Management Board was determined by the Supervisory Board in its reasonable discretion. In principle all members of the Management Board were entitled to receive the same number of stock options and phantom stock awards, whereas the Chairman of the Management Board is entitled to receive double the granted quantity. At the time of the grant, the members of the Management Board were entitled to choose a ratio based on the value of the stock options vs. the value of phantom stock awards in a range between 75:25 and 50:50.

Stock options may be exercised within four years and phantom stock awards within one year after the expiration of the waiting period. For Management Board members who are U.S. taxpayers specific conditions apply with respect to the exercise period of phantom stock awards.

The success target for stock options and phantom stock is achieved in each case if, during the waiting period, either the adjusted basic income per share increases by at least

8% per annum in comparison to the previous year in each case or - if this is not the case - the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum. Deviating from this, the success target for phantom stock granted in the fiscal year 2015 is also achieved if under the global efficiency program an amount of \$200 M has been saved until the end of the fiscal year and, until the end of the fiscal years 2016 to 2018, an amount of \$300 M is saved, each in comparison to January 1, 2013, and also the respective group target for fiscal years 2015 to 2018 – each as expected and communicated – have been achieved and confirmed by the auditor. If with regard to any reference year or more than one of the four reference years within the waiting period neither the adjusted basic income per share increases by at least 8% per annum in comparison to the previous year nor the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum, the stock options and phantom stock awards subject to such waiting period are cancelled to such proportion to which the success target was not achieved within the waiting period, i.e. in the proportion of 25% for each year in which the target is not achieved within the waiting period, up to 100%; this principle of proportional cancellation also applies to the additional success target for phantom stock as resolved by the Supervisory Board in the fiscal year 2015.

At the end of the fiscal year the members of the Management Board held a total of 1,010,784 stock options (2015: 1,565,195) originating from previous compensation programs with long-term incentive effects secured by conditional capital, which entitled their participants to stock options. Moreover, the Management Board members held, by the end of the fiscal year, a total of 81,019 phantom stock (2015: 118,703) pursuant to the Phantom Stock Plan 2011.

The development and status of stock options of the members of the Management Board serving at December 31 of the fiscal year in the fiscal year are shown in more detail in the following table:

Development and Status of the Stock Options

		Rice Powell	Michael Brosnan	Ronald Kuerbitz	Dr. Olaf Schermeier	Kent Wanzek	Dominik Wehner	Harry de Wit	Total:
Options outstanding January 1, 2016	Number	465,318	260,212	157,002	124,500	209,782	123,759	-	1,340,573
	Weighted average exercise price in €	55.88	54.46	58.61	60.70	57.73	59.29	-	56.98
Options exercised during the fiscal year	Number	64,500	33,000	-	-	49,800	7,350	-	154,650
	Weighted average exercise price in €	34.41	31.97	-	-	42.68	31.97	-	36.44
	Weighted average share price in €	72.99	77.61	-	-	82.82	74.91	-	77.23
Options forfeited during the fiscal year	Number	56,025	28,012	28,012	28,012	28,013	7,065	-	175,139
	Weighted average exercise price in €	49.76	49.76	49.76	49.76	49.76	49.76	-	49.76
Options outstanding December 31, 2016	Number	344,793	199,200	128,990	96,488	131,969	109,344	-	1,010,784
	Weighted average exercise price in €	60.89	58.84	60.53	63.88	65.10	61.75	-	61.37
	Weighted average remaining contractual life in years	4.76	4.27	5.03	5.99	5.46	5.27	-	4.96
	Range of exercise prices in €	42.68 - 76.99	42.68 - 76.99	42.68 - 76.99	49.76 - 76.99	49.76 - 76.99	42.68 - 76.99	-	42.68 - 76.99
Options exercisable December 31, 2016	Number	102,018	77,812	32,502	-	28,012	19,839	-	260,183
	Weighted average exercise price in €	47.38	46.79	50.58	-	54.09	47.15	-	48.31

III. Total Compensation

The amount of the total compensation of the Management Board for the fiscal year and for the previous year is as shown in the following table:

Total Compensation

in € THOUS

	Cash compensation (without long-term incentive compo- nents)		Components with long-term incentive effect		Total compensation (including long-term incentive components)	
	2016	2015 ¹⁾	2016	2015 ¹⁾	2016	2015 ¹⁾
Management board members serving as of December 31, 2016						
Rice Powell	3,766	2,613	2,415	3,185	6,181	5,798
Michael Brosnan	2,190	1,808	1,306	1,602	3,496	3,410
Ronald Kuerbitz	2,340	1,656	1,482	1,636	3,822	3,292
Dr. Olaf Schermeier	1,424	1,466	1,072	1,584	2,496	3,050
Kent Wanzek	1,705	1,244	1,120	1,643	2,825	2,887
Dominik Wehner	1,247	781	1,043	1,617	2,290	2,398
Harry de Wit	1,286	-	1,013	-	2,299	-
Former member of the management board who resigned March 31, 2016						
Roberto Fusté ²⁾	218	1,710	-	1,672	218	3,382
Total:	14,176	11,278	9,451	12,939	23,627	24,217

1) Please note for purposes of comparison between the amounts indicated with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

2) For the entire fiscal year, the cash compensation (without long-term incentive components) of Mr. Roberto Fusté amounts to €2,437, long-term incentive components to €775 and the total compensation (including long-term incentive components) to €3,212.

IV. Commitments to members of the Management Board for the event of termination of their appointment

The following pension commitments and other benefits are also part of the compensation system for the members of the Management Board: individual contractual pension commitments for the Management Board members Mr. Rice Powell, Mr. Michael Brosnan, Mr. Ronald Kuerbitz, Dr. Olaf Schermeier and Mr. Kent Wanzek have been entered into by Fresenius Medical Care Management AG. In addition, pension commitments from the participation in employee pension schemes of other Fresenius Medical Care companies exist for individual members of the Management Board.

Each of the pension commitments by Fresenius Medical Care Management AG provides for a pension and survivor benefit as of the time of conclusively ending active work, at age 65 at the earliest or upon occurrence of disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit), however, calculated by reference to the amount of the recipient's most recent base salary.

The retirement pension will be based on 30% of the last fixed compensation and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45%. Current pensions increase according to legal requirements (Sec. 16 of the German Act to improve company pension plans, "BetrAVG"). 30% of the gross amount of any post-retirement income from an activity of the Management Board member is offset against the pension obligation. Any amounts to which the Management Board members or their surviving dependents, respectively, are entitled from other company pension rights of the Management Board member, even from service agreements with other

companies, are also to be set off. If a Management Board member dies, the surviving spouse receives a pension amounting to 60% of the resulting pension claim at that time. Furthermore, the deceased Management Board member's own legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20% of the resulting pension claim at that time, until the completion of their education or they reach 25 years of age, at the latest. All orphans' pensions and the spousal pension together reach a maximum of 90% of the Management Board member's pension, however. If a Management Board member leaves the Management Board of Fresenius Medical Care Management AG before reaching the age of 65, except in the event of a disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit), the rights to the aforementioned benefits remain, although the pension to be paid is reduced in proportion to the ratio of the actual years of service as a Management Board member to the potential years of service until reaching the age of 65.

Based on individual contractual commitments, Management Board members Mr. Rice Powell, Mr. Michael Brosnan, Mr. Ronald Kuerbitz and Mr. Kent Wanzek additionally participated in the U.S.-based 401(k) savings plan in the fiscal year; in this regard, contributions in the amount of \$7,950.00 (2015: \$7,950.00) were earned in the fiscal year in each case and allocated in January 2017. This plan generally allows employees in the U.S. to invest a limited portion of their gross salaries in retirement pension programs. The Company supports its employees hereby with contributions of up to 50% of the yearly made payments.

Furthermore, the Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Ronald Kuerbitz have acquired non-forfeitable benefits from participation in employee pension plans of Fresenius Medical Care North America, which provide payment of pensions as of the age of 65 and the payment of reduced benefits as of the age of 55. In March 2002, the rights to receive benefits from the pension plans were frozen at the level then applicable.

From the time of his previous employment activities for Fresenius Medical Care Deutschland GmbH, a pension commitment exists for Management Board member Mr. Dominik Wehner. As a result of his service agreement with Fresenius Medical Care Management AG, the latter assumed this pension commitment and continues the commitment on the basis of Mr. Wehner's compensation as Management Board member. This pension commitment is based on the Fresenius companies' pension scheme of January 1, 1988 and provides old-age pensions, disability pensions and surviving dependents' pensions. It does not provide for any offsetting mechanisms against other income or pension payments. The spousal pension amounts to 60% of the disability pension or old-age pension to be granted at the time of death. The orphan's pension amounts to 10% (semi-orphans) or 20% (orphans) of the disability pension or old-age pension to be granted at the time of death. The claims of all surviving dependents are limited to a total of 100% of Mr. Dominik Wehner's pension entitlements.

Additions to pension provisions in the fiscal year for Management Board members serving as of December 31 amounted to €4,035 THOUS (2015: €8,355 THOUS). The pension commitments are shown in the following table:

Development and Status of Pension Commitments

in € THOUS

	As of January 1, 2016	Increase	As of December 31, 2016
Rice Powell	9,397	875	10,272
Michael Brosnan	4,260	724	4,984
Ronald Kuerbitz	2,557	810	3,367
Dr. Olaf Schermeier	309	266	575
Kent Wanzek	2,327	434	2,761
Dominik Wehner	2,023	926	2,949
Harry de Wit	-	-	-
Total:	<u>20,873</u>	<u>4,035</u>	<u>24,908</u>

A post-employment non-competition covenant was agreed upon with all Management Board members. If such covenant becomes applicable, the Management Board members receive compensation amounting to half of their respective annual fixed compensation for each year of respective application of the non-competition covenant, up to a maximum of two years. The employment contracts of the Management Board members contain no express provisions that are triggered by a change of control of the Company.

V. Miscellaneous

All members of the Management Board have received individual contractual commitments for the continuation of their compensation in cases of sickness for a maximum of 12 months, although after six months of sick leave, insurance benefits may be set off against such payments. If a Management Board member dies, the surviving dependents will be paid three more monthly instalments after the month of death, not to exceed, however, the amount due between the time of death and the scheduled expiration of the agreement.

In the 2016 fiscal year, Mr. Roberto Fusté – who was a member of the Management Board until March 31, 2016 – received the compensation payments he was entitled to until December 31, 2016 pursuant to his termination agreement, i.e., fixed compensations (in the amount of €435 THOUS) and fringe benefits (in the amount of approximately €253 THOUS) as well as one-year and multi-year variable compensation components (in the amount of approximately €1,531 THOUS and in the amount of €775 THOUS, respectively). The long term variable compensation components granted to Mr. Roberto Fusté on the basis of the LTIP 2011 were not affected by his retirement from the Management Board. The payment of the Share Based Award for the fiscal year 2012 earned by Mr. Roberto Fusté took place in the fiscal year 2016. The Share Based Awards earned during the fiscal years 2013 to 2015 are to be paid out until March 1, 2017. As of the completion of the age of 65, Mr. Roberto Fusté receives a company-funded retirement pension of €261 THOUS per year. It was also agreed with Mr. Roberto Fusté that following the termination of his service agreement as of December 31, 2016 as a member of the Management Board, he would be subject to a post-employment non-compete obligation lasting until the end of December 31, 2018, and would act as an advisor of the Chairman of the Management Board. For this, he will receive an annual non-compete compensation of approximately €377 THOUS and an annual advisory fee in the amount of €377 THOUS, respectively. The type and amount of the benefits granted and allocations made in favor of Mr. Roberto Fusté during the fiscal year are shown in the tables in section VI below.

Furthermore, there is a compensation agreement between FMC-AG & Co. KGaA, the Fresenius Medical Care Management AG and Mr. Roberto Fusté, according to which Mr. Roberto Fusté is exempted from certain tax disadvantages resulting from income tax

audits. In the fiscal year, the company did not compensate any such tax disadvantages (2015: €91 THOUS).

Prof. Emanuele Gatti, who was a member of the Management Board until March 31, 2014, received pension payments in the amount of approximately €338 THOUS (2015: €113 THOUS) as well as fringe benefits in the amount of €7 THOUS during the fiscal year. On the occasion of the termination of his service agreement as a member of the Management Board effective as of April 30, 2015, a two-year post-employment non-compete obligation was agreed upon with Prof. Gatti. As a compensation for this, Prof. Emanuele Gatti receives an annual non-compete compensation in the amount of approximately €488 THOUS. In the previous year Prof. Gatti received a partial non-compete compensation in the amount of approximately €325 THOUS.

As agreed, Dr. Rainer Runte was a member of the Management Board until March 31, 2014, was granted and paid in the fiscal year a compensation in connection with his post-contractual non-compete clause in the amount of approximately €486 THOUS (2015: €486 THOUS) as well as fringe benefits in the amount of €0 THOUS (2015: €28 THOUS).

With Dr. Ben Lipps, the Chairman of the Management Board until December 31, 2012, instead of a pension provision a consulting agreement was entered into for the period January 1, 2013 to December 31, 2022. By this consulting agreement Dr. Ben Lipps will provide consulting services on certain fields and within a specified time frame as well as complying with a non-compete covenant. The annual consideration to be granted by Fresenius Medical Care Management AG for such services (including reimbursement of expenses) amounts for the fiscal year to €585 THOUS (2015: €588 THOUS). The present value of this agreement (including pension payments for the surviving spouse in case of death) amounts to €3,357 THOUS (2015: €3,694 THOUS) as at December 31 of the fiscal year.

In the fiscal year, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Medical Care Management AG.

The payments to U.S. Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Kent Wanzek were paid in part in the U.S. (in U.S. dollar) and in part in Germany (in euro). For the part paid in Germany, the Company has agreed that due to varying tax rates in both countries, the increased tax burden to such Management Board members arising from German tax rates in comparison to U.S. tax rates will be balanced (net compensation). Pursuant to a modified net compensation agreement, these Management Board members will be treated as if they were taxed in their home country, the United States, only. Therefore, the gross amounts may be retroactively changed. Since the actual tax burden can only be calculated in connection with the preparation of the Management Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future compensation reports.

To the extent permitted by law, Fresenius Medical Care Management AG undertook to indemnify the members of the Management Board against claims against them arising out of their work for the Company and its affiliates, if such claims exceed their liability under German law. To secure such obligations, the Company has obtained directors & officers liability insurance carrying a deductible which complies with the requirements of the German Stock Corporation Act (AktG). The indemnity applies for the time in which each member of the Management Board is in office and for claims in this connection after termination of membership on the Management Board in each case.

Former members of the Management Board did not receive any compensation in the fiscal year other than mentioned herein. As of December 31 of the fiscal year, pension obligations towards this group of persons exist in an amount of €20,469 THOUS (2015: €13,988 THOUS), of which €5,933 THOUS were attributable to Mr. Roberto Fusté.

VI. Tables of the value of benefits granted and of the allocation

The German Corporate Governance Code provides that the compensation report shall include information for each member of the Management Board on the benefits granted and allocations made as well as on the pension expenses for the fiscal year. The model tables provided in the appendix to the German Corporate Governance Code shall be used to present this information. The following tables include information on the value of benefits granted as well as on the allocations made. They adhere to the structure and, to the greatest extent possible, the standards of the model tables of the German Corporate Governance Code:

Benefits granted to serving members of the Management Board as of December 31, 2016

in € THOUS

	Rice Powell				Michael Brosnan			
	Chairman of the Management Board				Chief Financial Officer			
	Member of the Management Board since December 21, 2005 ²⁾				Member of the Management Board since January 1, 2010			
	2016	2016	2016	2015 ³⁾	2016	2016	2016	2015 ³⁾
	Minimum		Maximum		Minimum		Maximum	
Fixed compensation	1,242	1,242	1,242	1,239	696	696	696	694
Fringe benefits ¹⁾	121	121	121	342	194	194	194	533
Total non-performance-based compensation	1,363	1,363	1,363	1,581	890	890	890	1,227
One-year variable compensation	2,050	169	2,460	2,586 ⁴⁾	1,148	98	1,377	1,451 ⁴⁾
Multi-year variable compensation / components with long-term incentive effects	2,415	-	n.a.	3,185	1,306	-	n.a.	1,602
thereof Share Based Award - New Incentive Bonus Plan 2010								
3-year term / 3-year waiting period	877	-	n.a.	164	537	-	n.a.	92
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
8-year term / 4-year vesting period	-	-	n.a.	2,244	-	-	n.a.	1,122
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
5-year term / 4-year vesting period	-	-	n.a.	777	-	-	n.a.	388
thereof Long Term Incentive Program 2016 - Performance Share Plan 2016								
4-year term / 4-year vesting period	1,538	-	n.a.	-	769	-	n.a.	-
Total non-performance-based and performance-based compensation	5,828	1,532	n.a.	7,352	3,344	988	n.a.	4,280
Pension expense	741	741	741	570	666	666	666	533
Value of benefits granted	6,569	2,273	n.a.	7,922	4,010	1,654	n.a.	4,813

	Ronald Kuerbitz				Dr. Olaf Schermeier			
	Member of the Management Board for North America				Member of the Management Board for Global Research and Development			
	Member of the Management Board since January 1, 2013				Member of the Management Board since March 1, 2013			
	2016	2016	2016	2015 ³⁾	2016	2016	2016	2015 ³⁾
	Minimum		Maximum		Minimum		Maximum	
Fixed compensation	845	845	845	843	450	450	450	450
Fringe benefits ¹⁾	19	19	19	28	83	83	83	635 ⁵⁾
Total non-performance-based compensation	864	864	864	871	533	533	533	1,085
One-year variable compensation	1,394	127	1,673	1,841 ⁴⁾	743	56	891	946 ⁴⁾
Multi-year variable compensation / components with long-term incentive effects	1,482	-	n.a.	1,636	1,072	-	n.a.	1,584
thereof Share Based Award - New Incentive Bonus Plan 2010								
3-year term / 3-year waiting period	713	-	n.a.	111	297	-	n.a.	59
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
8-year term / 4-year vesting period	-	-	n.a.	748	-	-	n.a.	748
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
5-year term / 4-year vesting period	-	-	n.a.	777	-	-	n.a.	777
thereof Long Term Incentive Program 2016 - Performance Share Plan 2016								
4-year term / 4-year vesting period	769	-	n.a.	-	775	-	n.a.	-
Total non-performance-based and performance-based compensation	3,740	991	n.a.	4,348	2,348	589	n.a.	3,615
Pension expense	751	751	751	2,327	151	151	151	-
Value of benefits granted	4,491	1,742	n.a.	6,675	2,499	740	n.a.	3,615

1) Includes insurance premiums, private use of company cars, special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) as well as other fringe benefits, also in case accruals have been set up therefore.

2) The indicated date refers to the appointment as member of the Management Board of the General Partner.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541, to Mr. Michael Brosnan in the amount of €306, to Mr. Roberto Fusté in the amount of €189, to Mr. Ronald Kuerbitz in the amount of €451, to Dr. Olaf Schermeier in the amount of €203, to Mr. Kent Wanzek in the amount of €203 and to Mr. Dominik Wehner in the amount of €117.

5) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

Benefits granted to serving members of the Management Board as of December 31, 2016

in € THOUS

	Kent Wanzek				Dominik Wehner			
	Member of the Management Board for Global Manufacturing Operations				Member of the Management Board for EMEA			
	Member of the Management Board since January 1, 2010				Member of the Management Board since April 1, 2014			
	2016	2016	2016	2015³⁾	2016	2016	2016	2015³⁾
	Minimum		Maximum		Minimum		Maximum	
Fixed compensation	539	539	539	538	406	406	406	350
Fringe benefits ¹⁾	112	112	112	112	37	37	37	37
Total non-performance-based compensation	651	651	651	650	443	443	443	387
One-year variable compensation	890	73	1,068	1,091 ⁴⁾	670	53	804	695 ⁴⁾
Multi-year variable compensation / components with long-term incentive effects	1,120	-	n.a.	1,643	1,043	-	n.a.	1,617
thereof Share Based Award - New Incentive Bonus Plan 2010								
<i>3-year term / 3-year waiting period</i>	351	-	n.a.	130	268	-	n.a.	92
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
<i>8-year term / 4-year vesting period</i>	-	-	n.a.	1,047	0	-	n.a.	748
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
<i>5-year term / 4-year vesting period</i>	-	-	n.a.	466	0	-	n.a.	777
thereof Long Term Incentive Program 2016 - Performance Share Plan 2016								
<i>4-year term / 4-year vesting period</i>	769	-	n.a.	-	775	-	n.a.	-
Total non-performance-based and performance-based compensation	2,661	724	n.a.	3,384	2,156	496	n.a.	2,699
Pension expense	379	379	379	292	98	98	98	99
Value of benefits granted	3,040	1,103	n.a.	3,676	2,254	594	n.a.	2,798

	Harry de Wit			
	Member of the Management Board for Asia-Pacific			
	Member of the Management Board since April 1, 2016			
	2016	2016	2016	2015³⁾
	Minimum		Maximum	
Fixed compensation	360	360	360	-
Fringe benefits ¹⁾	213	213	213	-
Total non-performance-based compensation	573	573	573	-
One-year variable compensation	594	124	713	-
Multi-year variable compensation / components with long-term incentive effects	1,013	-	n.a.	-
thereof Share Based Award - New Incentive Bonus Plan 2010				
<i>3-year term / 3-year waiting period</i>	238	-	n.a.	-
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011				
<i>8-year term / 4-year vesting period</i>	-	-	n.a.	-
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011				
<i>5-year term / 4-year vesting period</i>	-	-	n.a.	-
thereof Long Term Incentive Program 2016 - Performance Share Plan 2016				
<i>4-year term / 4-year vesting period</i>	775	-	n.a.	-
Total non-performance-based and performance-based compensation	2,180	697	n.a.	-
Pension expense	-	-	-	-
Value of benefits granted	2,180	697	n.a.	-

1) Includes insurance premiums, private use of company cars, special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) as well as other fringe benefits, also in case accruals have been set up therefore.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541, to Mr. Michael Brosnan in the amount of €306, to Mr. Roberto Fusté in the amount of €189, to Mr. Ronald Kuerbitz in the amount of €451, to Dr. Olaf Schermeier in the amount of €203, to Mr. Kent Wanzek in the amount of €203 and to Mr. Dominik Wehner in the amount of €117.

Benefits granted to former members of the Management Board who retired in fiscal year

in € THOUS

Roberto Fusté⁶⁾				
Member of the Management Board for Asia-Pacific				
Member of the Management Board until March 31, 2016				
	2016	2016	2016	2015³⁾
	Minimum		Maximum	
Fixed compensation	145	145	145	580
Fringe benefits ¹⁾	73	73	73	482 ⁷⁾
Total non-performance-based compensation	<u>218</u>	<u>218</u>	<u>218</u>	<u>1,062</u>
One-year variable compensation	<u>1,276</u>	<u>174</u>	<u>1,531</u>	<u>1,146 ⁴⁾</u>
Multi-year variable compensation / components with long-term incentive effects	-	-	n.a.	1,672
thereof Share Based Award - New Incentive Bonus Plan 2010				
<i>3-year term / 3-year waiting period</i>	-	-	n.a.	153
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011				
<i>8-year term / 4-year vesting period</i>	-	-	n.a.	898
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011				
<i>5-year term / 4-year vesting period</i>	-	-	n.a.	621
thereof Long Term Incentive Program 2016 - Performance Share Plan 2016				
<i>4-year term / 4-year vesting period</i>	-	-	n.a.	-
Total non-performance-based and performance-based compensation	<u>1,494</u>	<u>392</u>	<u>n.a.</u>	<u>3,880</u>
Pension expense	<u>301</u>	<u>301</u>	<u>301</u>	<u>280</u>
Value of benefits granted	<u><u>1,795</u></u>	<u><u>693</u></u>	<u><u>n.a.</u></u>	<u><u>4,160</u></u>

1) Includes insurance premiums, private use of company cars, special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) as well as other fringe benefits, also in case accruals have been set up therefore.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541, to Mr. Michael Brosnan in the amount of €306, to Mr. Roberto Fusté in the amount of €189, to Mr. Ronald Kuerbitz in the amount of €451, to Dr. Olaf Schermeier in the amount of €203, to Mr. Kent Wanzek in the amount of €203 and to Mr. Dominik Wehner in the amount of €117.

6) Mr. Roberto Fusté resigned from the Management Board of the General Partner with effect as of March 31, 2016, In addition to the compensation set out, Mr. Roberto Fusté received the following compensation in the fiscal year: fixed compensation (€435), fringe benefits (€253) as well as multi-year variable compensation (Long Term Incentive Program 2016 - Performance Share Plan 2016 (€775)); such compensation was received by Mr. Roberto Fusté only after his resignation from the Management Board.

7) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

Allocations
in € THOUS

	Serving members of the Management Board as of December 31, 2016														Former member of the Management Board (retired in fiscal year 2016)	
	Rice Powell		Michael Brosnan		Ronald Kuerbitz		Dr. Olaf Schermeier		Kent Wanzek		Dominik Wehner		Harry de Wit		Roberto Fusté ⁶⁾	
	Chairman of the Management Board	Chief Financial Officer	Member of the Management Board for North America	Member of the Management Board for Global Research and Development	Member of the Management Board for Global Manufacturing Operations	Member of the Management Board for EMEA	Member of the Management Board for Asia-Pacific	Member of the Management Board for Asia-Pacific	Member of the Management Board since December 21, 2005 ²⁾	Member of the Management Board since January 1, 2010	Member of the Management Board since January 1, 2013	Member of the Management Board since March 1, 2013	Member of the Management Board since January 1, 2010	Member of the Management Board since April 1, 2014	Member of the Management Board since April 1, 2016	Member of the Management Board until March 31, 2016
	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾	2016	2015 ³⁾
Fixed compensation	1,242	1,239	696	694	845	843	450	450	539	538	406	350	360	-	145	580
Fringe benefits ¹⁾	121	342	194	533	19	28	83	635 ⁵⁾	112	112	37	37	213	-	73	482 ⁷⁾
Total non-performance based compensation	1,363	1,581	890	1,227	864	871	533	1,085	651	650	443	387	573	-	218	1,062
One-year variable compensation	2,403	1,032 ⁴⁾	1,300	581 ⁴⁾	1,476	785 ⁴⁾	891	381 ⁴⁾	1,054	594 ⁴⁾	804	394 ⁴⁾	713	-	-	648 ⁴⁾
Multi-year variable compensation / components with long-term incentive effects	3,273	2,608	2,006	4,031	100	1,900	-	-	2,437	255	346	784	-	-	-	3,518
thereof Share Based Award - New Incentive Bonus Plan 2010																
3-year term / 3-year vesting period																
Grant 2011	-	485	-	292	-	-	-	-	-	255	-	-	-	-	-	262
Grant 2012	598	-	376	-	-	-	-	-	314	-	-	-	-	-	-	-
thereof International Stock Option Plan 2001																
10-year term / one third 2-, 3- and 4-year vesting period																
Grant 2005	-	-	-	2,353	-	-	-	-	-	-	-	475	-	-	-	-
thereof Stock Option Plan 2006																
7-year term / 3-year vesting period																
Grant 2008	-	2,123	-	1,386	-	-	-	-	-	-	-	309	-	-	-	2,110
Grant 2009	2,043	-	1,506	-	-	824	-	-	-	-	316	-	-	-	-	1,146
Grant 2010	446	-	-	-	-	1,076	-	-	1,999	-	-	-	-	-	-	-
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011																
5-year term / 4-year vesting period																
Grant 2011	186	-	124	-	100	-	-	-	124	-	30	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-performance-based and performance-based compensation	7,039	5,221	4,196	5,839	2,440	3,556	1,424	1,466	4,142	1,499	1,593	1,565	1,286	-	218	5,228
Pension expense	741	570	666	533	751	2,327	151	-	379	292	98	99	0	-	301	280
Allocation	7,780	5,791	4,862	6,372	3,191	5,883	1,575	1,466	4,521	1,791	1,691	1,664	1,286	-	519	5,508

1) Includes insurance premiums, private use of company cars, special payments such as school fees, rent and relocation supplements, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges, contributions to pension and health insurance as well as tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) as well as other fringe benefits, also in case accruals have been set up therefore.

2) The indicated date refers to the appointment as member of the Management Board of the General Partner.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier, Dominik Wehner and Harry de Wit) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541, to Mr. Michael Brosnan in the amount of €306, to Mr. Roberto Fusté in the amount of €189, to Mr. Ronald Kuerbitz in the amount of €451, to Dr. Olaf Schermeier in the amount of €203, to Mr. Kent Wanzek in the amount of €203 and to Mr. Dominik Wehner in the amount of €117.

5) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

6) Mr. Roberto Fusté resigned from the Management Board of the General Partner with effect as of March 31, 2016. In addition to the compensation indicated, Mr. Roberto Fusté received the following compensation in the fiscal year: fixed compensation (€435), fringe benefits (€253), one-year variable compensation (€1,531) as well as multi-year variable compensation (Share Based Award - New Incentive Bonus Plan 2010 - Grant 2012 (€351), Stock Option Plan 2006 - Grant 2009 (€1,009) and Long Term Incentive Program 2011 - Phantom Stock Plan 2011 - Grant 2011 (€128)); such compensation was received by Mr. Roberto Fusté only after his resignation from the Management Board.

7) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

Compensation of the Supervisory Board

The compensation of the FMC-AG & Co. KGaA Supervisory Board is set out in clause 13 of the Articles of Association. The Annual General Meeting resolved on May 12, 2016 to adjust the amount of the fixed compensation of the Supervisory Board with effect as of January 1, 2017.

Each Supervisory Board member receives a fixed salary of \$80 THOUS (\$88 THOUS as of January 1, 2017) for each full fiscal year, payable in four equal instalments at the end of a calendar quarter. The Chairman of the Supervisory Board receives additional compensation of \$80 THOUS (\$88 THOUS as of January 1, 2017) and his deputy additional compensation of \$40 THOUS (\$44 THOUS as of January 1, 2017) per respective complete fiscal year.

In addition, each member of the Supervisory Board shall also receive as a variable performance-related compensation component an additional remuneration which is based upon the respective average growth in basic earnings per share of the Company (EPS) during the period of the last three fiscal years prior to the payment date (3-year average EPS growth). The amount of the variable performance-related remuneration component is \$60 THOUS in case of achieving a 3-year average EPS growth corridor from 8.00 to 8.99%, \$70 THOUS in the corridor from 9.00 to 9.99% and \$80 THOUS in case of a growth of 10.00% or more. If the aforementioned targets are reached, the respective variable remuneration amounts are earned to their full extent, i.e. within these margins there is no pro rata remuneration. In any case, this component is limited to a maximum of \$80 THOUS per annum. Reciprocally, the members of the Supervisory Board are only entitled to the remuneration component if the 3-year average EPS growth of at least 8.00% is reached. Provided that the relevant targets have been achieved, the remuneration is, in principle, disbursed on a yearly basis following the approval of the Company's annual financial statements for the respective fiscal year. For the fiscal year 2016, the 3-year average EPS growth for the fiscal years 2014, 2015 and 2016 was relevant.

In application of the principles above, for the previous year no entitlement to a payment of variable performance-related compensation was generated.

As a member of a committee, a Supervisory Board member of FMC-AG & Co. KGaA additionally annually receives \$40 THOUS (\$44 THOUS as of January 1, 2017). A member of a committee who serves as chairman or vice chairman of a committee additionally receives \$20 THOUS and \$10 THOUS a year (\$22 THOUS and \$11 THOUS as of January 1, 2017, respectively), payable in identical instalments at the end of a calendar quarter. For memberships in the Nomination Committee of the Supervisory Board and in the Joint Committee of the Company as well as in the capacity of their respective chairmen and deputy chairmen, no separate remuneration shall be granted to the members of the Supervisory Board. In accordance with section 13e para. 3 of the Articles of Association of FMC-AG & Co. KGaA, the members of the Joint Committee are, however, entitled to receive an attendance fee in the amount of \$3.5 THOUS.

Should a member of the FMC-AG & Co. KGaA Supervisory Board be a member of the Supervisory Board of the General Partner Fresenius Medical Care Management AG at the same time, and receive compensation for his work on the Supervisory Board of Fresenius Medical Care Management AG, the compensation for the work as a FMC-AG & Co. KGaA Supervisory Board member shall be reduced by half. The same applies to the additional compensation for the Chairman of the FMC-AG & Co. KGaA Supervisory Board and his deputy, to the extent that they are at the same time chairman and deputy, respectively, of the Supervisory Board of Fresenius Medical Care Management AG. If the deputy chairman of the FMC-AG & Co. KGaA Supervisory Board is at the same time chairman of the Supervisory Board at Fresenius Medical Care Management AG, he shall receive no additional compensation for his work as deputy chairman of the FMC-AG & Co. KGaA Supervisory Board to this extent.

The compensation of the members of the Supervisory Board of Fresenius Medical Care Management AG and the compensation of the members of its committees were charged to FMC-AG & Co. KGaA in accordance with section 7 para. 3 of the Articles of Association of FMC-AG & Co. KGaA.

The members of the Supervisory Board of FMC-AG & Co. KGaA are to be reimbursed for the expenses incurred in their exercise of their offices, which also include the applicable VAT.

The total compensation of the Supervisory Board of FMC-AG & Co. KGaA including the amount charged by Fresenius Medical Care Management AG to FMC-AG & Co. KGaA, is stated in the following table:

Compensation of the Supervisory Board

in € THOUS¹⁾

	Fixed compensation for Supervisory Board at FMC Management AG		Fixed compensation for Supervisory Board at FMC-AG & Co. KGaA		Compensation for committee services at FMC Management AG		Compensation for committee services at FMC-AG & Co. KGaA		Non-performance related compensation	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Dr. Gerd Krick	36	36	108	108	54	54	40	36	238	234
Stephan Sturm ²⁾	82	-	-	-	16	-	4	-	102	-
Rolf A. Classon	36	36	36	36	89	54	32	-	193	126
William P. Johnston	36	36	36	36	103	108	51	36	226	216
Deborah Doyle McWhinney ³⁾	-	-	46	-	-	-	23	-	69	-
Dr. Dieter Schenk	54	54	54	54	74	45	-	-	182	153
Pascale Witz ⁴⁾	-	-	46	-	-	-	-	-	46	-
Dr. Ulf M. Schneider ⁵⁾	72	144	-	-	32	63	-	-	104	207
Dr. Walter L. Weisman ⁶⁾	14	36	14	36	16	45	20	54	64	171
Prof. Dr. Bernd Fahrholz ⁷⁾	-	-	26	72	-	-	16	45	42	117
TOTAL	330	342	366	342	384	369	186	171	1,266	1,224

1) Shown without VAT and withholding tax; translation of U.S. dollar amounts at respective average exchange rates for the respective year

2) Chairman of the Supervisory Board of FMC Management AG, but not member of the Supervisory Board of FMC-AG & Co. KGaA; compensation paid by FMC Management AG. Please note for purposes of comparison of the amounts indicated for the fiscal year that Mr. Stephan Sturm was appointed as member of the Supervisory Board of FMC Management AG as of May 11, 2016, and as Chairman as of June 30, 2016. He was elected as member and Chairman of the Human Resources Committee as of September 27, 2016. Therefore, he received the respective compensation payments to be set out herein as of the respective dates.

3) Member of the Supervisory Board of FMC-AG & Co. KGaA, but not member of the Supervisory Board of FMC Management AG; compensation paid by FMC-AG & Co. KGaA. Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Deborah Doyle McWhinney was appointed as member of the Supervisory Board of FMC-AG & Co. KGaA not before May 12, 2016, and, therefore, received compensation payments to be set out herein as of this date.

4) Member of the Supervisory Board of FMC-AG & Co. KGaA, but not member of the Supervisory Board of FMC Management AG; compensation paid by FMC-AG & Co. KGaA. Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Pascale Witz was appointed as member of the Supervisory Board of FMC-AG & Co. KGaA not before May 12, 2016, and, therefore, received compensation payments to be set out herein as of this date.

5) Chairman of the Supervisory Board of FMC Management AG, but not member of the Supervisory Board of FMC-AG & Co. KGaA; compensation paid by FMC Management AG. Please note for purposes of comparison of the amounts indicated for the fiscal year that Dr. Ulf M. Schneider was appointed as member of the Supervisory Board of FMC Management AG until June 30, 2016, and, therefore, received compensation payments to be set out herein until this date.

6) Please note for purposes of comparison of the amounts indicated for the fiscal year that Dr. Walter L. Weisman was appointed as member of the Supervisory Board of FMC Management AG until May 11, 2016, and as member of the Supervisory Board of FMC-AG & Co. KGaA until May 12, 2016, and, therefore, received compensation payments to be set out herein until these dates.

7) Member of the Supervisory Board of FMC-AG & Co. KGaA, but not member of the Supervisory Board of FMC Management AG; compensation paid by FMC-AG & Co. KGaA. Please note for purposes of comparison with the amounts indicated for the fiscal year that Prof. Dr. Bernd Fahrholz was appointed as member of the Supervisory Board of FMC Management AG until May 11, 2016, and as member of the Supervisory Board of FMC-AG & Co. KGaA until May 12, 2016, and, therefore, received compensation payments to be set out herein until these dates.

Hof an der Saale, February 2017

Fresenius Medical Care AG & Co. KGaA

represented by **Fresenius Medical Care Management AG**
as General Partner

sgd.
Rice Powell
Member of the Management Board

sgd.
Michael Brosnan
Member of the Management Board