Original

10-036

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

RECEIVED
JUN 16 2010
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: *Fresenius Medical Care Mundelein*		
Street Address: *1400 Townline Road*		
City and Zip Code: *Mundelein, IL 60060*		
County: *Lake*	Health Service Area *8*	Health Planning Area:

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: *Fresenius Medical Care of Illinois, LLC d/b/a Fresenius Medical Care Mundelein*
Address: *920 Winter Street, Waltham, MA 02451*
Name of Registered Agent: *CT Systems*
Name of Chief Executive Officer: *Rice Powell*
CEO Address: *920 Winter Street, Waltham, MA 02451*
Telephone Number: *800-662-1237*

Type of Ownership of Applicant/Co-Applicant

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ■ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: *Lori Wright*
Title: *Senior CON Specialist*
Company Name: *Fresenius Medical Care*
Address: *One Westbrook Corporate Center, Tower One, Suite 1000, Westchester, IL 60154*
Telephone Number: *708-498-9121*
E-mail Address: *lori.wright@fmc-na.com*
Fax Number: *708-498-9334*

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: *Brian Brandenburg*
Title: *Regional Vice President*
Company Name: *Fresenius Medical Care*
Address: *557 W. Polk Street, Chicago, IL 60607*
Telephone Number: *312-583-9072*
E-mail Address: *brian.brandenburg@fmc-na.com*
Fax Number: *312-583-9081*

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: *Lori Wright*
Title: *Senior CON Specialist*
Company Name: *Fresenius Medical Care*
Address: *One Westbrook Corporate Center, Tower One, Suite 1000, Westchester, IL 60154*
Telephone Number: *708-498-9121*
E-mail Address: *lori.wright@fmc-na.com*
Fax Number: *708-498-9334*

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: *Clare Ranalli*
Title: *Attorney*
Company Name: *Holland & Knight, LLP*
Address: *131 S. Dearborn, 30th Floor, Chicago, IL 60603*
Telephone Number: *312-578-6567*
E-mail Address: *clare.ranalli@hklaw.com*
Fax Number: *312-578-6666*

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: *Universal Pool Company*
Address of Site Owner: *300 West Armory Drive, South Holland, IL 60473*
Street Address or Legal Description of Site: *1400 Townline Road, Mundelein, IL 6060* **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: *Fresenius Medical Care of Illinois, LLC d/b/a Fresenius Medical Care Mundelein*
Address: *920 Winter Street, Waltham, MA 02451*

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ■ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements *NOT APPLICABLE – PROJECT IS NOT NEW CONSTRUCTION*

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.hfsrb.illinois.gov)**.

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
■ Non-substantive	☐ Category A Project
	■ Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Fresenius Medical Care of Illinois, LLC, proposes to establish a 12 station in-center hemodialysis facility at 1400 Townline Road, Mundelein, Illinois. The facility will be in leased space in a multi-tenant strip mall. The interior of the leased space will be built out by the applicant.

Fresenius Medical Care Mundelein will be in HSA 8.

This project is "non-substantive" under Planning Board rule 1110.10(b) as it entails the establishment of a health care facility that will provide chronic renal dialysis services

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	952,500	N/A	952,500
Contingencies	95,000	N/A	95,000
Architectural/Engineering Fees	104,000	N/A	104,000
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	320,000	N/A	320,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space 988,760 or Equipment 179,425	1,168,185	N/A	1,168,185
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	2,639,685		2,639,685
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**CLINICAL**
Cash and Securities	1,471,500	N/A	1,471,500
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	1,168,185	N/A	1,168,185
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	**2,639,685**	N/A	**2,639,685**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ■ No
Purchase Price: $____________
Fair Market Value: $____________

The project involves the establishment of a new facility or a new category of service
■ Yes ☐ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the targe utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ 42,874.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

■ None or not applicable ☐ Preliminary
☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2012

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
■ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry
☐ APORS
☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
■ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
ESRD	2,639,685		7,500		7,500		
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical	2,639,685		7,500		7,500		
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL	**2,639,685**		**7,500**		**7,500**		

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of *Fresenius Medical Care of Illinois, LLC* *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Pd Colt	M. Faw
SIGNATURE	SIGNATURE
Paul J. Colantonio	Mark Fawcett
PRINTED NAME	PRINTED NAME
Assistant Treasurer	Vice President & Treasurer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of ___________ 2010	Notarization: Subscribed and sworn to before me this 14 day of June 2010
	Susan H Console
Signature of Notary	Signature of Notary
Seal	Seal SUSAN H. CONSOLE Notary Public COMMONWEALTH OF MASSACHUSETTS My Commission Expires February 1, 2013

*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of _Fresenius Medical Care Holdings, Inc._ * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Mark Fawcett PRINTED NAME	Marc Lieberman PRINTED NAME
Vice President & Asst. Treasurer PRINTED TITLE	Asst. Treasurer PRINTED TITLE
Notarization: Subscribed and sworn to before me this ____ day of __________ 2010	Notarization: Subscribed and sworn to before me this 7 day of June 2010
Signature of Notary	Susan H Console Signature of Notary
Seal	Seal SUSAN H. CONSOLE Notary Public COMMONWEALTH OF MASSACHUSETTS My Commission Expires February 1, 2013

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

2. Define the planning area or market area, or other, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

4. Cite the sources of the information provided as documentation.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as **appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
   c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE. APPLICATION FORM.

UNFINISHED OR SHELL SPACE: ***NOT APPLICABLE – THERE IS NO UNFINISHED SHELLSPACE***

Provide the following information:

1. Total gross square footage of the proposed shell space;

2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;

3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: ***NOT APPLICABLE – THERE IS NO UNFINISHED SHELL SPACE***

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:

2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
■ In-Center Hemodialysis	0	12

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	X

APPEND DOCUMENTATION AS <u>ATTACHMENT-26</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

1,471,500	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
N/A	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
N/A	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
1,168,185	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
N/A	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
N/A	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
2,639,685	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **All of the projects capital expenditures are completely funded through internal sources**
2. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
3. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio	***APPLICANT MEETS THE FINANCIAL VIABILITY WAVER CRITERIA IN THAT ALL OF THE PROJECTS CAPITAL EXPENDITURES ARE COMPLETELY FUNDED THROUGH INTERNAL SOURCES, THEREFORE NO RATIOS ARE PROVIDED.***			
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance ***NOT APPLICABLE***

   Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
ESRD		127.00			7,500			952,500	952,500
Contingency		12.67			7,500			95,000	95,000
TOTALS		139.67			7,500			1,047,500	1,047,500

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS <u>ATTACHMENT -42,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. <u>Safety Net Impact Statement</u>

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for <u>ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:</u> ***<u>NOT APPLICABLE – PROJECT IS NON-SUBSTANTIVE AND IS NOT A DISCONTINUTAION</u>***

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaidpatients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			

Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS

File Number 0114682-3

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

FRESENIUS MEDICAL CARE OF ILLINOIS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON MARCH 26, 2004, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* JUNE *A.D.* 2010 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1016601420

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

Certificate of Good Standing

ATTACHMENT - 1

Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: *Fresenius Medical Care Holdings, Inc.*
Address: *920 Winter Street, Waltham, MA 02451*
Name of Registered Agent: *CT Systems*
Name of Chief Executive Officer: *Rice Powell*
CEO Address: *920 Winter Street, Waltham, MA 02451*
Telephone Number: *800-662-1237*

Type of Ownership of Applicant/Co-Applicant

☐ Non-profit Corporation	☐ Partnership	
■ For-profit Corporation	☐ Governmental	
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: *Universal Pool Company*
Address of Site Owner: *300 West Armory Drive, South Holland, IL 60473*
Street Address or Legal Description of Site: *1400 Townline Road, Mundelein, IL 6060* **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CUSHMAN & WAKEFIELD®

Cushman & Wakefield of
Illinois, Inc.
455 N. Cityfront Plaza Drive
Suite 2800
Chicago, IL 60611-5555
(312) 470-1800 Tel
(312) 470-3800 Fax
www.cushwake.com

March 9, 2010

Jason R. Lenhoff
Sales Associate
1130 Lake Cook Road, Suite 280
Buffalo Grove,IL 60089

RE: **Fresenius Medical Care Dialysis Center**
Letter Of Intent

Dear Jason,

Cushman & Wakefield has been exclusively authorized by Fresenius Medical Care (FMC) to secure proposals and assist them in negotiations regarding the acquisition of leased space at 1400 Townline Road in **Mundelein, IL**. Of the properties we will analyze, your site has been identified as one that potentially meets the necessary requirements. At this time, we are requesting that you provide us with a written proposal to lease space in the subject property.

Fresenius Medical Care is the world's leading provider of dialysis products and services. It manages in excess of over 2,500 kidney dialysis clinics and 50 billing centers and regional offices throughout North America. You can visit their website for financial information and highlights at www.fmcna.com.

OWNERSHIP:	UNIVERSAL POOL COMPANY 300 WEST ARMORY DRIVE SOUTH HOLLAND, IL 60473
LOCATION:	**1400 Townline Road** **Mundelein, IL 60060** **Please include the Tax I.D., or PIN number.** We will need this to submit to the Illinois Health Facilities Planning Board for approval and for flood plain certification.
INITIAL SPACE REQUIREMENTS:	Approximately 7,500 SF of contiguous usable square feet.
HOURS OF OPERATION:	Please be advised that FMC may have employees and / or patients on site 24 hours per day 6 days per week. FMC is not open on Sundays.
PRIMARY TERM:	FMC desires an initial lease term of at least ten (10) years See commencement date.

POSSESSION DATE:	FMC will have the right to take possession of the premises upon approval of the Certificate of Need to complete its necessary improvements. FMC will need a minimum of 90 days to build out the premises.
COMMENCEMENT DATE:	For purposes of establishing an actual Commencement Date, both parties will execute an amendment after occupancy has occurred, setting forth dates for purposes of calculations, notices, or other events in the lease that may be tied to a Commencement Date.
OPTION TO RENEW:	FMC will have one (1) eight (8) year option with 3% annual increases to renew the lease. Option based upon pre-established rates. Please identify the terms of any option to renew.
RENTAL RATE:	$11.50psf Net with 3% annual increases on an "As Is" basis
CONCESSIONS:	Tenant will have six (6) months of rent abatement from Commencement Date.
COMMON AREA EXPENSES AND REAL ESTATE TAXES:	Tenant will pay its proportionate share of CAM, RE Tax, and Insurance **estimated** at $5.20psf.
TENANT IMPROVEMENTS:	Space to be delivered as indicated in the "Demised Premises Shell" section FMC shall not be required to remove their tenant improvements at the end of the term.
DEMISED PREMISES SHELL:	The build-out allowance assumes a demised premises shell condition, at landlord's expense, interpreted as: 1. Adequate electrical power installed for FMC's operation no less than 800-amp/208-volt, 3-phase. 2. HVAC system for the space in an amount no less than **(28)** tons; HVAC system shall be no older than 10 years, FMC will not responsible for replacement of HVAC system. 3. The presence of gas service; the presence of local City sewer service no less than a 4" line; and the presence of local City water service no less than a 2" line.
FIRE SUPPRESSION:	Space is fully covered by a sprinkler system.

SPACE PLANNING/ ARCHITECTURAL AND MECHANICAL DRAWINGS: FMC will provide all space planning and architectural and mechanical drawings required to build out the tenant improvements, including construction drawings stamped by a licensed architect and submitted for approvals and permits. All building permits shall be the Tenant's responsibility.

PRELIMINARY IMPROVEMENT PLAN: At this time, please provide one-eighth inch architectural drawings of the proposed demised premises and detailed building specifications. Please email AutoCads to loren.guzik@cushwake.com

PARKING: There are approximately 143 parking spaces total on premises to be equally shared by all Tenants.

CORPORATE IDENTIFICATION: Tenant will be allowed a sign on the façade of the premises, as well as a pylon insert. All signs are subject to Landlord and Village of Mundelein approval and are sole cost of the Tenant.

ASSIGNMENT/ SUBLETTING: FMC requires the right to assign or sublet all or a portion of the demised premises to any subsidiary or affiliate without landlord's consent. Any other assignment or subletting will be subject to landlord's prior consent, which shall not be unreasonably withheld or delayed.

ZONING AND RESTRICTIVE COVENANTS: Please indicate if the current property zoning is acceptable for use as a Dialysis Clinic and if there are any restrictive covenants imposed by the development, owner, and/or municipality.

FINANCING: FMC will require a non-disturbance agreement.

ENVIRONMENTAL: Please confirm that there is no asbestos present in the building and that there are no contaminants or environmental hazards in or on the property. Also include a brief narrative of any tenants and their activities as they relate to the generation of hazardous materials.

EXCLUSIVE TERRITORY: Landlord agrees not to lease space under its control to another dialysis provider within a five mile radius of the proposed location.

CON CONTINGENCY: Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, FMC does not expect to receive a CON permit prior to September 2010. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award FMC a CON permit to establish a dialysis center on the Premises by September 2010, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

SECURITY: Fresenius Medical Care Holding will fully guarantee the lease. Please provide any financials.

BROKERAGE FEE: Per separate agreement.

This offer is not intended to be contractual in nature and only an executed lease delivered to both parties can bind the parties to this transaction. It is expressly understood, agreed, and hereby acknowledged, that only upon the proper execution of a fully completed, formal lease contract, with all the lease terms and conditions clearly defined and included therein, will there then be any obligation, of any kind or nature, incurred or created between the herein parties in connection with the referenced property.

You may email the proposal to loren.guzik@cushwake.com. Thank you for your time and cooperation in this matter, should you have any questions please call me at 312.470.1897.

Sincerely,

Loren Guzik

Loren Guzik
Associate Director
Office Group
Phone: 312-470-1897
Fax: 312-470-3800
e-mail: loren_guzik@cushwake.com

CC: Mr. Bill Popken

Operating Identity/Licensee

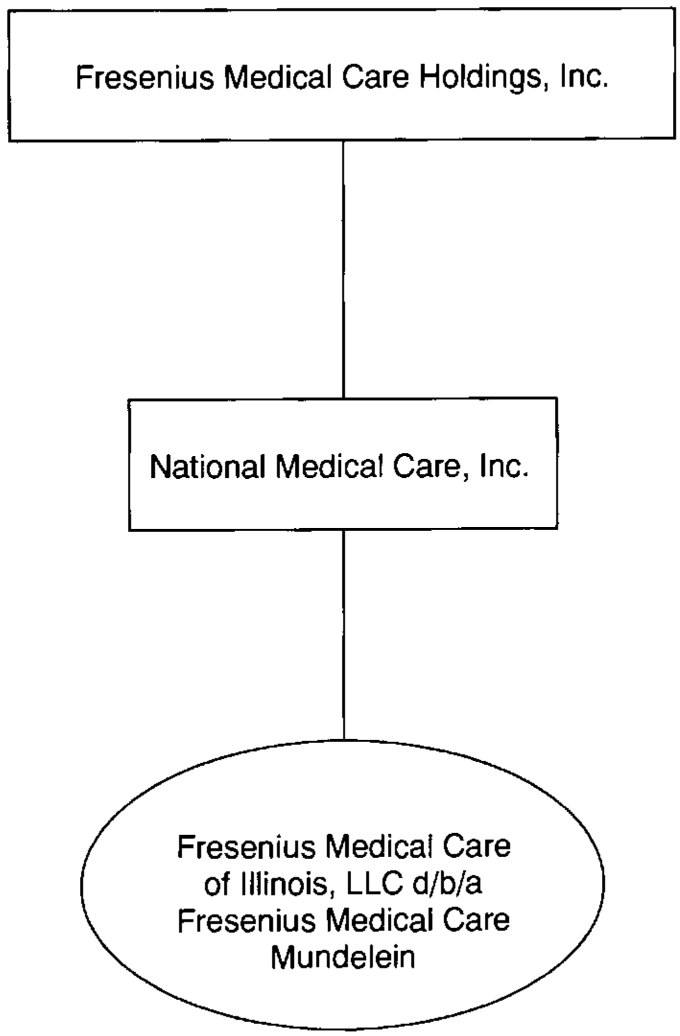
[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: *Fresenius Medical Care of Illinois, LLC, d/b/a Fresenius Medical Care Mundelein*
Address: *920 Winter Street, Waltham, MA 02451*

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ■ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

Certificate of Good Standing at Attachment – 1.


Fresenius Medical Care Holdings, Inc.
National Medical Care, Inc.
Fresenius Medical Care of Illinois, LLC d/b/a Fresenius Medical Care Mundelein

Illinois Historic Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Lake County
Mundelein
CON - Establish a 16 Station Dialysis Facility
1400 Townline Road
IHPA Log #015052710

June 14, 2010

Lori Wright
Fresenius Medical Care
One Westbrook Corporate Center, Suite 1000
Westchester, IL 60154

Dear Ms. Wright:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

SUMMARY OF PROJECT COSTS

Modernization Contracts

General Conditions	47,600
Temp Facilities, Controls, Cleaning, Waste Management	2,300
Concrete	12,200
Masonry	14,500
Metal Fabrications	7,100
Carpentry	83,700
Thermal, Moisture & Fire Protection	17,000
Doors, Frames, Hardware, Glass & Glazing	65,200
Walls, Ceilings, Floors, Painting	153,800
Specialities	12,000
Casework, Fl Mats & Window Treatments	5,700
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	304,800
Wiring, Fire Alarm System, Lighting	183,600
Miscelleanous Construction Costs	43,000
Total	**952,500**

Contingencies

Contingencies **$95,000**

Architectural/Engineering

Architecture/Engineering Fees **$104,000**

Movable or Other Equipment

Dialysis Chairs		$17,000
Misc. Clinical Equipment		18,000
Clinical Furniture & Equipment		27,000
Office Equipment & Other Furniture		35,000
Water Treatment		100,000
TVs & Accessories		50,000
Telephones		13,000
Generator		35,000
Facility Automation		20,000
Other miscellaneous		5,000
	Total	**$320,000**

Fair Market Value Leased Space & Equipment

FMV Leased Space (7,500 GSF)		$988,760
FMV Leased Dialysis Machines		174,525
FMV Leased Computers		4,900
	Total	**$1,168,185**

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
ESRD	2,639,685		7,500		7,500		
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical	2,639,685		7,500		7,500		
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL	**2,639,685**		**7,500**		**7,500**		

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Fresenius Medical Care Holdings, Inc. Clinics in Illinois

Clinic	Provider #	Address	City	Zip
Alsip	14-2630	12250 S. Cicero Ave Ste. #105	Alsip	60803
Antioch	14-2673	311 Depot St., Ste. H	Antioch	60002
Aurora	14-2515	455 Mercy Lane	Aurora	60506
Austin Community	14-2653	4800 W. Chicago Ave., 2nd Fl.	Chicago	60651
Berwyn	14-2533	2601 S. Harlem Avenue, 1st Fl.	Berwyn	60402
Blue Island	14-2539	12200 S. Western Avenue	Blue Island	60406
Bolingbrook	14-2605	538 E. Boughton Road	Boilingbrook	60440
Bridgeport	14-2524	825 W. 35th Street	Chicago	60609
Burbank	14-2641	4811 W. 77th Street	Burbank	60459
Carbondale	14-2514	725 South Lewis Lane	Carbondale	62901
Champaign (managed)	14-2588	1405 W. Park Street	Champaign	61801
Chatham		S. Holland Avenue	Chicago	60633
Chicago Dialysis	14-2506	820 West Jackson Blvd.	Chicago	60607
Chicago Westside	14-2681	1340 S. Damen	Chicago	60608
Congress Parkway	14-2631	3410 W. Van Buren Street	Chicago	60624
Crestwood	14-2538	4861-73 W. Cal Sag Road	Crestwood	60445
Decatur East	14-2503	1830 S. 44th St.	Decatur	62521
Deerfield	14-2710	405 Lake Cook Road	Deefield	60015
Downers Grove	14-2503	3825 Highland Ave., Ste. 102	Downers Grove	60515
DuPage West	14-2509	450 E. Roosevelt Rd., Ste. 101	West Chicago	60185
DuQuoin	14-2595	#4 West Main Street	DuQuoin	62832
East Belmont	14-2531	1331 W. Belmont	Chicago	60613
East Peoria	14-2562	3300 North Main Street	East Peoria	61611
Elgin		2130 Point Boulevard	Elgin	60123
Elk Grove	14-2507	901 Biesterfield Road	Elk Grove	60007
Evanston	14-2621	2953 Central Street	Evanston	60201
Evergreen Park	14-2545	9730 S. Western Avenue	Evergreen Park	60805
Garfield	14-2555	5401 S. Wentworth Ave.	Chicago	60609
Glendale Heights	14-2617	520 E. North Avenue	Glendale Heights	60139
Glenview	14-2551	4248 Commercial Way	Glenview	60025
Greenwood	14-2601	1111 East 87th St., Ste. 700	Chicago	60619
Gurnee	14-2549	101 Greenleaf	Gurnee	60031
Hazel Crest	14-2607	17524 E. Carriageway Dr.	Hazel Crest	60429
Hoffman Estates	14-2547	3150 W. Higgins, Ste. 190	Hoffman Estates	60195
Jackson Park	14-2516	7531 South Stony Island Ave.	Chicago	60649
Kewanee	14-2578	230 W. South Street	Kewanee	61443
Lake Bluff	14-2669	101 Waukegan Rd., Ste. 700	Lake Bluff	60044
Lakeview	14-2679	4008 N. Broadway, St. 1200	Chicago	60613
Lockport		Thornton Avenue	Lockport	60441
Lombard		1940 Springer Drive	Lombard	60148
Lutheran General	14-2559	8565 West Dempster	Niles	60714
Macomb	14-2591	523 E. Grant Street	Macomb	61455
Marquette Park	14-2566	6515 S. Western	Chicago	60636
McLean Co	14-2563	1505 Eastland Medical Plaza	Bloomington	61704
McHenry	14-2672	4312 W. Elm St.	McHenry	60050
Melrose Park	14-2554	1111 Superior St., Ste. 204	Melrose Park	60160
Merrionette Park	14-2667	11630 S. Kedzie Ave.	Merrionette Park	60803
Metropolis	14-2705	20 Hospital Drive	Metropolis	62960
Midway		6201 W. 63rd Street	Chicago	60638
Mokena	14-2689	8910 W. 192nd Street	Mokena	60448
Morris	14-2596	1401 Lakewood Dr., Ste. B	Morris	60450
Naperville	14-2543	100 Spalding Drive Ste. 108	Naperville	60566
Naperville North	14-2678	516 W. 5th Ave.	Naperville	60563
Niles	14-2500	7332 N. Milwaukee Ave	Niles	60714
Norridge	14-2521	4701 N. Cumberland	Norridge	60656
North Avenue	14-2602	805 W. North Avenue	Melrose Park	60160
North Kilpatrick	14-2501	4800 N. Kilpatrick	Chicago	60630
Northwestern University	14-2597	710 N. Fairbanks Court	Chicago	60611
Oak Park	14-2504	773 W. Madison Street	Oak Park	60302
Orland Park	14-2550	9160 W. 159th St.	Orland Park	60462
Oswego	14-2677	1051 Station Drive	Oswego	60543
Ottawa	14-2576	1601 Mercury Court	Ottawa	61350
Palatine		Dundee Road	Palatine	60074

Facility List
ATTACHMENT - 11

Pekin	14-2571	600 S. 13th Street	Pekin	61554
Peoria Downtown	14-2574	410 R.B. Garrett Ave.	Peoria	61605
Peoria North	14-2613	10405 N. Juliet Court	Peoria	61615
Plainfield	14-2707	2300 Michas Drive	Plainfield	60544
Polk	14-2502	557 W. Polk St.	Chicago	60607
Pontiac	14-2611	804 W. Madison St.	Pontiac	61764
Prairie	14-2569	1717 S. Wabash	Chicago	60616
Randolph County	14-2589	102 Memorial Drive	Chester	62233
Rockford	14-2615	1302 E. State Street	Rockford	61104
Rogers Park	14-2522	2277 W. Howard St.	Chicago	60645
Rolling Meadows	14-2525	4180 Winnetka Avenue	Rolling Meadows	60008
Roseland	14-2690	135 W. 111th Street	Chicago	60628
Ross-Englewood	14-2670	6333 S. Green Street	Chicago	60621
Round Lake	14-2616	401 Nippersink	Round Lake	60073
Sandwich	14-2700	1310 Main Street	Sandwich	60548
Saline County	14-2573	275 Small Street, Ste. 200	Harrisburg	62946
Skokie	14-2618	9801 Wood Dr.	Skokie	60077
South Chicago	14-2519	9200 S. Chicago Ave.	Chicago	60617
South Holland	14-2542	17225 S. Paxton	South Holland	60473
South Shore	14-2572	2420 E. 79th Street	Chicago	60649
South Side	14-2508	3134 W. 76th St.	Chicago	60652
South Suburban	14-2517	2609 W. Lincoln Highway	Olympia Fields	60461
Southwestern Illinois	14-2535	Illinois Rts 3&143, #7 Eastgate Plz.	East Alton	62024
Spoon River	14-2565	210 W. Walnut Street	Canton	61520
Spring Valley	14-2564	12 Wolfer Industrial Drive	Spring Valley	61362
Steger		219 34th Street	Steger	60475
Streator	14-2695	2356 N. Bloomington Street	Streator	61364
Uptown	14-2692	4720 N. Marine Dr.	Chicago	60640
Villa Park	14-2612	200 E. North Ave.	Villa Park	60181
West Batavia		Branson Drive	Batavia	60510
West Belmont	14-2523	4848 W. Belmont	Chicago	60641
West Chicago	14-2702	1855-1863 N. Neltnor	West Chicago	60185
West Metro	14-2536	1044 North Mozart Street	Chicago	60622
West Suburban	14-2530	518 N. Austin Blvd., Ste. 5000	Oak Park	60302
West Willow		14404W. Willow	Chicago	60620
Westchester	14-2520	2400 Wolf Road, STE 101A	Westchester	60154
Williamson County	14-2627	900 Skyline Drive, Ste. 200	Marion	62959
Willowbrook	14-2632	6300 S. Kingery Hwy, STE 408	Willowbrook	60527

Certification & Authorization

Fresenius Medical Care of Illinois, LLC

In accordance with Section III, A (2) of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care of Illinois, LLC by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities Planning Board; and

In regards to section III, A (3) of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: Pd Ulb

Paul J. Colantonio

ITS: Assistant Treasurer

By: [signature]

ITS: Mark Fawcett ~~Vice President & Treasurer~~

Notarization:
Subscribed and sworn to before me
this ____ day of ______, 2010

Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this 14 day of June, 2010

Susan H Console

Signature of Notary

Seal SUSAN H. CONSOLE Notary Public COMMONWEALTH OF MASSACHUSETTS My Commission Expires February 1, 2013

Certification & Authorization

Fresenius Medical Care Holdings, Inc.

In accordance with Section III, A (2) of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care Holdings, Inc. by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities Planning Board; and

In regards to section III, A (3) of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: ________________	By: ________________
ITS: ~~Mark Fawcett~~ Vice President & Asst. Treasurer	ITS: Marc Lieberman Asst. Treasurer
Notarization: Subscribed and sworn to before me this ____ day of ______, 2010	Notarization: Subscribed and sworn to before me this 7 day of June, 2010
________________ Signature of Notary	Susan H Console Signature of Notary
Seal	Seal SUSAN H. CONSOLE Notary Public COMMONWEALTH OF MASSACHUSETTS My Commission Expires February 1, 2013

ATTACHMENT - 11

Criterion 1110.230 – Purpose of Project

1. The purpose of this project is to keep dialysis services accessible to a growing ESRD population in Lake County (HSA 8) and to alleviate a current maldistribution of services within the 30-minute travel zone of Mundelein.

2. The market area that Fresenius Medical Care Mundelein will serve is comprised mainly of the Mundelein, Vernon Hills and Libertyville area.

3. This facility is needed to accommodate the pre-ESRD patients that North Shore Nephrology (which has experienced a 30% increase in pre-ESRD patients in each of the last two years) have identified from this area who will require dialysis services in the next 1-3 years.

4. Utilization of area facilities is obtained from the Renal Network for the 1st Quarter 2010. Growth and current counts of pre-ESRD patients for the market area were obtained from North Shore Nephrology.

   Those facilities closest to Mundelein (within 15 minutes) are operating at a combined utilization rate of 72%. While this is not yet at the State target of 80%, it is only 23 patients away from 80%, and North Shore Nephrology has identified 101 pre-ESRD patients in the market area. This number does not account for the pre-ESRD patients of the other nephrologists also practicing in the market.

5. The goal of Fresenius Medical Care is to keep dialysis access available to this patient population as we continue to monitor the growth and provide responsible healthcare planning for this area. There is no direct empirical evidence relating to this project other than that when chronic care patients have adequate access to services, it tends to reduce overall healthcare costs and results in less complications.

6. It is expected that this facility would have and maintain the same quality outcomes as the other Fresenius facilities in Illinois as listed below.

   - 90.55% of patients had a URR $\geq$ 65%
   - 92.66% of patients had a Kt/V $\geq$ 1.2

Alternatives

1) All Alternatives

A. Proposing a project of greater or lesser scope and cost.
There was only one alternative considered that would entail a lesser scope and cost than the project proposed in this application, however it was not determined to be a feasible option. This was the alternative of doing nothing. The North Shore Nephrology group has seen continued growth of ESRD and pre-ESRD in their Lake County practice. The facilities they refer to have grown quickly and maintained excessive utilization levels. The high number of pre-ESRD patients in the Mundelein market area as well as the ratio of patients to stations (1/7344) warrants a responsibility to providers to plan for these patients to keep access to dialysis treatment available. There is no monetary cost associated with this alternative.

B. Pursuing a joint venture or similar arrangement with one or more providers of entities to meet all or a portion of the project's intended purposes' developing alternative settings to meet all or a portion of the project's intended purposes.
The preferred Fresenius model of ownership is for our facilities to be wholly owned, however we do enter into joint ventures on occasion. Fresenius Medical Care always maintains control of the governance, assets and operations of a facility it enters into a joint venture agreement with. Our healthy financial position and abundant liquidity indicate that that we have the ability to support the development of additional dialysis centers. Fresenius Medical Care has more than adequate capability to meet all of its expected financial obligations and does not require any additional funds to meet expected project costs.

C. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project
The option of sending North Shore Nephrology pre-ESRD patients to underutilized facilities in the area as they require dialysis treatment was not considered a reasonable alternative. Dr. Patel and Dr. Nora currently admit patients to Fresenius Medical Care Lake Bluff (77%), Antioch (74%), Round Lake (89%), Deerfield (13%) and to Highland Park Hospital (85%). The only one of these facilities that can reasonably accommodate a number of new patients is the Deerfield facility, which was just certified in January 2010, however Dr. Nora and Dr. Patel identified 60 pre-ESRD patients whom they will refer to that facility from the Deerfield area. These patients are separate from the 101 pre-ESRD patients identified in this application to be referred to the Mundelein facility. The Deerfield facility cannot accommodate an additional 101 patients.

The only other facility in the area with reasonable excess capacity is the recently permitted Fresenius Medical Care Palatine. The Palatine facility is 10 miles away from Mundelein in Cook County (HSA 7) and is not in the same market area as Mundelein. Aside from this distance, Nephrology Associates of Northern Illinois (NANI) who are supporting this facility have identified 142 pre-ESRD patients who live in the Palatine market area who will be referred to this facility within 2 years after its completion. It clearly cannot accommodate an additional 101 pre-ESRD patients from the Mundelein area. If patients were sent to various facilities many would have to change physicians and thus loose continuity of care and the patient/physician relationship. Also, the nephrologists cannot physically make hospital rounds, keep office hours and make rounds at more than a handful of dialysis facilities since they see each of their patients on a weekly basis.

D. As discussed further in this application, the most desirable alternative to keep access to dialysis services available by planning for documented growth in the Mundelein area market is to establish Fresenius Medical Care Mundelein. The cost of this project is $2,639,685. While this is the most costly alternative, the expense is to Fresenius Medical Care only, while the patients will benefit from continued and improved access.

2) Comparison of Alternatives

	Total Cost	Patient Access	Quality	Financial
Maintain Status Quo	$0	Gradual loss of access as facilities fill up with identified pre-ESRD patients of Dr. Patel & Nora and unidentified pre-ESRD of other area nephrologists.	Patient clinical quality would remain above standards in the Fresenius Medical Care facilities.	No effect on patients
Pursue Joint Venture	2,639,685	Same as current proposed project	Patient clinical quality would remain above standards	No effect on patients Fresenius Medical Care is capable of meeting its financial obligations and does not require additional funding. If a JV were formed Fresenius Medical Care would maintain control of the facility and therefore final financial responsibility.
Utilize Area Providers	$0	Would create transportation problems as patients would not have access to shifts with available county/township transportation. Loss of access to treatment schedule times Would create ripple effect of raising utilization of area providers to or above capacity	Loss of continuity of care which would lead to lower patient outcomes	No financial cost to Fresenius Medical Care Cost of patient's transportation would increase with higher travel times
Establish Fresenius Medical Care Mundelein	$2,639,685	Continued access to dialysis treatment as patient numbers continue to grow. Improved access to favored treatment schedule times.	Patient clinical quality would remain above standards Patient satisfaction would improve with facilities closer to patient's home resulting in decreased travel times.	This is an expense to Fresenius Medical Care only who is able to support the development of additional dialysis facilities and is capable of meeting all financial obligations.

3. **Empirical evidence, including quantified outcome data that verifies improved quality of care, as available.**

   There is no direct empirical evidence relating to this project other than that when chronic care patients have adequate access to services, it tends to reduce overall healthcare costs and results in less complications. It is expected that the Mundelein facility would maintain the same quality outcomes as the other Fresenius facilities in Illinois as listed below:

   - 90.55% of patients had a URR $\geq$ 65%
   - 92.66% of patients had a Kt/V $\geq$ 1.2

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD IN-CENTER HEMODIALYSIS	7,500 12 Stations)	360-520 DGSF	100 DGSF	NO

As seen in the chart above, the State Standard for ESRD is between 360-520 DGSF per station. This project is being accomplished in leased space with the interior to be built out by the applicant therefore the standard being applied is expressed in departmental gross square feet. The proposed 7,500 DGSF amounts to 625 DGSF per station therefore does not fall within the State standard.

This is approximately 100 DGSF per station over the State Standard, however the site was chosen for its ability to expand at a later date to 16 stations if necessary to accommodate growth as evidenced by the number of pre-ESRD patients identified for this facility. It is more cost effective to have the ability to add stations if needed than to have to relocate and expand a facility or to establish a new facility to accommodate growth. As well, a suitable site for exactly between 4,320 and 6,240, which is the State Standard, was not found. There will also be administrative office space included in the 7,500 GSF.

Criterion 1110.234, Project Services Utilization

UTILIZATION					
	DEPT/SERVICE	**HISTORICAL UTILIZATION**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
	IN-CENTER HEMODIALYSIS	Not Applicable New facility		80%	N/A
YEAR 1	IN-CENTER HEMODIALYSIS		70%	80%	Yes
YEAR 2	IN-CENTER HEMODIALYSIS		140%*	80%	Yes

With the 101 pre-ESRD patients North Shore Nephrology expects to refer to the Mundelein facility in the first two years of operation, the facility will exceed the State Standard of 80%.

*While North Shore Nephrology has identified 101 pre-ESRD patients who would bring the utilization to 140% by the end of the second year of operation, it is not likely that the facility would operate at that capacity without adding stations. Given the likelihood that not all patients may choose the Mundelein facility and/or may no longer require dialysis services due to death or transplant, it is estimated that approximately 15% of these pre-ESRD patients may not begin dialysis at the Mundelein facility. If this is the case, the utilization will still be above capacity at the facility and we will apply to increase the station count if needed.

Planning Area Need – Formula Need Calculation:

A. Planning Area Need - Formula Need Calculation:

The proposed Fresenius Medical Care Mundelein dialysis facility is located in HSA 8, which is comprised of Lake, Kane and McHenry counties. According to the May 2010 station inventory there is a need for 3 more stations in this HSA.

While this project is requesting 9 more stations than is determined needed in HSA 8, the ratio of stations to population within a 30-minute travel zone of Mundelein is 1/7,344. This is double the State average and exhibits a need for additional stations.

Planning Area Need – Service To Planning Area Residents:

2. **Planning Area Need – Service To Planning Area Residents:**

   A. The primary purpose of this project is to provide in-center hemodialysis services to the residents of Lake County in HSA 8, more specifically the Mundelein, Vernon Hills, Libertyville market area. 100% of the pre-ESRD patients reside in HSA 8.

County	HSA	# Pre-ESRD Patients Who Will Be Referred to Fresenius Medical Care Mundelein
Lake	8	101 – 100%

NANCY A. NORA, M.D.
SHALINI N. PATEL, M.D.
INTERNAL MEDICINE/NEPHROLOGY

767 PARK AVENUE WEST, SUITE 260
HIGHLAND PARK, ILLINOIS 60035

TELEPHONE (847) 432-7222
FACSIMILE (847) 432-9360

June 11, 2010

Mr. Dale Galassie
Acting Chair
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Mr. Galassie:

We are writing in support of the proposed Fresenius Medical Care Mundelein dialysis clinic. We are nephrologists practicing in Lake County, Illinois and are partners in the North Shore Nephrology practice. I, Nancy Nora, M.D., am the Medical Director of the Highland Park Hospital dialysis facility. I, Shalini Patel, M.D., am the Medical Director of the Fresenius Medical Care Deerfield dialysis center.

We currently refer patients to Highland Park Hospital dialysis, Fresenius Lake Bluff, Deerfield, Antioch and Round Lake. We are seeing an ever increasing Chronic Kidney Disease (CKD) population in our practice with 30% increases each in the last two years. Given this growth, and high utilization at area facilities, the Mundelein clinic is warranted to provide for continued access to care.

Over the past three years North Shore Nephrology was treating 86 hemodialysis patients at the end of 2007, 112 patients at the end of 2008, 146 patients at the end of 2009 and 153 patients at the end of the 1st quarter 2010, as reported to The Renal Network. As well, over the past twelve months, we have admitted 30 new hemodialysis patients to Fresenius Lake Bluff, Deerfield and to Highland Park Hospital. We have 101 pre-ESRD patients who live in the Mundelein area that we expect to refer to the Mundelein facility within 2 years after completion of the facility. These patients are showing lab values that indicate they are in stages 3 & 4 of CKD and are expected to require dialysis therapy in 1-3 years from now (see attached patient lists).

We respectfully ask the Board to approve Fresenius Medical Care Mundelein to provide for this growing ESRD population in Lake County. Thank you for your consideration.

We attest to the fact that to the best of our knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other CON application.

Sincerely,

Shalini Patel, M.D.

Nancy Nora, M.D.

Notarization:
Subscribed and sworn to before me
this 14 day of June, 2010

Signature of Notary

Seal

Official Seal
Janet L Levine
Notary Public State of Illinois
My Commission Expires 07/20/2011

PRE - ESRD PATIENTS NORTH SHORE NEPHROLOGY EXPECTS TO REFER TO FRESENIUS MEDICAL CARE MUNDELEIN IN THE 1ST 2 YEARS (24 MONTHS) AFTER PROJECT COMPLETION

Zip Code	Patients
60030	9
60045	33
60047	11
60048	7
60060	7
60061	17
60069	9
60084	1
60089	7
Total	**101**

NEW HEMODIALYSIS ADMISSIONS OF NORTH SHORE NEPHROLOGY FOR THE TIME PERIOD 05/01/09 THROUGH 04/30/10

Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
	60048	1			60031	1
Fresenius	60061	1			60045	1
Lake Bluff		**2**			60061	1
					60099	2
						5
Fresenius	60015	1	60035	1		
Deerfield	60026	1		**1**		
	60035	1				
	60040	1				
	60045	1				
	60046	1				
	60047	1				
	60064	1				
	60085	1				
	60096	1				
	60099	1				
		11				
Highland Park	60035	1	60002	1	60015	1
Hospital	60062	1	60035	1	60062	1
Dialysis	60076	1	60045	1		**2**
	60083	1	60085	1		
	60712	1		**4**		
		5				
Totals		***18***		***5***		***7***

Grand Total 30

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY AS OF DECEMBER 31, 2007

Facility	Dr. Patel Zip Code	Dr. Patel Patients	Dr. Nora Zip Code	Dr. Nora Patients
	60030	1	60044	2
Fresenius	60031	1	60048	1
Lake Bluff	60040	1	60061	1
	60044	2	60069	1
	60061	1	60085	1
	60064	3		**6**
	60085	4		
		13		
Highland Park	60015	2	60015	2
Hospital	60030	1	60022	1
Dialysis	60031	1	60035	9
	60035	9	60040	2
	60040	5	60045	1
	60045	3	60045	1
	60046	1	60060	2
	60048	1	60062	4
	60062	3	60064	2
	60077	1	60069	1
	60085	2	60073	1
	60090	1	60083	1
	60099	1	60085	2
	60126	1	60090	1
	60613	1	60091	1
		33	60093	1
			60099	1
			60714	1
				34
Totals		***46***		***40***

Grand Total 86

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY AS OF DECEMBER 31, 2008

Facility	Dr. Patel Zip Code	Dr. Patel Patients	Dr. Nora Zip Code	Dr. Nora Patients
	60025	1	60035	1
Fresenius Lake Bluff	60031	1	60044	3
	60044	1	60045	1
	60045	1	60048	1
	60061	1	60061	1
	60064	4	60064	2
	60085	4	60069	1
	60087	1	60083	1
	60099	1	60085	2
		15		**13**
Highland Park Hospital Dialysis	60015	1	60015	2
	60026	1	60022	1
	60030	1	60035	13
	60031	2	60040	2
	60035	10	60045	1
	60040	1	60060	3
	60040	1	60061	2
	60045	2	60062	4
	60045	1	60064	1
	60046	1	60064	1
	60048	3	60069	1
	60048	1	60073	1
	60062	4	60083	1
	60064	1	60085	4
	60069	1	60089	1
	60070	2	60090	1
	60077	1	60091	1
	60085	1	60091	1
	60085	1	60093	1
	60090	1	60099	1
	60099	1	60201	1
	60126	1	60714	1
		39		**45**
Totals		***54***		***58***

Grand Total 112

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY
AS OF DECEMBER 31, 2009

Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
Fresenius Lake Bluff	60031	1	60035	1	60045	1
	60064	1	60044	2	60046	1
	60073	1	60045	3	60061	1
	60085	4	60048	1	60064	2
		7	60061	1	60099	1
			60064	2		6
			60069	1		
			60085	1		
			60089	1		
				13		
Fresenius Deerfield	60031	1				
	60040	2				
	60046	1				
	60061	1				
	60085	1				
	60099	1				
		7				
Fresenius Antioch	60099	1	60073	1		
		1		1		
Highland Park Hospital Dialysis	60010	1	60015	3	60004	1
	60015	3	60022	1	60015	2
	60025	1	60035	13	60030	1
	60026	1	60040	3	60062	1
	60030	1	60045	3	60085	1
	60031	2	60060	3	60093	1
	60035	13	60061	2		7
	60040	6	60062	2		
	60045	4	60064	3		
	60046	1	60069	1		
	60048	1	60073	1		
	60062	7	60083	1		
	60064	1	60085	2		
	60069	1	60085	2		
	60070	1	60089	1		
	60076	1	60090	2		
	60077	1	60091	2		
	60083	1	60093	1		
	60085	2	60099	1		
	60090	1	60201	1		
	60091	1	60714	1		
	60099	1		49		
	60126	1				
	60613	1				
	60712	1				
		55				
Totals		*70*		*63*		*13*

Grand Total 146

Planning Area Need – Service Demand - Referral Letter
ATTACHMENT – 26b - 3

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY
AS OF MARCH 31, 2010

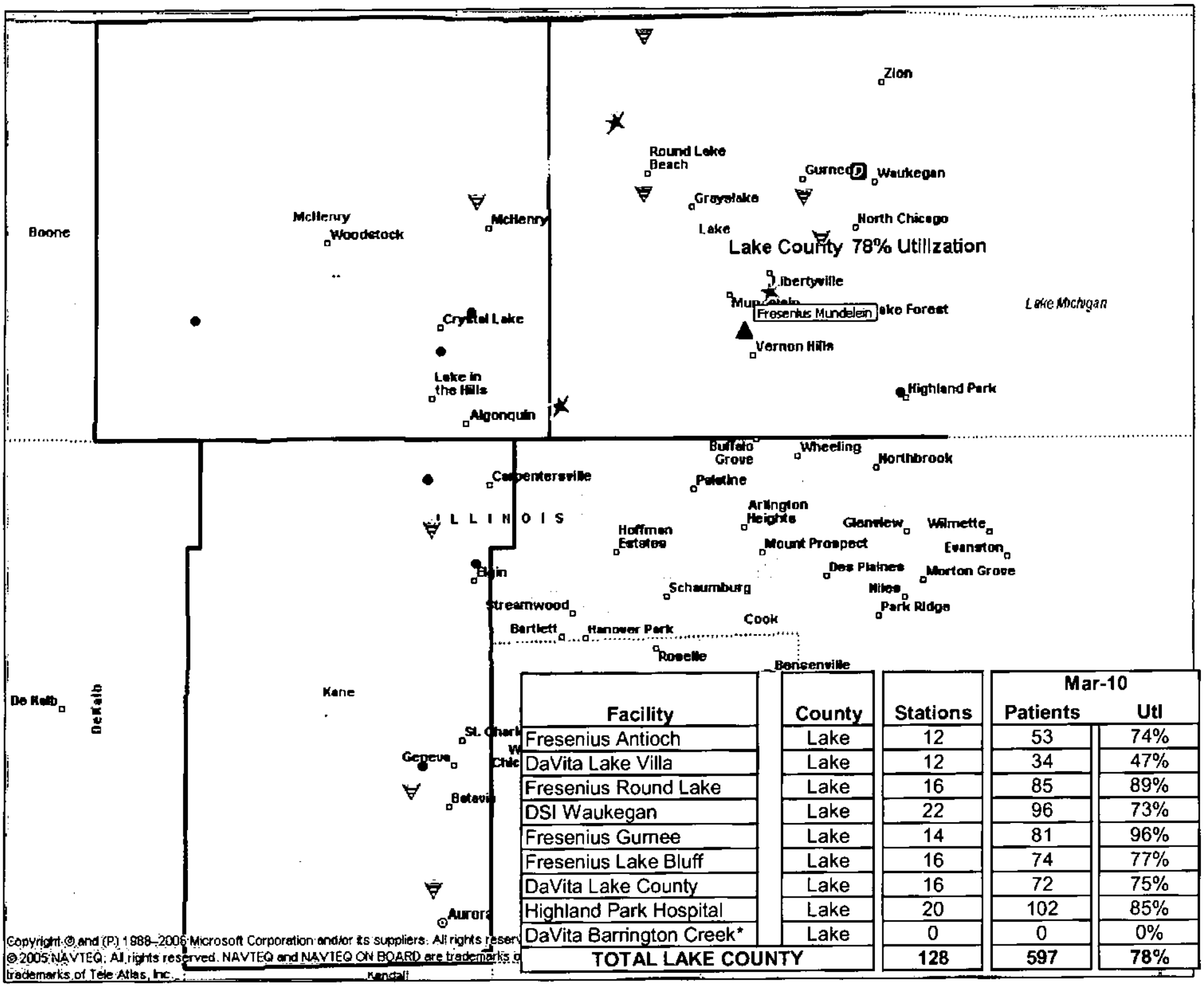
Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
Fresenius Lake Bluff	60031	1	60035	1	60031	1
	60064	1	60044	2	60044	1
	60073	1	60045	3	60045	1
	60085	4	60048	1	60061	1
		7	60061	1	60064	2
			60064	2	60085	2
			60069	1	60099	2
			60085	1		**10**
				12		
Fresenius Deerfield	60015	1	60035	1		
	60026	1		**1**		
	60040	2				
	60045	1				
	60046	1				
	60062	1				
	60064	1				
	60085	2				
	60096	1				
	60099	1				
		12				
Fresenius Round Lake					60073	1
						1
Highland Park Hospital Dialysis	60010	1	60015	2	60004	1
	60015	2	60035	12	60015	1
	60025	2	60040	3	60030	1
	60026	1	60045	2	60035	1
	60030	1	60046	1	60045	1
	60031	2	60047	1	60062	2
	60035	13	60060	3	60085	1
	60040	7	60061	2	60090	1
	60045	5	60062	2	60093	1
	60046	1	60064	2		**10**
	60048	1	60069	1		
	60062	7	60083	1		
	60064	1	60085	4		
	60069	1	60089	1		
	60070	1	60090	1		
	60070	1	60090	1		
	60085	2	60091	1		
	60090	1	60093	1		
	60091	1	60099	1		
	60099	2	60201	1		
	60126	1	60714	1		
	60613	1		**44**		
	60712	1				
		56				
Totals		***75***		***57***		***21***

Grand Total 153

Service Accessibility – Service Restrictions

Mundelein is located in HSA 8 which consists of Lake, McHenry and Kane Counties. There are 4 ESRD facilities in McHenry County, 7 in Kane County and 9 in Lake County. The current utilization of the combined facilities in Lake County is 78%. It would only take 18 more patients in all of Lake County to reach 80%. While the proposed service, in-center hemodialysis, does exist in the HSA and there is a need for only 3 additional stations, the county is on the verge of a shortage as seen by the growth of pre-ESRD patients as identified in this application and high utilization of county facilities. The ratio of stations to population is 1/7,344 which is double the State average indicating a need for stations in the immediate area, even though there may not be a determined need across the HSA.

HSA 8/Lake County



Facility	County	Stations	Mar-10 Patients	Util
Fresenius Antioch	Lake	12	53	74%
DaVita Lake Villa	Lake	12	34	47%
Fresenius Round Lake	Lake	16	85	89%
DSI Waukegan	Lake	22	96	73%
Fresenius Gurnee	Lake	14	81	96%
Fresenius Lake Bluff	Lake	16	74	77%
DaVita Lake County	Lake	16	72	75%
Highland Park Hospital	Lake	20	102	85%
DaVita Barrington Creek*	Lake	0	0	0%
TOTAL LAKE COUNTY		128	597	78%

Data from The Renal Network 1st Quarter Census Data
*DaVita Barrington Creek is not yet operational and therefore was not included in the current utilization count.

- As seen below, all facilities are not at the 80% target utilization, one facility just recently opened and two are not yet open. These three facilities had ample and separate patients identified in their respective applications to bring these facilities to 80% within 2 years of operation. Of the remaining 7 facilities 3 are above 80% and 3 are near 80% leaving only one operating well below utilization. These high utilizations create a shortage of treatment schedule choices for patients. Most patients desire the morning or midday shift due to transportation ease and seasonal daylight hour changes. When these shifts are full new patients only option is the late afternoon into evening shift. County and township transportation services do not operate after 4pm disallowing these patients access to this service. New ESRD patients are generally more ill at the onset of dialysis therapy and find it difficult to travel home from treatment in the nighttime.

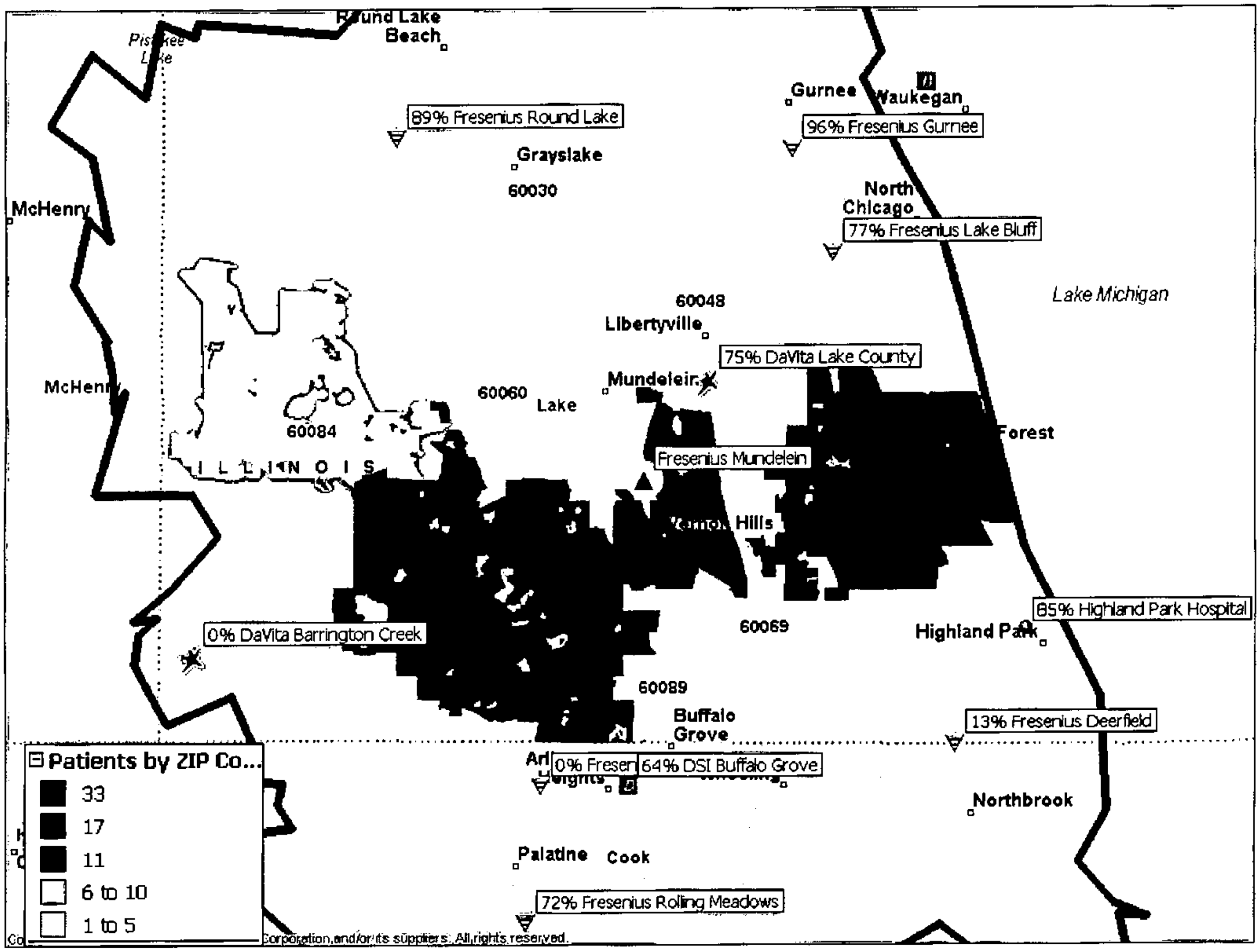
Name	Address	City	ZIP Code	Miles	Time	Adjusted Time	Stations	1st Qtr Utilization
DaVita Lake County	918 S Milwaukee Ave	Libertyville	60048	4.09	7	8	16	75%
Fresenius Lake Bluff	101 Waukegan Rd	Lake Bluff	60044	8.31	12	14	16	77%
DSI Buffalo Grove	1291 W Dundee Rd	Buffalo Grove	60089	8.01	13	15	16	64%
Fresenius Palatine	690 E Dundee Rd	Palatine	60074	9.71	14	16	12	0%
Fresenius Deerfield	405 Lake Cook Rd	Deerfield	60015	12.11	18	21	12	13%
Highland Park Hospital	718 Glenview Ave	Highland Park	60035	11.29	18	21	20	85%
Fresenius Gurnee	101 N Greenleaf Ave	Gurnee	60031	12.14	20	23	14	96%
Fresenius Round Lake	401 Nippersink Ave	Round Lake	60073	12.39	20	23	16	89%
Fresenius Rolling Meadows	4180 Winnetka Ave	Rolling Meadows	60008	14.69	21	24	24	72%
DaVita Barrington Creek	28241 W Northwest Hwy	Barrington	60010	15.12	23	26	12	0%

- The map on the following page shows the relationship of the demographics of the pre-ESRD patients identified for the Mundelein facility and the utilization of area facilities.

Pre-ESRD Patients Identified for Fresenius Medical Care Mundelein

Zip Code	Patients
60030	9
60045	33
60047	11
60048	7
60060	7
60061	17
60069	9
60084	1
60089	7
Total	**101**

PRE-ESRD PATIENT IDENTIFIED FOR FRESENIUS MEDICAL CARE MUNDELEIN & CLINIC UTILIZATIONS WITHIN A 30 MINUTE DRIVE TIME



Unnecessary Duplication/Maldistribution

1(A-B-C) The ratio of ESRD stations to population in the zip codes within a 30 minute radius of Fresenius Mundelein is 1 station per 7,344 residents according to the 2000 census (based on 1,160,423 residents and 158 stations – see chart below). This is nearly double the State ratio of 1 station per 3,776 residents.

ZIP Code	Population	Stations	Facility
60040	5,645		
60045	22,248		
60083	5,387		
60031	37,461	14	Fresenius Gurnee
60046	30,225		
60048	28,562	16	DaVita Lake County
60030	32,340		
60087	23,530		
60085	12,937		
60064	16,121		
60088	13,139		
60044	15,516	16	Fresenius Lake Bluff
60015	27,224	12	Fresenius Deerfield
60073	39,115	16	Fresenius Round Lake
60041	9,286		
60020	64,457		
60060	37,027		
60047	38,169		
60035	29,772	20	Highland Park Hospital
60061	20,328		
60084	13,061		
60037	901		
60022	8,490		
60093	19,528		
60025	49,574		
60062	40,392		
60089	42,115	16	DSI Buffalo Grove
60042	8,877		
60069	7,204		
60004	52,735		
60074	23,963	12	Fresenius Palatine
60090	36,736		
60056	56,625		
60008	23,318	24	Fresenius Rolling Meadows
60070	16,126		
60067	50,825		
60013	24,226		
60173	12,046		
60021	5,877		
60192	1,775		
60010	39,819	12	DaVita Barrington Creek
60016	58,611		
60005	29,186		
60195	29,924		
Totals	**1,160,423**	**158**	**1/7,344**

Although all facilities within thirty minutes travel time are not above the target utilization of 80%, Fresenius Medical Care Mundelein will not create a maldistribution of services. There is a determined need in Lake County for 3 more ESRD stations. While the number of stations requested exceeds that amount, the ratio of stations to population exhibits that a mal-distribution of stations exists within the 30-minute travel zone of Fresenius Mundelein. This is according to the 2000 census. The population of the area has increased in the past ten years; therefore, the actual ratio is would be much higher once the 2010 census numbers are revealed. The ratio of stations to population within 30 minutes will change to 1/6,826 after the establishment of Fresenius Medical Care Mundelein showing that these additional 12 stations will still not meet the need in this area.

Facilities Within 30 Minutes of Fresenius Medical Care Mundelein

Name	Address	City	ZIP Code	Miles	Time	Adjusted Time	Stations	1st Qtr Utilization
DaVita Lake County	918 S Milwaukee Ave	Libertyville	60048	4.09	7	8	16	75%
Fresenius Lake Bluff	101 Waukegan Rd	Lake Bluff	60044	8.31	12	14	16	77%
DSI Buffalo Grove	1291 W Dundee Rd	Buffalo Grove	60089	8.01	13	15	16	64%
Fresenius Palatine	690 E Dundee Rd	Palatine	60074	9.71	14	16	12	0%
Fresenius Deerfield	405 Lake Cook Rd	Deerfield	60015	12.11	18	21	12	13%
Highland Park Hospital	718 Glenview Ave	Highland Park	60035	11.29	18	21	20	85%
Fresenius Gurnee	101 N Greenleaf Ave	Gurnee	60031	12.14	20	23	14	96%
Fresenius Round Lake	401 Nippersink Ave	Round Lake	60073	12.39	20	23	16	89%
Fresenius Rolling Meadows	4180 Winnetka Ave	Rolling Meadows	60008	14.69	21	24	24	72%
DaVita Barrington Creek	28241 W Northwest Hwy	Barrington	60010	15.12	23	26	12	0%

3A. Fresenius Medical Care River Mundelein will not have an adverse effect on any other area ESRD provider in that all of the patients identified who will be referred to the Mundelein facility are pre-ESRD patients currently seeing Dr. Patel and Dr. Nora and no patients will be transferred from any other facility.

B. Not applicable – applicant is not a hospital, however the utilization will not be lowered at any other ESRD facility due to the establishment of the Mundelein facility.

Criterion 1110.1430 (e)(1) – Staffing

2) A. Medical Director

Dr. Patel is currently the Medical Director for Fresenius Medical Care Deerfield. Attached is her curriculum vitae.

B. All Other Personnel

Upon opening the facility will hire a Clinic Manager who is a Registered Nurse (RN) from within the company and will hire one Patient Care Technician (PCT). After we have more than one patient, we will hire another RN and another PCT.

Upon opening we will also employ:

- Part-time Registered Dietitian
- Part-time Licensed Master level Social Worker
- Part-time Equipment Technician
- Part-time Secretary

These positions will go to full time as the clinic census increases. As well, the patient care staff will increase to the following:

- One Clinic Manager – Registered Nurse
- Four Registered Nurses
- Ten Patient Care Technicians

3) All patient care staff and licensed/registered professionals will meet the State of Illinois requirements. Any additional staff hired must also meet these requirements along with completing a 9 week orientation training program through the Fresenius Medical Care staff education department.

Annually all clinical staff must complete OSHA training, Compliance training, CPR Certification, Skills Competency, CVC Competency, Water Quality training and pass the Competency Exam.

4) The above staffing model is required to maintain a 4 to 1 patient-staff ratio at all times on the treatment floor. A RN will be on duty at all times when the facility is in operation.

SHALINI PATEL, MD

PERSONAL DATA Date of Birth: July 26, 1969

EXPERIENCE
July 2000 – Present
Practicing Nephrology
Involved in managing patients in all aspects of Nephrology, including Transplantation
Hospital privileges at Highland Park and Lake Forest Hospital

MEDICAL TRAINING
July 1998 – June 2000 Fellowship in Nephrology
University of Louisville; Kentucky

July 1995 – June 1998 Residency in Internal Medicine
Overlook Hospital; Columbia University – New York

July 1994 – June 1995 Transitional Year
Jersey Shore Hospital; UMDNJ – New Jersey

January 1993 – MBBS (Bachelor of Medicine and Surgery)
B.J. Medical College; Gujarat University – India

EXAMINATIONS PASSED
Board certified in Nephrology, 2001

Board re-certified in Internal Medicine, 2007
Board certified in Internal Medicine, 1998

USMLE Step I, June 1993
USMLE Step II, March 1994

MEDICAL LICENSURE
Illinois State License
License #036-102203

1655 Lake Cook Road, Apt #340
Highland Park, IL 60035
(847) 579 – 0279

OBJECTIVE Seeking a challenging position to practice *NEPHROLOGY* and *INTERNAL MEDICINE*

Experience

July 2000 - Present
Practicing Nephrology / Internal Medicine in Illinois
Involved in managing patients in all aspects of Nephrology including Transplantation

MEDICAL TRAINING

July 1998 - June 2000 Fellowship in Nephrology
University of Louisville; Kentucky

July 1995 – June 1998 Residency in Internal Medicine
Overlook Hospital; *Columbia University - New York*

July 1994 – June 1995 Transitional Year
Jersey Shore Hospital; *UMDNJ - New Jersey*

Jan. 1993 – MBBS (Bachelor of Medicine & Surgery)
B. J. Medical College; *Gujarat University – India*

EXAMINATIONS PASSED BOARD ELICIBLE IN NEPHROLOGY , Nov. 2000

BOARD CERTIFIED IN INTERNAL MEDICINE , Nov. 1998

USMLE Step 1 June 1993 (81 %) , USMLE Step 2 Mar. 1994 (77 %)

FLEX 1 & 2 December 1993 (81% & 76 %)

All above examinations passed at first attempt

VISA STATUS U. S. CITIZEN

ATTACHMENT – 26e

NANCY A. NORA, M.D.

PERSONAL DATA:	Date of Birth:	February 27, 1958 Chicago, Illinois
EDUCATION:	1972 – 1976	Regina Dominican High School Wilmette, Illinois
	1976 – 1979	St. Louis University St. Louis, Missouri
	1979 – 1985	Royal College of Surgeons Dublin, Ireland M.D. 1985
	1985 – 1988	Resident, Internal Medicine St. Francis Hospital Evanston, Illinois
	1988 – 1991	Nephrology Fellowship Northwestern University Chicago, Illinois
EXAMINATIONS:	FMGEMS – 1984	
	FLEX – 1986	
	ABIM	Internal Medicine – 1988 Certificate #119058
	ABIM	Nephrology – 1992 Certificate #119058 Re-certified – 2001 Certificate #119058
MEDICAL LICENSURE:	Illinois State Medical License #036-074215	
HONORS AND AWARDS:	1973	Academic Scholarship St. Louis University
	1979 – 1985	Honors in several courses; Graduated top 10% of class Royal College of Surgeons

NANCY A. NORA, M.D.

HONORS AND AWARDS: (con't)

1985	Intern of the Year St. Francis Hospital
1988	Outstanding Clinical Research paper St. Francis Hospital
1989	Finalist; Clinical Research Fellowship American Kidney Foundation
2001	Chicago Magazine Top Doctors in Chicago (Nephrology)
2003 Summer/Fall	Chicago Consumers Checkbook Chicago Areas Top Doctors
2003	Chicago Magazine Top Doctors in Chicago (Nephrology)

PROFESSIONAL EXPERIENCE:

January 1995 to January 1996	Medical Director Highland Park Hospital Dialysis Unit
1991 to Current	David S. Ginsburg, M.D., FACP, Ltd.

PROFESSIONAL MEMBERSHIPS:

- American Medical Association
- Illinois State Medical Society
- Chicago Medical Society
- American Society of Nephrology

COMMITTEES SERVED ON THROUGH HIGHLAND PARK AND EVANSTON HOSPITALS:

01/01/93 to Current	Ethics	(as member)
06/01/92 to 12/31/95	CME/Library	(as member)
01/01/94 to 10/2000	Medical Care Evaluation Committee – Medicine	(as officer)
01/01/94 to 2001	Pharmacy & Therapeutics	(as member)
01/01/93 to Current	Renal Dialysis	(as member)
2003 to Current	Medical Executive Committee Evanston Northwestern Healthcare	

PUBLICATIONS:

Principles and clinical uses of diuretic therapy., 167 REFS, Mujais SK; Nora NA; Levin ML, Prog Cardiovasc Dis 1992 Nov – Dec; 35 (3): 221 – 45.

ATTACHMENT – 26e

PUBLICATIONS CONT.:

Vasopressin resistance in potassium depletion: role of Na-K pump., Mujais SK; Nora NA; Chen Y, AMJ Physiol 1992 Oct; 263 (4 pt 2): F705 – 10.

Discordant aspects of aldosterone resistance in potassium depletion., Mujais SK; Chen Y; Nora NA, AMJ Physiol 1992 Jun; 262 (6 pt 2): F972 – 9.

Interpretation of hypercalcemia in a patient with end-stage renal disease., Nora NA; Singer I, Arch Intern Med 1992 June; 152 (6): 1321 – 2.

Severe acute peripartum hypernatremia., Nora NA; Hedger R; Batlle DC, AMJ Kidney Disease 1992 Apr; 19 (4) 385 – 8.

Uremic goiter: the malevolent iodide (editorial)., Nora NA; Mujais SK, Int. J Artif Organs 1991 Oct; 14 (10): 662 – 4.

Use of iodinated contrast media in patients with chronic renal insufficiency and in end-stage renal disease (editorial)., Nora NA; Krumlovsky FA, Int J Artif Organs 1991 Apr; 14 (4): 196 – 8.

Control of hypertension and reversal of renal failure in undifferentiated connective tissue disease by enalapril (letter; comment)., Levin ML; Ginsburg DS; Nora NA, Arch Intern Med 1990 Apr; 150 (4): 916, 918.

Hypokalemic, hypophosphatemic thyrotoxic periodic paralysis., 12 REFS, Nora NA; Berns AS, AMJ Kidney Dis 1989 Mar; 13 (3): 247 – 9.

Criterion 1110.1430 (e)(5) Medical Staff

I am the Regional Vice President of the Central Illinois Region of the North Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.1430, and with regards to Fresenius Medical Care Mundelein, I certify the following:

> Fresenius Medical Care Mundelein will be an "open" unit with regards to medical staff. Any Board Licensed nephrologist may apply for privileges at the Mundelein facility, just as they currently are able to at all Fresenius Medical Care facilities.

Signature

Brian Brandenburg
Printed Name

Regional Vice President
Title

Subscribed and sworn to before me
this 7th day of June, 2010

Michelle M. Hogan
Signature of Notary

~~Seal~~

OFFICIAL SEAL
MICHELLE M HOGAN
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/12/13

Criterion 1110.1430 (f) – Support Services

I am the Regional Vice President of the Northern Illinois Region of the North Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.1430, I certify to the following:

- Fresenius Medical Care utilizes the Proton patient data tracking system in all of its facilities.
- These support services are will be available at Fresenius Medical Care Mundelein during all six shifts:
  - Nutritional Counseling
  - Psychiatric/Social Services
  - Home/self training
  - Clinical Laboratory Services – provided by Spectra Laboratories
- The following services will be provided via referral to Vista Medical Center East, Waukegan:
  - Blood Bank Services
  - Rehabilitation Services
  - Psychiatric Services

Signature

Brian Brandenburg/Regional Vice President
Name/Title

Subscribed and sworn to before me
this 7th day of June, 2010
Michelle M. Hogan
Signature of Notary

Seal OFFICIAL SEAL
MICHELLE M HOGAN
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/12/13

Fresenius Medical Care

June 9, 2010

Arlene Catacutan
Area Manager
Fresenius Medical Care Mundelein
1400 Townline Road
Mundelein, IL 60060

Dear Arlene,

Fresenius Medical Care Deerfield will accept end stage renal disease patients from Fresenius Medical Care Mundelein who require peritoneal dialysis services. These services include Continuous Ambulatory Peritoneal Dialysis (CAPD) & Continuous Cycling Peritoneal Dialysis (CCPD) training and support. Through this agreement all necessary training and follow-up services will be provided until one of the parties notifies the other in writing of a change. This notice will be made 30 days prior to termination of the agreement.

Sincerely,

Brian Brandenburg
Regional Vice President

Fresenius Medical Services ♦ Dialysis Services
One Westbrook Corporate Center, Suite 1000 Westchester, IL 60154 708-562-0371 Fax: 708-498-9283

Criterion 1110.1430 (g) – Minimum Number of Stations

Fresenius Medical Care Mundelein is located in the Chicago-Naperville-Joliet-Gary, IL-IN-WI Metropolitan Statistical Area (MSA). A minimum of eight dialysis stations is required to establish an in-center hemodialysis center in an MSA. Fresenius Medical Care Mundelein will have twelve dialysis stations thereby meeting this requirement.

AFFILIATION AGREEMENT

This AGREEMENT made as of this 7th day of June, 2010 ("Effective Date"), between **Vista Medical Center East** (hereinafter referred to as "Hospital") and **Fresenius Medical Care of Illinois, LLC d/b/a Fresenius Medical Care Mundelein** (hereinafter referred to as "Company").

WHEREAS, Company desires to assure the availability of the Hospital's facilities for its patients who are in need of inpatient treatment at a hospital, in compliance with 42 C.F.R. 405.2160, and the Hospital is equipped and qualified to provide hospital care on an inpatient basis for such patients; and

WHEREAS, the Hospital desires to assure the availability of hemodialysis treatment for its patients who are in need of outpatient treatment, and Company is experienced and qualified to administer dialysis treatments and clinically manage patients with chronic renal failure on an outpatient basis;

1. The hospital agrees to make the facilities and personnel of its routine emergency service available for the treatment of acute life-threatening emergencies, which may occur to any of Company's patients. If, in the opinion of a member of Company's medical staff, any patient requires emergency hospitalization, the hospital agrees that it will provide a bed for such a patient (or in the event a bed is not available at the Hospital, to arrange for the transfer of the patient to an affiliated hospital) and furnish all necessary medical services at its facility for such patient at the patient's expense. In the event of an emergency at Company, the responsible physician shall notify the patient's physician of record, as indicated in Company's files, and shall promptly notify the Emergency Room physician of the particular emergency. Company shall be responsible for arranging to have the patient transported to the Hospital and shall send appropriate interim medical records. There will be an interchange, within one working day, of the patient LongTerm Program and Patient Care Plan, and of medical and other information necessary or useful in the care and treatment of patients referred to the Hospital from Company, or in determining whether such patients can be adequately cared for otherwise than in either of the facilities. Admission to Hospital, and the continued treatment by Hospital, shall be provided regardless of the patient's race, color, creed, sex, age, disability, or national origin.

2. In the event the patient must be transferred directly from Company to the Hospital, Company shall provide for the security of, and be accountable for, the patient's personal effects during the transfer.

3. Company shall keep medical records of all treatments rendered to patients by Company. These medical records shall conform to applicable standards of professional practice. If requested by the Hospital, Company shall provide complete copies of all medical records

of a patient treated by Company who is, at the time of the request, an inpatient at the Hospital.

4. The Hospital shall accept any patient of Company referred to the Hospital for elective reasons, subject to the availability of appropriate facilities, after the Company attending physician has arranged for inpatient hospital physician coverage,

5. In addition to the services described above, the Hospital shall make the following services available to patients referred by Company either at the Hospital or at an affiliated hospital:

    a. Availability of a surgeon capable of vascular access insertion and long-term maintenance;

    b. Inpatient care for any patient who develops complications or renal disease-related conditions that require hospital admission;

    c. Kidney transplantation services, where appropriate, including tissue typing and cross-matching, surgical transplant capability, availability of surgeons qualified in the management of pre- and post-transplant patients; and

    d. Blood Bank services to be performed by the Hospital.

6. Company shall have no responsibility for any inpatient care rendered by the hospital. Once a patient has been referred by Company to the Hospital, Hospital agrees to indemnify Company against, and hold it harmless from any claims, expenses, or liability based upon or arising from anything done or omitted, or allegedly done or omitted, by the Hospital, its agents, or employees, in relation to the treatment or medical care rendered at the Hospital.

7. Company agrees to develop, maintain and operate, in all aspects, an outpatient hemodialysis facility, providing all physical facilities, equipment and personnel necessary to treat patients suffering from chronic renal diseases. Company shall conform to standards not less than those required by the applicable laws and regulations of any local, state or federal regulatory body, as the same may be amended from time to time. In the absence of applicable laws and regulations, Company shall conform to applicable standards of professional practice. Company shall treat such commitment as its primary responsibility and shall devote such time and effort as may be necessary to attain these objectives. Admission to Company, and the continued treatment by Company, shall be provided regardless of the patient's race, color, creed, sex, age, disability, or national origin. The cost of such facilities, equipment and personnel shall be borne by Company.

8. The cost of such facilities, equipment and personnel shall be borne by Company. The location of such facilities shall be selected by Company, but shall be sufficiently close to

the proximity to the Hospital to facilitate the transfer of patients, and communication between the faculties.

9. Company shall engage a medical director of Company's outpatient hemodialysis facility who shall have the qualifications specified in 42 C.F.R. 405.2102. This individual must be a physician properly licensed in the profession by the state in which such facility is located.
   In accordance with 42 C.F. R. 405.2162, Company shall employ such duly qualified and licensed nurses, technicians, and other personnel as shall be necessary to administer treatment at its facility, in accordance with applicable local, state, and federal laws and regulations.

10. The Hospital, acting through its appropriate medical staff members, shall, from time to time, evaluate its patients with chronic renal failure in accordance with its standard operating procedures. With the approval of the patient, the patient's physician shall consult with the Company Medical Director. If outpatient treatment is considered appropriate by the patient's physician and the Company Medical Director, said patient may be referred to Company for outpatient treatment at a facility operated by Company which is most convenient for the patient (or, in the event space is not available, to an affiliated unit). There will be an interchange, within one working day, of the Patient Long-Term Program and Patient Care Plan, and of medical and other information necessary or useful in the care and treatment of patients referred to Company from the Hospital, or in determining whether such patients can be adequately cared for otherwise than in either of the facilities.

11. With respect to all work, duties, and obligations hereunder, it is mutually understood and agreed that the parties shall own and operate their individual facilities wholly independent of each other. All patients treated at the facilities of Hospital or Company shall be patients of that facility. Each party shall have the sole responsibility for the treatment and medical care administered to patients in their respective facilities.

12. Company and Hospital shall each maintain in full force and effect throughout the term of this Agreement, at its own expense, a policy of comprehensive general liability insurance and professional liability insurance covering it and Company's Staff and Hospital staff and physicians, respectively, each having a combined single limit of not less than \$1,000,000 per occurrence, \$3,000,000 annual aggregate for bodily injury and property damage to insure against any loss, damage or claim arising out of the performance of each party's respective obligations under this Agreement. Each will provide the other with certificates evidencing said insurance, if and as requested. Company and Hospital further agree to maintain, for a period of not less than three (3) years following the termination of this Agreement, any insurance required hereunder if underwritten on a claims-made basis. Either party may provide for the insurance coverage set forth in this Section through self-insurance.

13. Each party agrees to indemnify and hold harmless the other, their officers, directors, shareholders, agents and employees against all liability, claims, damages, suits, demands, expenses and costs (including but not limited to, court costs and reasonable attorneys' fees) of every kind arising out of or in consequence of the party's breach of this Agreement, and of the negligent errors and omissions or willful misconduct of the indemnifying party, its agents, servants, employees and independent contractors (excluding the other party) in the performance of or conduct related to this Agreement.

14. The Parties expressly agree to comply with all applicable patient information privacy and security regulations set for in the Health Insurance Portability and Accountability Act ("HIPAA") final regulations for Privacy of Individually Identifiable Health Information by the federal due date for compliance, as amended from time to time.

15. Whenever under the terms of this Agreement, written notice is required or permitted to be given by one party to the other, such notice shall be deemed to have been sufficiently given if delivered in hand or by registered or certified mail, return receipt requested, postage prepaid, to such party at the following address:

To the Hospital:

Barbara J. Martin, President and Chief Executive Officer
Vista Medical Center East
1324 N. Sheridan Road
Waukegan, IL 60085
Attn:

To Company:

Fresenius Medical Care
One Westbrook Corporate Center
Tower One, Suite 1000
Westchester, IL 60154
Attn: Lori Wright

With a copy to:

Fresenius Medical Care North America
920 Winter Street
Waltham, MA 02451-1457
Attn: Corporate Legal Department

16. If any provisions of this agreement shall, at any time, conflict with any applicable state or federal law, or shall conflict with any regulation or regulatory agency having jurisdiction with respect thereto, this Agreement shall be modified in writing by the parties hereto to conform to such regulation, law, guideline, or standard established by such regulatory agency.

17. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all negotiations, prior discussions, agreements or understandings, whether written or oral, with respect to the subject matter hereof, as of

the Effective Date. This Agreement shall bind and benefit the parties, their respective successors and assigns.

18. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State where Company is located, without respect to its conflicts of law rules.

19. The term of this Agreement is for one (1) year, beginning on the Effective Date, and will automatically renew for successive one year periods unless either party gives the other notice prior to an expiration date. Either party may terminate this Agreement, at any time, with or without cause, upon thirty (30) days written notice to the non-terminating party.

20. The parties agree to cooperate with each other in the fulfillment of their respective obligations under the terms of this Agreement and to comply with the requirements of the law and with all applicable ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date above written.

Hospital: Vista Medical Center East	**Company: Fresenius Medical Care, Of Illinois, LLC**
By:	By:
Name: Barbara J. Martin	Name: Brian Brandenburg
Title: Barbara J. Martin, CEO	Title: Regional Vice President

Continuity of Care
ATTACHMENT – 26h

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Criterion 1110.1430 (j) – Assurances

I am the Regional Vice President of the Northern Illinois Region of the North Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.1430, and with regards to Fresenius Medical Care Mundelein, I certify the following:

1. As supported in this application through expected referrals to Fresenius Medical Care Mundelein in the first two years of operation, the facility is expected achieve and maintain the utilization standard, specified in 77 Ill. Adm. Code 1100, of 80% and;

2. Fresenius Medical Care hemodialysis patients in Illinois have achieved adequacy outcomes of:

    - o 91% of patients had a URR $\geq$ 65%
    - o 94% of patients had a Kt/V $\geq$ 1.2

   and the same is expected for Fresenius Medical Care Mundelein.

Signature

Brian Brandenburg/Regional Vice President

Name/Title

Subscribed and sworn to before me

this 7th day of June, 2010

Michelle M. Hogan

Signature of Notary

Seal

OFFICIAL SEAL
MICHELLE M HOGAN
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/12/13

EXHIBIT 1

LEASE SCHEDULE NO. 769-0002105-016
(True Lease)

LESSOR: SIEMENS FINANCIAL SERVICES, INC.
("Lessor")

Address: 170 Wood Ave South
Iselin, NJ 08830

LESSEE: NATIONAL MEDICAL CARE, INC.
a Delaware corporation
("Lessee")
Address: 920 Winter Street
Waltham, MA 02451

1. Lessor and Lessee have entered into a Master Equipment Lease Agreement dated as of March 10, 2006 ("Master Lease"), including this Schedule (together, the "Lease"), pursuant to which Lessor and Lessee have agreed to lease the equipment described in Exhibit A hereto (the "Equipment"). Lessee and Lessor each reaffirm all of its respective representations, warranties and covenants set forth in the Master Lease, all of the terms and provisions of which are incorporated herein by reference, as of the date hereof. Lessee further certifies to Lessor that Lessee has selected the Equipment and prior to the execution of this Schedule has received and approved a purchase order, purchase agreement or supply contract under which the Equipment will be acquired for purposes of this Lease.

2. The Acquisition Cost of the Equipment is: $ 3,573,373.64

3. The Equipment will be located at the location specified in Exhibit A hereto, unless the Equipment is of the type normally used at more than one location (such as vehicular equipment, construction machinery or the like), in which case the Equipment will be used in the area specified on Exhibit A hereto.

4. TERM OF LEASE: The term for which the Equipment shall be leased shall be for 72 months (the "Initial Lease Term"), commencing on the Lease Term Commencement Date as set forth in the Acceptance Certificate to this Schedule, and expiring 03/30/2016, unless renewed, extended, or sooner terminated in accordance with the terms of the Lease.

5. RENT: (a) Payable in monthly installments on the 26th day of each month during the Initial Lease Term as follows:

Rental Payment Numbers	Number of Rental Payments	Amount of Each Rental Payment
1-72	72	$53,954.37

Lessor will invoice Lessee for all sales, use and/or personal property taxes as and when due and payable in accordance with applicable law, unless Lessee delivers to Lessor a valid exemption certificate with respect to such taxes. Delivery of such certificate shall constitute Lessee's representation and warranty that no such tax shall become due and payable with respect to the Equipment and Lessee shall indemnify and hold harmless Lessor from and against any and all liability or damages, including late charges and interest which Lessor may incur by reason of the assessment of such tax.

6. OTHER PAYMENTS:

(a) Lessee agrees to pay Rental Payments in advance.

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Dialysis Machine Lease
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7. EARLY TERMINATION OPTION: So long as no Event of Default under the Lease, nor any event which upon notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, Lessee shall have the option to terminate the Lease for all, but not less than all, of the Equipment on the rental payment date for the twenty-forth (24th) monthly rental payment (the "Early Termination Date"). Lessee shall notify Lessor in writing of Lessee's intention to exercise such termination option at least ninety (90) days prior to the Early Termination Date of such Lease. Lessee shall pay to Lessor on the Early Termination Date an aggregate amount (the "Termination Amount") equal to: (i) all rental payments, late charges and other amounts due and owing under the Lease, including the rental payment due on the Early Termination Date; plus (ii) any and all taxes, assessments and other charges due in connection with the termination of the Lease; plus (iii) 64% of the original Acquisition Cost of the Equipment as set forth herein.

In addition to the payment of the Termination Amount, Lessee shall return all of the Equipment to Lessor on the Early Termination Date pursuant to and in the condition required by the terms of the Lease.

In the event Lessee shall not pay the Termination Amount on the Early Termination Date and return the Equipment to Lessor pursuant to, and in the condition required by the Lease, then the Lease Term for the Equipment shall continue in full force and effect and this Early Termination Option shall be null and void and of no further force or effect.

8. EARLY PURCHASE OPTION: So long as no Event of Default under the Lease, nor any event which upon notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, Lessee shall have the option to terminate the Lease and purchase all, but not less than all, of the Equipment on the rental payment date for the sixtieth (60th) monthly rental payment (the "Early Purchase Option Date"). Lessee shall notify Lessor in writing of Lessee's intention to exercise such early purchase option at least ninety (90) days prior to the Early Purchase Option Date of such Lease. Lessee shall pay to Lessor on the Early Purchase Option Date an aggregate amount (the "Purchase Price") equal to: (i) all rental payments, late charges and other amounts due and owing under the Lease, including the rental payment due on the Early Purchase Option Date; plus (ii) any and all taxes, assessments and other charges due in connection with the termination of the Lease and the purchase of the Equipment; plus (iii) 28.02% of the original Acquisition Cost of the Equipment as set forth herein.

Provided that Lessor shall have received the Purchase Price on the Early Purchase Option Date, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the Early Purchase Option Date, on an "AS-IS", "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor; provided however, that notwithstanding anything else herein to the contrary, Lessor shall warrant that the Equipment is free and clear of all liens, charges and encumbrances created by, through or under Lessor, and that Lessor has good and lawful right, power and authority to sell said Equipment to Lessee.

In the event Lessee shall not pay the Purchase Price on the Early Purchase Option Date then the Initial Lease Term or any renewal term for the Equipment shall continue in full force and effect and this Early Purchase Option shall be null and void and of no further force or effect.

9. PURCHASE OPTION: So long as no Event of Default, nor any event which upon notice or lapse of time or both would constitute and Event of Default, has occurred and is continuing under the Lease, and the Lease has not been earlier terminated, and upon not less than ninety (90) days prior written notice, Lessee shall have the option, upon expiration of the Initial Lease Term, renewal term or Extended Term, to purchase all, but not less than all, of Lessor's right, title and interest in and to the Equipment at the end of the Lease Term for a Purchase Option Price (hereinafter defined), on the last day of the Lease Term, in immediately available funds.

The Purchase Option Price shall be equal to the Fair Market Value of the Equipment (hereinafter defined) plus any sales, use, property or excise taxes on or measured by such sale, any other amounts accrued and unpaid under the Lease and any other expenses of transfer including UCC termination fees.

The "Fair Market Value" of the Equipment, shall be determined on the basis of, and shall be equal in amount to the value which would be obtained in, an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession or a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. For purposes of determining Fair Market Value it will be assumed that as of the date of determination that the Equipment is in at least the condition required by the Lease. If during or after the period of thirty (30) days from Lessor's receipt of the aforesaid written notice from Lessee of Lessee's intention to exercise said purchase option, Lessor and Lessee determine that they cannot agree upon such fair market value, then such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser as selected by mutual agreement between Lessor and Lessee, or failing such agreement, by a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two selected. If any party refuses or fails to appoint an appraiser or a third appraiser cannot be agreed upon by the other two appraisers, such appraiser or appraisers shall be selected in accordance with the rules for commercial arbitration of the

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American Arbitration Association. The appraisers shall be instructed to make such determination within a period of twenty (20) days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The determination of Fair Market Value so made by the sole appraiser or by a majority of the appraisers, if there is more than one, shall be conclusively binding upon both Lessor and Lessee. All appraisal costs, fees and expenses shall be payable by Lessee. The sale of the Equipment by Lessor to Lessee shall be on an AS-IS, WHERE-IS basis, without recourse to, or warranty by, Lessor, provided however, that notwithstanding anything else herein to the contrary, Lessor shall warrant that the Equipment is free and clear of all liens, charges and encumbrances created by, through or under Lessor, and that Lessor has good and lawful right, power and authority to sell said Equipment to Lessee.

Lessee shall be deemed to have waived this Purchase Option unless it provides Lessor written notice of its irrevocable election to exercise this option within fifteen (15) days after Lessee is advised of the Fair Market Value of the Equipment.

Lessee may elect to return all, but not less than all, of the Equipment at the end of the Initial Lease Term or any renewal term, provided that such return will only be permitted if (i) the Lessee provides the Lessor with written notice of its intention to return the Equipment not less than ninety (90) days prior to the end of the Initial Term, and (ii) the return of the Equipment is in accordance with the terms of the Lease and any Schedules, Acceptance Certificate, Riders, Exhibits and Addenda thereto.

If, for any reason whatsoever, the Lessee does not purchase the Equipment at the end of the Initial Lease Term or any renewal term in accordance with the foregoing, or exercise their option to return the Equipment as set forth above, the lease term of the Equipment shall and without further action on the part of Lessee be extended on a month-to-month basis with rentals payable monthly calculated at one hundred five percent (105%) of the highest monthly rental payable during the Initial Lease Term (the "Extended Term"). At the end of such Extended Term, the Lessee shall have the option to either: (i) return the Equipment to the Lessor in accordance with the terms of the Lease; or (ii) purchase the Equipment for its then Fair Market Value as determined in accordance with the provisions set forth above. The Extended Term shall continue until (a) Lessee provides Lessor with not less than ninety (90) days prior written notice of the anticipated date Lessee will return the Equipment and Lessee returns the Equipment in accordance with the return provisions of this Lease, or (b) Lessee provides Lessor with not less than ninety (90) days prior written notice of Lessee's exercise of its Fair Market Value purchase option with respect to the Equipment.

10.STIPULATED LOSS VALUES:

Rental Payment #	Percentage of Acquisition Cost	Rental Payment #	Percentage of Acquisition Cost
1	101.47	37	60.22
2	100.51	38	58.94
3	99.56	39	57.66
4	98.56	40	56.37
5	97.55	41	55.08
6	96.53	42	53.78
7	95.48	43	52.47
8	94.41	44	51.16
9	93.33	45	49.84
10	92.25	46	48.51
11	91.15	47	47.18
12	90.05	48	45.84
13	88.95	49	44.50
14	87.83	50	43.15
15	86.71	51	41.79
16	85.58	52	40.43
17	84.44	53	39.06
18	83.29	54	37.69
19	82.14	55	36.31

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Rental Payment #	Percentage of Acquisition Cost	Rental Payment #	Percentage of Acquisition Cost
20	80.97	56	34.92
21	79.81	57	33.53
22	78.63	58	32.13
23	77.45	59	30.72
24	76.26	60	29.31
25	75.06	61	27.89
26	73.86	62	26.47
27	72.65	63	25.04
28	71.44	64	23.61
29	70.22	65	22.17
30	68.99	66	20.72
31	67.76	67	19.27
32	66.52	68	17.82
33	65.27	69	16.35
34	64.01	70	14.88
35	62.75	71	13.40
36	61.49	72	11.92

Stipulated Loss Values are due in addition to the Rental Payment due on the same date.

IN WITNESS WHEREOF, the parties hereto certify that they have read, accepted and caused this Individual Leasing Record to be duly executed by their respective officers thereunto duly authorized.

Dated: 3/30/09

LESSOR:

Siemens Financial Services, Inc.

By: Carol Walters

Name: CAROL WALTERS

VICE PRESIDENT-DOCUMENTATION

Title:

Ernest Errigo
Sr. Transaction Coordinator

LESSEE:

National Medical Care, Inc.

By:

Name: MARK FAWCETT

Title: TREASURER

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SIEMENS FINANCIAL SERVICES INC
FUNDING 03/30/2009

Exhibit A

94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134502	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134513	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134549	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134801	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134518	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134806	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134580	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134602	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134516	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/16/2009	3/30/2009	3/30/2015
94080259	3/24/2009	769-0002105-015	4565	FMS EAST NASHVILLE	604 GALLATIN ROAD	NASHVILLE	TN	37206	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134440	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504744723	12/22/2008	3/18/2009	3/30/2009	3/30/2015
94080259 Total									$ 187,950.00					14						
94080261	3/24/2009	769-0002105-015	1131	FMS FREDERICKSBURG	230 EXECUTIVE CENTER PKWY	FREDERICKSBURG	VA	22401	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134405	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664868	2/27/2009	3/18/2009	3/30/2009	3/30/2015
94080261	3/24/2009	769-0002105-015	1131	FMS FREDERICKSBURG	230 EXECUTIVE CENTER PKWY	FREDERICKSBURG	VA	22401	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134260	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664868	2/27/2009	3/18/2009	3/30/2009	3/30/2015
94080261	3/24/2009	769-0002105-015	1131	FMS FREDERICKSBURG	230 EXECUTIVE CENTER PKWY	FREDERICKSBURG	VA	22401	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134319	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664868	2/27/2009	3/15/2009	3/30/2009	3/30/2015
94080261 Total									$ 40,275.00					3						
94080260	3/24/2009	769-0002105-015	1131	FMS FREDERICKSBURG	230 EXECUTIVE CENTER PKWY	FREDERICKSBURG	VA	22401	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S135255	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504660537	3/2/2009	3/18/2009	3/30/2009	3/30/2015
94080260	3/24/2009	769-0002105-015	1131	FMS FREDERICKSBURG	230 EXECUTIVE CENTER PKWY	FREDERICKSBURG	VA	22401	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S135063	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504660537	3/12/2009	3/18/2009	3/30/2009	3/30/2015
94080260 Total									$ 26,850.00					2						
94080257	3/24/2009	769-0002105-015	0701	FMS GAINESVILLE	1775 NW 80TH BOULEVARD	GAINESVILLE	FL	32606	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133306	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504781910	1/5/2009	3/10/2009	3/30/2009	3/30/2015
94080257 Total									$ 13,425.00					1						
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134142	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134436	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134487	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134513	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134311	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134322	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134427	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263	3/24/2009	769-0002105-015	4309	FMS GARFIELD	5401 SOUTH WENTWORTH AVENUE STE	CHICAGO	IL	60609	$ 13,425.00	$ 839.08	$ 14,264.08	$ 215.37	9K0S134415	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504664830	2/27/2009	3/13/2009	3/30/2009	3/30/2015
94080263 Total									$ 107,400.00					8						
94035046	3/5/2009	769-0002105-015	4412	FMS HELENA	100 D'ANNA PLACE	HELENA-WEST HELENA	AR	72342	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134090	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504645588	2/17/2009	2/26/2009	3/30/2009	3/30/2015
94035046 Total									$ 13,425.00					1						
94035048	3/5/2009	769-0002105-015	4412	FMS HELENA	100 D'ANNA PLACE	HELENA-WEST HELENA	AR	72342	$ 5,000.00	$ -	$ 5,000.00	$ 75.50	1272343	1	RO MILLENIUM M-750 W/PRESS SYS	4504645580			3/30/2009	3/30/2015
94035048 Total									$ 5,000.00					1						
[illegible]	3/5/2009	769-0002105-015	4412	FMS HELENA	100 D'ANNA PLACE	HELENA-WEST HELENA	AR	72342	$ 252.00	$ -	$ 252.00	$ 3.80		1	TANK, CARBON EXCHANGE, 0.25 CUB	4504645580			3/30/2009	3/30/2015
[illegible] Total									$ 252.00					1						
[illegible]	3/9/2009	769-0002105-015	4412	FMS HELENA	100 D'ANNA PLACE	HELENA-WEST HELENA	AR	72342	$ 252.00	$ -	$ 252.00	$ 3.80		1	TANK, CARBON EXCHANGE, 0.25 CUB	4504645580			3/30/2009	3/30/2015
[illegible] Total									$ 252.00					1						
[illegible]	3/27/2009	769-0002105-015	1435	FMS JACKSON	381 MEDICAL DRIVE	JACKSON	MS	39216	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133350	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504641841	2/13/2009	3/9/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	1435	FMS JACKSON	381 MEDICAL DRIVE	JACKSON	MS	39216	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133958	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504641841	2/13/2009	3/9/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	1435	FMS JACKSON	381 MEDICAL DRIVE	JACKSON	MS	39216	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133887	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504641841	2/13/2009	3/9/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	1435	FMS JACKSON	381 MEDICAL DRIVE	JACKSON	MS	39216	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133904	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504641841	2/13/2009	3/9/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	1435	FMS JACKSON	381 MEDICAL DRIVE	JACKSON	MS	39216	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S133948	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504641841	2/13/2009	3/9/2009	3/30/2009	3/30/2015
[illegible] Total									$ 67,125.00					5						
[illegible]	3/27/2009	769-0002105-015	4236	FMS MANY	100 DEVERA DRIVE	MANY	LA	71449	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134129	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504741675	12/19/2008	3/5/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	4236	FMS MANY	100 DEVERA DRIVE	MANY	LA	71449	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134251	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504741675	12/19/2008	3/5/2009	3/30/2009	3/30/2015
[illegible]	3/27/2009	769-0002105-015	4236	FMS MANY	100 DEVERA DRIVE	MANY	LA	71449	$ 13,425.00	$ -	$ 13,425.00	$ 202.70	9K0S134247	1	2008K2 HEMODIALYSIS SYS. OLC/DI	4504741675	12/19/2008	3/5/2009	3/30/2009	3/30/2015

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DELL

QUOTATION

QUOTE #: 485293558
Customer #: 84405601
Contract #: 70137
CustomerAgreement #: Dell Std Terms
Quote Date: 4/22/09
Date: 4/22/09 12:33:14 PM
Customer Name: FRESENIUS MEDICAL CARE N A

TOTAL QUOTE AMOUNT:	$975.02		
Product Subtotal:	$864.59		
Tax:	$46.43		
Shipping & Handling:	$64.00		
Shipping Method:	Ground	Total Number of System Groups:	1

GROUP: 1	QUANTITY: 1	SYSTEM PRICE: $584.51	GROUP TOTAL: $584.51
Base Unit:	OptiPlex 760 Small Form FactorBase Standard PSU (224-2219)		
Processor:	OptiPlex 760,Core 2 Duo E7300/2.66GHz,3M,1066FSB (311-9514)		
Memory:	2GB,Non-ECC,800MHz DDR2,2X1GB OptiPlex (311-7374)		
Keyboard:	Dell USB Keyboard,No Hot Keys English,Black,Optiplex (330-1987)		
Monitor:	Dell UltraSharp 1708FP BLK w/AdjStn,17 inch,1x08FPBLK OptiPlex,Precision and Latitude (320-7682)		
Video Card:	Integrated Video,GMA 4500,DellOptiPlex 760 and 960 (320-7407)		
Hard Drive:	80GB SATA 3.0Gb/s and 8MB DataBurst Cache,Dell OptiPlex (341-8006)		
Floppy Disk Drive:	No Floppy Drive with Optical Filler Panel,Dell OptiPlex Small Form Factor (341-4609)		
Operating System:	Windows XP PRO SP3 with Windows Vista Business LicenseEnglish,Dell Optiplex (420-9570)		
Mouse:	Dell USB 2 Button Optical Mouse with Scroll,Black OptiPlex (330-2733)		
NIC:	ASF Basic Hardware Enabled Systems Management (330-2901)		
CD-ROM or DVD-ROM Drive:	24X24 CDRW/DVD Combo,with Cyberlink Power DVD,No Media Media,Dell OptiPlex 960 Small Form Factor (313-7071)		
CD-ROM or DVD-ROM Drive:	Cyberlink Power DVD 8.1,with Media,Dell OptiPlex/Precision (420-9179)		
Sound Card:	Heat Sink, Mainstream, Dell Optiplex Small Form Factor (311-9520)		
Speakers:	Dell AX510 black Sound Bar forUltraSharp Flat Panel DisplaysDell Optiplex/Precision/ Latitude (313-6414)		
Cable:	OptiPlex 760 Small Form FactorStandard Power Supply (330-1984)		
Documentation Diskette:	Documentation,English,Dell OptiPlex (330-1710)		
Documentation Diskette:	Power Cord,125V,2M,C13,Dell OptiPlex (330-1711)		
Factory Installed Software:	No Dell Energy Smart Power Management Settings,OptiPlex (467-3564)		
Feature	Resource DVD contains Diagnostics and Drivers for Dell OptiPlex 760 Vista (330-2019)		
Service:	ProSupport for IT: Next Business Day Parts and Labor Onsite Response Initial Year (991-6370)		
Service:	ProSupport for IT: Next Business Day Parts and Labor Onsite Response 2 Year Extended (991-3642)		
Service:	Dell Hardware Limited Warranty Plus Onsite Service Initial Year (992-6507)		
Service:	Dell Hardware Limited Warranty Plus Onsite Service Extended Year(s) (992-6508)		
Service:	ProSupport for IT: 7x24 Technical Support for certified IT Staff, Initial (984-6640)		
Service:	ProSupport for IT: 7x24 Technical Support for certified IT Staff, 2 Year Extended (984-0002)		
	Thank you choosing Dell ProSupport. For tech support, visit http://support.dell.com/ProSupport		

Service:	or call 1-866-516-31 (989-3449)
Installation:	Standard On-Site Installation Declined (900-9987)
Installation:	Standard On-Site Installation Declined (900-9987)
Misc:	Shipping Material for System Cypher Small Form Factor,Dell OptiPlex (330-2193)
	Vista Premium Downgrade Relationship Desktop (310-9161)
	CFI Routing SKU (365-0257)
	CFI,Rollup,Integration Service,Image Load (366-1416)
	CFI,Rollup,Custom Project,Fee for ESLH (366-1551)
	CFI,Rollup,Integration Services,BIOS Setting (366-1556)
	CFI,Information,Vista To WXP ONLY,Factory Install (372-6272)
	CFI,Software,Image,Quick Image,Titan,Factory Install (372-9740)
	CFI,BIOS,Across Line Of Business,Wakeup-on-lan, Enable,Factory Install (374-4558)
	CFI,Information,Optiplex 760 Only,Factory Install (374-8402)

SOFTWARE & ACCESSORIES			
Product	Quantity	Unit Price	Total
Office 2007 Sngl C 021-07777 (A0748570)	1	$259.68	$259.68
Windows Server CAL 2008 Sngl MVL Device CAL C R18-02830 (A1511502)	1	$20.40	$20.40
Number of S & A Items: 2	S&A Total Amount: $280.08		

SALES REP:	PHIL CLINTON	PHONE:	1800-274-3355
Email Address:	Phil_Clinton@Dell.com	Phone Ext:	723-3128

For your convenience, your sales representative, quote number and customer number have been included to provide you with faster service when you are ready to place your order. Orders may be faxed to the attention of your sales representative to 1-866-230-4217. You may also place your order online at www.dell.com/qto

This quote is subject to the terms of the agreement signed by you and Dell, or absent such agreement, to Dell's Terms of Sale.

Prices and tax rates are valid in the U.S. only and are subject to change.

***Sales/use tax is a destination charge, i.e. based on the "ship to" address on your purchase order. Please indicate your taxability status on your PO. If exempt, please fax exemption certificate to Dell Tax Department at 888-863-8778, referencing your customer number. If you have any questions regarding tax please call 800-433-9019 or email Tax_Department@dell.com. ***

All product and pricing information is based on latest information available. Subject to change without notice or obligation.

LCD panels in Dell products contain mercury, please dispose properly.
Please contact Dell Financial Services' Asset Recovery Services group for EPA compliant disposal options at US_Dell_ARS_Requests@dell.com. Minimum quantities may apply.

Shipments to California: For certain products, a State Environmental Fee Of Up to $10 per item may be applied to your invoice as early as Jan 1, 2005. Prices in your cart do not reflect this fee. More Info: or refer to URL www.dell.com/environmentalfee

CUSHMAN & WAKEFIELD®

Cushman & Wakefield of
Illinois, Inc.
455 N. Cityfront Plaza Drive
Suite 2800
Chicago, IL 60611-5555
(312) 470-1800 Tel
(312) 470-3800 Fax
www.cushwake.com

March 9, 2010

Jason R. Lenhoff
Sales Associate
1130 Lake Cook Road, Suite 280
Buffalo Grove,IL 60089

RE: **Fresenius Medical Care Dialysis Center**
Letter Of Intent

Dear Jason,

Cushman & Wakefield has been exclusively authorized by Fresenius Medical Care (FMC) to secure proposals and assist them in negotiations regarding the acquisition of leased space at 1400 Townline Road in **Mundelein, IL**. Of the properties we will analyze, your site has been identified as one that potentially meets the necessary requirements. At this time, we are requesting that you provide us with a written proposal to lease space in the subject property.

Fresenius Medical Care is the world's leading provider of dialysis products and services. It manages in excess of over 2,500 kidney dialysis clinics and 50 billing centers and regional offices throughout North America. You can visit their website for financial information and highlights at www.fmcna.com.

OWNERSHIP: UNIVERSAL POOL COMPANY
300 WEST ARMORY DRIVE
SOUTH HOLLAND, IL 60473

LOCATION: **1400 Townline Road**
Mundelein, IL 60060

Please include the Tax I.D., or PIN number. We will need this to submit to the Illinois Health Facilities Planning Board for approval and for flood plain certification.

INITIAL SPACE REQUIREMENTS: Approximately 7,500 SF of contiguous usable square feet.

HOURS OF OPERATION: Please be advised that FMC may have employees and / or patients on site 24 hours per day 6 days per week. FMC is not open on Sundays.

PRIMARY TERM: FMC desires an initial lease term of at least ten (10) years See commencement date.

POSSESSION DATE: FMC will have the right to take possession of the premises upon approval of the Certificate of Need to complete its necessary improvements. FMC will need a minimum of 90 days to build out the premises.

COMMENCEMENT DATE: For purposes of establishing an actual Commencement Date, both parties will execute an amendment after occupancy has occurred, setting forth dates for purposes of calculations, notices, or other events in the lease that may be tied to a Commencement Date.

OPTION TO RENEW: FMC will have one (1) eight (8) year option with 3% annual increases to renew the lease. Option based upon pre-established rates. Please identify the terms of any option to renew.

RENTAL RATE: $11.50psf Net with 3% annual increases on an "As Is" basis

CONCESSIONS: Tenant will have six (6) months of rent abatement from Commencement Date.

COMMON AREA EXPENSES AND REAL ESTATE TAXES: Tenant will pay its proportionate share of CAM, RE Tax, and Insurance **estimated** at $5.20psf.

TENANT IMPROVEMENTS: Space to be delivered as indicated in the "Demised Premises Shell" section

FMC shall not be required to remove their tenant improvements at the end of the term.

DEMISED PREMISES SHELL: The build-out allowance assumes a demised premises shell condition, at landlord's expense, interpreted as:

1. Adequate electrical power installed for FMC's operation no less than 800-amp/208-volt, 3-phase.

2. HVAC system for the space in an amount no less than (**28**) tons; HVAC system shall be no older than 10 years, FMC will not responsible for replacement of HVAC system.

3. The presence of gas service; the presence of local City sewer service no less than a 4" line; and the presence of local City water service no less than a 2" line.

FIRE SUPPRESSION: Space is fully covered by a sprinkler system.

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions, imposed by our principals.

SPACE PLANNING/ ARCHITECTURAL AND MECHANICAL DRAWINGS: FMC will provide all space planning and architectural and mechanical drawings required to build out the tenant improvements, including construction drawings stamped by a licensed architect and submitted for approvals and permits. All building permits shall be the Tenant's responsibility.

PRELIMINARY IMPROVEMENT PLAN: At this time, please provide one-eighth inch architectural drawings of the proposed demised premises and detailed building specifications. Please email AutoCads to loren.guzik@cushwake.com

PARKING: There are approximately 143 parking spaces total on premises to be equally shared by all Tenants.

CORPORATE IDENTIFICATION: Tenant will be allowed a sign on the façade of the premises, as well as a pylon insert. All signs are subject to Landlord and Village of Mundelein approval and are sole cost of the Tenant.

ASSIGNMENT/ SUBLETTING: FMC requires the right to assign or sublet all or a portion of the demised premises to any subsidiary or affiliate without landlord's consent. Any other assignment or subletting will be subject to landlord's prior consent, which shall not be unreasonably withheld or delayed.

ZONING AND RESTRICTIVE COVENANTS: Please indicate if the current property zoning is acceptable for use as a Dialysis Clinic and if there are any restrictive covenants imposed by the development, owner, and/or municipality.

FINANCING: FMC will require a non-disturbance agreement.

ENVIRONMENTAL: Please confirm that there is no asbestos present in the building and that there are no contaminants or environmental hazards in or on the property. Also include a brief narrative of any tenants and their activities as they relate to the generation of hazardous materials.

EXCLUSIVE TERRITORY: Landlord agrees not to lease space under its control to another dialysis provider within a five mile radius of the proposed location.

CON CONTINGENCY: Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, FMC does not expect to receive a CON permit prior to September 2010. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award FMC a CON permit to establish a dialysis center on the Premises by September 2010, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

SECURITY: Fresenius Medical Care Holding will fully guarantee the lease. Please provide any financials.

BROKERAGE FEE: Per separate agreement.

This offer is not intended to be contractual in nature and only an executed lease delivered to both parties can bind the parties to this transaction. It is expressly understood, agreed, and hereby acknowledged, that only upon the proper execution of a fully completed, formal lease contract, with all the lease terms and conditions clearly defined and included therein, will there then be any obligation, of any kind or nature, incurred or created between the herein parties in connection with the referenced property.

You may email the proposal to loren.guzik@cushwake.com. Thank you for your time and cooperation in this matter, should you have any questions please call me at 312.470.1897.

Sincerely,

Loren Guzik

Loren Guzik
Associate Director
Office Group
Phone: 312-470-1897
Fax: 312-470-3800
e-mail: loren_guzik@cushwake.com

CC: Mr. Bill Popken

Criterion 1120.310 Financial Viability

Financial Viability Waiver

This project is being funded entirely through cash and securities thereby meeting the criteria for the financial waiver.

Criterion 1120.310(a) Reasonableness of Financing Arrangements

Fresenius Medical Care of Illinois, LLC

The applicant is paying for the project with cash on hand, and not borrowing any funds for the project. However, per the Board's rules the entering of a lease is treated as borrowing. As such, we are attesting that the entering into of a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to buy the property and build a structure itself to house a dialysis clinic. Further, should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

By: ____________________

Title: Paul J. Colantonio
Title: Assistant Treasurer

By: ____________________

Mark Fawcett
Vice President & Treasurer

Notarization:
Subscribed and sworn to before me
this ______ day of ______, 2010

____
Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this 14 day of June, 2010

Susan H Console
Signature of Notary

Seal

SUSAN H. CONSOLE
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
February 1, 2013

Criterion 1120.310(a) Reasonableness of Financing Arrangements

Fresenius Medical Care Holdings, Inc.

The applicant is paying for the project with cash on hand, and not borrowing any funds for the project. However, per the Board's rules the entering of a lease is treated as borrowing. As such, we are attesting that the entering into of a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to buy the property and build a structure itself to house a dialysis clinic. Further, should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

By: ______________________

ITS: Mark Fawcett
Vice President & Asst. Treasurer

By: ______________________

ITS: Marc Lieberman
Asst. Treasurer

Notarization:
Subscribed and sworn to before me
this ______ day of ______, 2010

____
Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this 7 day of June, 2010

Susan H Console
Signature of Notary

Seal

SUSAN H. CONSOLE
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
February 1, 2013

Criterion 1120.310(b) Conditions of Debt Financing

Fresenius Medical Care of Illinois, LLC

In accordance with 77 ILL. ADM Code 1120, Subpart D, Section 1120.310, of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby attest to the fact that:

> There is no debt financing. The project will be funded with cash and leasing arrangements; and
>
> The expenses incurred with leasing the proposed facility and cost of leasing the equipment is less costly than constructing a new facility or purchasing new equipment.

By: ______________________

ITS: Paul J. Colantonio
Assistant Treasurer

By: ______________________

ITS: Mark Fawcett
Vice President & Treasurer

Notarization:
Subscribed and sworn to before me
this ______ day of ________, 2010

____
Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this 14 day of June, 2010

Susan H Console
Signature of Notary

Seal

SUSAN H. CONSOLE
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
February 1, 2013

Economic Feasibility
ATTACHMENT - 42

Criterion 1120.310(b) Conditions of Debt Financing

Fresenius Medical Care Holdings, Inc.

In accordance with 77 ILL. ADM Code 1120, Subpart D, Section 1120.310, of the Illinois Health Facilities Planning Board Application for Certificate of Need; I do hereby attest to the fact that:

> There is no debt financing. The project will be funded with cash and leasing arrangements; and
>
> The expenses incurred with leasing the proposed facility and cost of leasing the equipment is less costly than constructing a new facility or purchasing new equipment.

By: ______________________

ITS: Mark Fawcett
Vice President & Asst. Treasurer

By: ______________________

ITS: Marc Lieberman
Asst. Treasurer

Notarization:
Subscribed and sworn to before me
this ____ day of ______, 2010

____
Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this 7 day of June, 2010

Susan H Console
Signature of Notary

Seal

SUSAN H. CONSOLE
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
February 1, 2013

Criterion 1120.310 (d) – Projected Operating Costs

Year 2014

Salaries	$666,338
Benefits	166,585
Supplies	153,090
Total	$986,013

Annual Treatments	9,048
Cost Per Treatment	$108.98

Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs

Year 2014

Depreciation/Amortization	$134,522
Interest	0
CAPITAL COSTS	$134,522
Treatments:	9,048
Capital Cost per treatment	$14.87

Charity Care Information

From a charity standpoint Fresenius Medical Care accepts any patient regardless of their ability to pay. Most ESRD patients qualify for Medicare coverage or have private insurance and there are some who qualify for Medicaid. For those patients who don't have insurance and for whatever reason don't pursue government payor sources, Fresenius Medical Care will treat and bill the patient even though payment is not expected. These patients are considered "self-pay" patients. These unpaid accounts are then written off as bad debt. This practice does not meet the Board's definition of Charity Care so therefore, Fresenius Medical Care would have no charity care to report.

MAPQUEST.

Trip to 918 S Milwaukee Ave
Libertyville, IL 60048-3229
4.09 miles - about 7 minutes

Notes
TO:

DAVITA LAKE COUNTY

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **EAST** on **TOWNLINE RD / IL-60** toward **S BUTTERFIELD RD**.	go 1.8 mi
21	2. Turn **LEFT** onto **N MILWAUKEE AVE / IL-21**.	go 2.3 mi
END	3. **918 S MILWAUKEE AVE**.	go 0.0 mi

918 S Milwaukee Ave, Libertyville, IL 60048-3229
Total Travel Estimate : 4.09 miles - about 7 minutes

MapQuest Travel Times
APPENDIX - 1

MAPQUEST.

Trip to 101 Waukegan Road
Lake Bluff, IL 60044
8.31 miles - about 12 minutes

Notes

TO:

FRESENIUS MEDICAL CARE LAKE BLUFF

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **EAST** on **TOWNLINE RD / IL-60 E** toward **S BUTTERFIELD RD**.	go 5.6 mi
43	2. Turn **LEFT** onto **N WAUKEGAN RD / IL-43**.	go 2.7 mi
END	3. **101 WAUKEGAN ROAD**.	go 0.0 mi

101 Waukegan Road, Lake Bluff, IL 60044
Total Travel Estimate : 8.31 miles - about 12 minutes

MAPQUEST.

Trip to 1291 W Dundee Rd
Buffalo Grove, IL 60089-4009
8.01 miles - about 13 minutes

Notes

TO:

DSI BUFFALO GROVE

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **WEST** on **TOWNLINE RD / IL-60** toward **MCCORMICK AVE**.	go 0.7 mi
45	2. Turn **LEFT** onto **S LAKE ST / US-45**.	go 0.3 mi
SOUTH 83	3. Stay **STRAIGHT** to go onto **IL-83 S**.	go 4.5 mi
	4. Turn **SLIGHT RIGHT** onto **N ARLINGTON HEIGHTS RD**.	go 2.4 mi
68	5. Turn **RIGHT** onto **W DUNDEE RD / IL-68**.	go 0.0 mi
END	6. **1291 W DUNDEE RD** is on the **LEFT**.	go 0.0 mi

1291 W Dundee Rd, Buffalo Grove, IL 60089-4009
Total Travel Estimate : 8.01 miles - about 13 minutes

MapQuest Travel Times
APPENDIX - 1

MAPQUEST.

Trip to 690 E Dundee Rd
Palatine, IL 60074-2818
9.71 miles - about 14 minutes

Notes

TO:

FRESENIUS MEDICAL CARE PALATINE

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **WEST** on **TOWNLINE RD / IL-60** toward **MCCORMICK AVE**.	go 0.7 mi
45	2. Turn **LEFT** onto **S LAKE ST / US-45**.	go 0.3 mi
SOUTH 83	3. Stay **STRAIGHT** to go onto **IL-83 S**.	go 4.2 mi
53	4. Turn **SLIGHT RIGHT** onto **IL-53**.	go 3.5 mi
	5. Stay **STRAIGHT** to go onto **N HICKS RD**.	go 0.7 mi
68	6. Turn **LEFT** onto **E DUNDEE RD / IL-68**.	go 0.4 mi
END	7. **690 E DUNDEE RD** is on the **LEFT**.	go 0.0 mi

690 E Dundee Rd, Palatine, IL 60074-2818

Total Travel Estimate : 9.71 miles - about 14 minutes

MAPQUEST.

Trip to 405 Lake Cook Rd
Deerfield, IL 60015-4993
12.11 miles - about 18 minutes

Notes

TO:

FRESENIUS MEDICAL CARE DEERFIELD

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **EAST** on **TOWNLINE RD / IL-60** toward **S BUTTERFIELD RD.**	go 3.9 mi
EAST 94	2. Merge onto **I-94 E** toward **INDIANA** (Portions toll).	go 5.8 mi
EXIT	3. Take the **LAKE-COOK ROAD** exit.	go 0.4 mi
RAMP	4. Turn **SLIGHT LEFT** to take the ramp toward **DEERFIELD.**	go 0.0 mi
	5. Turn **LEFT** onto **LAKE COOK RD.**	go 1.9 mi
END	6. **405 LAKE COOK RD** is on the **RIGHT.**	go 0.0 mi

405 Lake Cook Rd, Deerfield, IL 60015-4993
Total Travel Estimate : 12.11 miles - about 18 minutes

MapQuest Travel Times
APPENDIX - 1
5/24/2010

MAPQUEST.

Notes

TO:

HIGHLAND PARK HOSPITAL

Trip to 718 Glenview Ave
Highland Park, IL 60035-2432
11.29 miles - about 18 minutes

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **EAST** on **TOWNLINE RD / IL-60 E** toward **S BUTTERFIELD RD**.	go 6.0 mi
SOUTH 41	2. Turn **RIGHT** onto **US-41 S / S SKOKIE HWY**.	go 4.1 mi
	3. Turn **LEFT** onto **PARK AVE W**.	go 1.0 mi
	4. Turn **LEFT** onto **MIDLOTHIAN AVE**.	go 0.2 mi
	5. Turn **LEFT** onto **GLENVIEW AVE**.	go 0.0 mi
END	6. **718 GLENVIEW AVE** is on the **LEFT**.	go 0.0 mi

718 Glenview Ave, Highland Park, IL 60035-2432
Total Travel Estimate : 11.29 miles - about 18 minutes

MapQuest Travel Times
APPENDIX - 1
5/24/2010

MAPQUEST.

Trip to 101 N Greenleaf St
Gurnee, IL 60031
12.14 miles - about 20 minutes

Notes

TO:

FRESENIUS MEDICAL CARE GURNEE

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **EAST** on **TOWNLINE RD / IL-60** toward **S BUTTERFIELD RD**.	go 0.2 mi
	2. Turn **LEFT** onto **S BUTTERFIELD RD / CR-57 N / CR-W11 N**.	go 4.8 mi
EAST 137	3. Turn **RIGHT** onto **PETERSON RD / IL-137 E**.	go 1.2 mi
21	4. Turn **LEFT** onto **IL-21 / N MILWAUKEE AVE**.	go 4.5 mi
	5. Turn **RIGHT** onto **WASHINGTON ST / W WASHINGTON ST / CR-45 / CR-A22**.	go 1.5 mi
	6. Turn **LEFT** onto **N GREENLEAF AVE**.	go 0.0 mi
END	7. **101 N GREENLEAF ST**.	go 0.0 mi

101 N Greenleaf St, Gurnee, IL 60031

Total Travel Estimate : 12.14 miles - about 20 minutes

MapQuest Travel Times
APPENDIX - 1

MAPQUEST.

Trip to 401 Nippersink Ave
Round Lake, IL 60073
12.39 miles - about 20 minutes

Notes
TO:
FRESENIUS MEDICAL CARE ROUND LAKE

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **WEST** on **TOWNLINE RD / IL-60** toward **MCCORMICK AVE**.	go 1.0 mi
60	2. Turn **RIGHT** onto **IL-60 / IL-83**. Continue to follow **IL-60**.	go 8.0 mi
	3. Turn **RIGHT** onto **N FAIRFIELD RD / CR-49 / CR-V61**.	go 2.4 mi
	4. Turn **RIGHT** onto **W NIPPERSINK AVE / CR-28 / CR-V63**. Continue to follow **W NIPPERSINK AVE**.	go 1.0 mi
END	5. **401 NIPPERSINK AVE** is on the **RIGHT**.	go 0.0 mi

401 Nippersink Ave, Round Lake, IL 60073
Total Travel Estimate : 12.39 miles - about 20 minutes

MAPQUEST.

Trip to 4180 Winnetka Ave
Rolling Meadows, IL 60008-1375
14.69 miles - about 21 minutes

Notes

TO:

FRESENIUS MEDICAL CARE
ROLLING MEADOWS

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **WEST** on **TOWNLINE RD / IL-60** toward **MCCORMICK AVE.**	go 0.7 mi
45	2. Turn **LEFT** onto **S LAKE ST / US-45**.	go 0.3 mi
SOUTH 83	3. Stay **STRAIGHT** to go onto **IL-83 S**.	go 4.2 mi
53	4. Turn **SLIGHT RIGHT** onto **IL-53**.	go 3.1 mi
	5. Turn **LEFT** onto **LAKE COOK RD**.	go 0.4 mi
RAMP	6. Take the **IL-53 S** ramp toward **WEST SUBURBS**.	go 0.4 mi
SOUTH 53 EXT	7. Merge onto **IL-53 EXT S**.	go 1.2 mi
SOUTH 53	8. **IL-53 EXT S** becomes **IL-53 S**.	go 3.6 mi
	9. Merge onto **W EUCLID AVE**.	go 0.4 mi
	10. Turn **RIGHT** onto **HICKS RD**.	go 0.3 mi

MapQuest Travel Times
APPENDIX - 1

11. Turn **RIGHT** onto **WINNETKA AVE**. go 0.0 mi

12. **4180 WINNETKA AVE** is on the **LEFT**. go 0.0 mi

4180 Winnetka Ave, Rolling Meadows, IL 60008-1375

Total Travel Estimate : 14.69 miles - about 21 minutes

MAPQUEST.

Trip to 28241 W Northwest Hwy
Barrington, IL 60010
15.12 miles - about 23 minutes

Notes
TO:
DAVITA BARRINGTON CREEK

1400 Townline Rd, Mundelein, IL 60060-4433

START	1. Start out going **WEST** on **TOWNLINE RD / IL-60** toward **MCCORMICK AVE**.	go 0.7 mi
45	2. Turn **LEFT** onto **S LAKE ST / US-45**.	go 0.3 mi
SOUTH 83	3. Stay **STRAIGHT** to go onto **IL-83 S**.	go 2.8 mi
WEST 22	4. Turn **RIGHT** onto **IL-22 W**.	go 10.3 mi
	5. Turn **LEFT** onto **N KELSEY RD / CR-30 / CR-V49**.	go 0.8 mi
EAST 14	6. Turn **LEFT** onto **W NORTHWEST HWY / US-14 E**.	go 0.3 mi
END	7. **28241 W NORTHWEST HWY** is on the **RIGHT**.	go 0.0 mi

28241 W Northwest Hwy, Barrington, IL 60010
Total Travel Estimate : 15.12 miles - about 23 minutes

MapQuest Travel Times
APPENDIX - 1

NANCY A. NORA, M.D.
SHALINI N. PATEL, M.D.
INTERNAL MEDICINE/NEPHROLOGY

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HIGHLAND PARK, ILLINOIS 60035

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June 11, 2010

Mr. Dale Galassie
Acting Chair
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Mr. Galassie:

We are writing in support of the proposed Fresenius Medical Care Mundelein dialysis clinic. We are nephrologists practicing in Lake County, Illinois and are partners in the North Shore Nephrology practice. I, Nancy Nora, M.D., am the Medical Director of the Highland Park Hospital dialysis facility. I, Shalini Patel, M.D., am the Medical Director of the Fresenius Medical Care Deerfield dialysis center.

We currently refer patients to Highland Park Hospital dialysis, Fresenius Lake Bluff, Deerfield, Antioch and Round Lake. We are seeing an ever increasing Chronic Kidney Disease (CKD) population in our practice with 30% increases each in the last two years. Given this growth, and high utilization at area facilities, the Mundelein clinic is warranted to provide for continued access to care.

Over the past three years North Shore Nephrology was treating 86 hemodialysis patients at the end of 2007, 112 patients at the end of 2008, 146 patients at the end of 2009 and 153 patients at the end of the 1st quarter 2010, as reported to The Renal Network. As well, over the past twelve months, we have admitted 30 new hemodialysis patients to Fresenius Lake Bluff, Deerfield and to Highland Park Hospital. We have 101 pre-ESRD patients who live in the Mundelein area that we expect to refer to the Mundelein facility within 2 years after completion of the facility. These patients are showing lab values that indicate they are in stages 3 & 4 of CKD and are expected to require dialysis therapy in 1-3 years from now (see attached patient lists).

We respectfully ask the Board to approve Fresenius Medical Care Mundelein to provide for this growing ESRD population in Lake County. Thank you for your consideration.

We attest to the fact that to the best of our knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other CON application.

Sincerely,

Shalini Patel, M.D.

Nancy Nora, M.D.

Notarization:
Subscribed and sworn to before me
this 14 day of June, 2010

Janet L Levine

Signature of Notary

Seal

Official Seal
Janet L Levine
Notary Public State of Illinois
My Commission Expires 07/20/2011

PRE - ESRD PATIENTS NORTH SHORE NEPHROLOGY EXPECTS TO REFER TO FRESENIUS MEDICAL CARE MUNDELEIN IN THE 1ST 2 YEARS (24 MONTHS) AFTER PROJECT COMPLETION

Zip Code	Patients
60030	9
60045	33
60047	11
60048	7
60060	7
60061	17
60069	9
60084	1
60089	7
Total	**101**

NEW HEMODIALYSIS ADMISSIONS OF NORTH SHORE NEPHROLOGY FOR THE TIME PERIOD 05/01/09 THROUGH 04/30/10

Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
Fresenius Lake Bluff	60048	1			60031	1
	60061	1			60045	1
		2			60061	1
					60099	2
						5
Fresenius Deerfield	60015	1	60035	1		
	60026	1		**1**		
	60035	1				
	60040	1				
	60045	1				
	60046	1				
	60047	1				
	60064	1				
	60085	1				
	60096	1				
	60099	1				
		11				
Highland Park Hospital Dialysis	60035	1	60002	1	60015	1
	60062	1	60035	1	60062	1
	60076	1	60045	1		**2**
	60083	1	60085	1		
	60712	1		**4**		
		5				
Totals		***18***		***5***		***7***

Grand Total 30

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY AS OF DECEMBER 31, 2007

	Dr. Patel		Dr. Nora	
Facility	**Zip Code**	**Patients**	**Zip Code**	**Patients**
	60030	1	60044	2
Fresenius Lake Bluff	60031	1	60048	1
	60040	1	60061	1
	60044	2	60069	1
	60061	1	60085	1
	60064	3		**6**
	60085	4		
		13		
Highland Park Hospital Dialysis	60015	2	60015	2
	60030	1	60022	1
	60031	1	60035	9
	60035	9	60040	2
	60040	5	60045	1
	60045	3	60045	1
	60046	1	60060	2
	60048	1	60062	4
	60062	3	60064	2
	60077	1	60069	1
	60085	2	60073	1
	60090	1	60083	1
	60099	1	60085	2
	60126	1	60090	1
	60613	1	60091	1
		33	60093	1
			60099	1
			60714	1
				34
Totals		***46***		***40***

Grand Total 86

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY
AS OF DECEMBER 31, 2008

Facility	Dr. Patel		Dr. Nora	
	Zip Code	Patients	Zip Code	Patients
	60025	1	60035	1
Fresenius Lake Bluff	60031	1	60044	3
	60044	1	60045	1
	60045	1	60048	1
	60061	1	60061	1
	60064	4	60064	2
	60085	4	60069	1
	60087	1	60083	1
	60099	1	60085	2
		15		**13**
Highland Park Hospital Dialysis	60015	1	60015	2
	60026	1	60022	1
	60030	1	60035	13
	60031	2	60040	2
	60035	10	60045	1
	60040	1	60060	3
	60040	1	60061	2
	60045	2	60062	4
	60045	1	60064	1
	60046	1	60064	1
	60048	3	60069	1
	60048	1	60073	1
	60062	4	60083	1
	60064	1	60085	4
	60069	1	60089	1
	60070	2	60090	1
	60077	1	60091	1
	60085	1	60091	1
	60085	1	60093	1
	60090	1	60099	1
	60099	1	60201	1
	60126	1	60714	1
		39		**45**
Totals		***54***		***58***

Grand Total 112

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY AS OF DECEMBER 31, 2009

Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
	60031	1	60035	1	60045	1
Fresenius	60064	1	60044	2	60046	1
Lake Bluff	60073	1	60045	3	60061	1
	60085	4	60048	1	60064	2
		7	60061	1	60099	1
			60064	2		6
			60069	1		
			60085	1		
			60089	1		
				13		
Fresenius	60031	1				
Deerfield	60040	2				
	60046	1				
	60061	1				
	60085	1				
	60099	1				
		7				
Fresenius	60099	1	60073	1		
Antioch		1		1		
Highland Park	60010	1	60015	3	60004	1
Hospital	60015	3	60022	1	60015	2
Dialysis	60025	1	60035	13	60030	1
	60026	1	60040	3	60062	1
	60030	1	60045	3	60085	1
	60031	2	60060	3	60093	1
	60035	13	60061	2		7
	60040	6	60062	2		
	60045	4	60064	3		
	60046	1	60069	1		
	60048	1	60073	1		
	60062	7	60083	1		
	60064	1	60085	2		
	60069	1	60085	2		
	60070	1	60089	1		
	60076	1	60090	2		
	60077	1	60091	2		
	60083	1	60093	1		
	60085	2	60099	1		
	60090	1	60201	1		
	60091	1	60714	1		
	60099	1		49		
	60126	1				
	60613	1				
	60712	1				
		55				
Totals		***70***		***63***		***13***

Grand Total 146

IN-CENTER HEMODIALYSIS PATIENTS OF NORTH SHORE NEPHROLOGY
AS OF MARCH 31, 2010

Facility	Dr. Patel		Dr. Nora		Dr. Minev	
	Zip Code	Patients	Zip Code	Patients	Zip Code	Patients
Fresenius Lake Bluff	60031	1	60035	1	60031	1
	60064	1	60044	2	60044	1
	60073	1	60045	3	60045	1
	60085	4	60048	1	60061	1
		7	60061	1	60064	2
			60064	2	60085	2
			60069	1	60099	2
			60085	1		10
				12		
Fresenius Deerfield	60015	1	60035	1		
	60026	1		1		
	60040	2				
	60045	1				
	60046	1				
	60062	1				
	60064	1				
	60085	2				
	60096	1				
	60099	1				
		12				
Fresenius Round Lake					60073	1
						1
Highland Park Hospital Dialysis	60010	1	60015	2	60004	1
	60015	2	60035	12	60015	1
	60025	2	60040	3	60030	1
	60026	1	60045	2	60035	1
	60030	1	60046	1	60045	1
	60031	2	60047	1	60062	2
	60035	13	60060	3	60085	1
	60040	7	60061	2	60090	1
	60045	5	60062	2	60093	1
	60046	1	60064	2		10
	60048	1	60069	1		
	60062	7	60083	1		
	60064	1	60085	4		
	60069	1	60089	1		
	60070	1	60090	1		
	60070	1	60090	1		
	60085	2	60091	1		
	60090	1	60093	1		
	60091	1	60099	1		
	60099	2	60201	1		
	60126	1	60714	1		
	60613	1		44		
	60712	1				
		56				
Totals		*75*		*57*		*21*

Grand Total 153

KPMG

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

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KPMG

KPMG LLP
99 High Street
Boston, MA 02110-2374

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Fax +1 617 507 8321
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Independent Auditors' Report

The Shareholders
Fresenius Medical Care Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Fresenius Medical Care Holdings, Inc. and subsidiaries (the Company) as of December 31, 2009 and 2008 and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009 in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
May 4, 2010

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2009 and 2008

(Dollars in thousands)

Assets		**2009**	**2008**
Current assets:			
Cash and cash equivalents	$	153,303	109,346
Trade accounts receivable, less allowances of $203,279 in 2009 and $207,083 in 2008		1,067,621	1,133,782
Receivables (borrowings) from affiliates		311,042	241,568
Inventories		352,624	317,064
Deferred income taxes		278,430	282,809
Other current assets		453,679	356,232
Total current assets		2,616,699	2,440,801
Property, plant and equipment, net of accumulated depreciation and amortization of $1,001,607 and $859,810, respectively		1,366,009	1,330,298
Other assets:			
Goodwill		6,832,695	6,709,464
Other intangible assets, net of accumulated amortization of $286,211 and $256,440, respectively		721,140	717,049
Other assets and deferred charges		303,869	245,983
Total other assets		7,857,704	7,672,496
Total assets	$	11,840,412	11,443,595
Liabilities and Equity			
Current liabilities:			
Short-term borrowings	$	230,144	539,033
Current portion of long-term debt and capital lease obligations		150,139	163,882
Current portion of mandatorily redeemable preferred securities		465,813	—
Current portion of borrowings from affiliates		12,803	61,349
Accounts payable		185,851	208,004
Accrued liabilities		757,059	750,779
Accrued special charge for legal matters		115,970	116,501
Accounts payable to affiliates		90,658	80,222
Accrued income taxes		160,989	122,056
Total current liabilities		2,169,426	2,041,826
Long-term debt		1,587,785	1,542,006
Noncurrent borrowings from affiliates		707,954	707,066
Capital lease obligations		2,265	2,490
Long-term mandatorily redeemable preferred securities		665,500	1,123,817
Deferred income taxes		378,962	343,134
Other liabilities		331,781	367,691
Total liabilities		5,843,673	6,128,030
Equity:			
Preferred stock, $1 par value		1,487,731	1,437,231
Common stock, $1 par value. Authorized 300,000,000 shares; outstanding 90,000,000 shares		90,000	90,000
Additional paid-in capital		2,055,621	2,028,307
Retained earnings		2,304,412	1,781,361
Accumulated other comprehensive loss		(113,474)	(156,219)
Total Fresenius Medical Care Holdings Inc. equity		5,824,290	5,180,680
Noncontrolling interests		172,449	134,885
Total equity		5,996,739	5,315,565
Total liabilities and equity	$	11,840,412	11,443,595

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2009, 2008, and 2007

(Dollars in thousands, except share data)

		2009	2008	2007
Net revenues:				
Healthcare services	$	6,756,613	6,213,512	5,973,605
Medical supplies		759,098	697,116	621,905
		7,515,711	6,910,628	6,595,510
Expenses:				
Cost of healthcare services		4,379,157	4,045,967	3,890,580
Cost of medical supplies		492,573	415,752	363,209
General and administrative expenses		968,311	877,635	823,380
Provision for doubtful accounts		198,200	209,248	193,209
Depreciation and amortization		263,983	237,411	217,841
Research and development		26,604	22,342	20,501
Interest expense, net, and related financing costs (including $177,548, $101,986 and $135,717 of interest with affiliates)		239,943	214,343	283,461
		6,568,771	6,022,698	5,792,181
Income before income taxes		946,940	887,930	803,329
Provision for income taxes		355,414	342,593	303,610
Net income		591,526	545,337	499,719
Less net income attributable to noncontrolling interests		68,242	35,654	30,359
Net income attributable to Fresenius Medical Care Holdings, Inc.	$	523,284	509,683	469,360
Basic and fully dilutive net income per share	$	5.81	5.66	5.21

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended December 31, 2009, 2008, and 2007

(Dollars in thousands)

		2009	2008	2007
Net income	$	591,526	545,337	499,719
Other comprehensive income (loss):				
Foreign currency translation adjustments		2,958	(2,121)	1,242
Pension asset (liability) adjustments, (net of deferred tax of ($1,809), $16,840 and ($7,069), respectively)		5,977	(25,260)	10,652
Derivative instruments, (net of deferred tax of ($21,379), $41,598 and $35,666, respectively)		33,577	(65,821)	(55,386)
Total other comprehensive income (loss)		42,512	(93,202)	(43,492)
Total comprehensive income		634,038	452,135	456,227
Comprehensive income attributable to noncontrolling interests		68,242	35,654	30,359
Comprehensive income attributable to Fresenius Medical Care Holdings, Inc.	$	565,796	416,481	425,868

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

Years ended December 31, 2009, 2008, and 2007

(Dollars in thousands)

	Preferred stock		Common stock		Additional	Retained	Accumulated other comprehensive	Noncontrolling	
	Shares	Amount	Shares	Amount	paid-in capital	earnings	loss	Interests	Total equity
Balance, December 31, 2006	5,074,119	$ 1,367,500	90,000,000	$ 90,000	1,978,758	801,161	(18,910)	70,564	4,289,073
Net income	—	—	—	—	—	469,360	—	30,359	499,719
Other comprehensive income	—	—	—	—	—	—	(43,492)	—	(43,492)
Cash dividends on preferred stocks	—	—	—	—	—	(468)	—	—	(468)
Exercise of stock options and related tax effects	—	—	—	—	5,721	—	—	—	5,721
Compensation expense related to stock options	—	—	—	—	17,443	—	—	—	17,443
Repurchase preferred stock	(74,119)	(7,412)	—	—	—	(248)	—	—	(7,660)
Series C preferred stock – marked to market	—	160,174	—	—	—	—	—	—	160,174
Cash contributions noncontrolling interests	—	—	—	—	—	—	—	5,057	5,057
Dividends paid noncontrolling interests	—	—	—	—	—	—	—	(23,777)	(23,777)
Purchase of noncontrolling interests	—	—	—	—	—	—	—	2,559	2,559
Other reclassifications	—	—	—	—	(1,201)	1,823	(622)	—	—
Balance, December 31, 2007	5,000,000	1,520,262	90,000,000	90,000	2,000,721	1,271,628	(63,024)	84,762	4,904,349
Net income	—	—	—	—	—	509,683	—	35,654	545,337
Other comprehensive income	—	—	—	—	—	—	(93,202)	—	(93,202)
Exercise of stock options and related tax effects	—	—	—	—	4,431	—	—	—	4,431
Compensation expense related to stock options	—	—	—	—	23,212	—	—	—	23,212
Series C preferred stock – marked to market	—	(83,031)	—	—	—	—	—	—	(83,031)
Cash contributions noncontrolling interests	—	—	—	—	—	—	—	17,174	17,174
Dividends paid noncontrolling interests	—	—	—	—	—	—	—	(40,092)	(40,092)
Purchase of noncontrolling interests	—	—	—	—	—	—	—	37,387	37,387
Other reclassifications	—	—	—	—	(57)	50	7	—	—
Balance, December 31, 2008	5,000,000	1,437,231	90,000,000	90,000	2,028,307	1,781,361	(156,219)	134,885	5,315,565
Net income	—	—	—	—	—	523,284	—	68,242	591,526
Other comprehensive income	—	—	—	—	—	—	42,512	—	42,512
Exercise of stock options and related tax effects	—	—	—	—	2,728	—	—	—	2,728
Compensation expense related to stock options	—	—	—	—	24,688	—	—	—	24,688
Series C preferred stock – marked to market	—	50,500	—	—	—	—	—	—	50,500
Cash contributions noncontrolling interests	—	—	—	—	—	—	—	35,059	35,059
Dividends paid noncontrolling interests	—	—	—	—	—	—	—	(55,766)	(55,766)
Sale of noncontrolling interests	—	—	—	—	(113)	—	—	(9,960)	(10,073)
Other reclassifications	—	—	—	—	11	(233)	233	(11)	—
Balance, December 31, 2009	5,000,000	$ 1,487,731	90,000,000	$ 90,000	2,055,621	2,304,412	(113,474)	172,449	5,996,739

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2009, 2008, and 2007

(Dollars in thousands)

		2009	2008	2007
Cash flows from operating activities:				
Net income	$	591,526	545,337	499,719
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		263,983	237,411	217,841
Provision for doubtful accounts		198,200	209,248	193,209
Deferred income taxes		9,863	101,121	(1,571)
(Gain) loss on sale of interest in investments and divestitures		(703)	(18,604)	105
Amortization of discount on Senior Note		888	888	—
Loss on sale of business		—	—	1,373
Loss on disposal of properties and equipment		6,780	2,829	2,068
Compensation expense related to stock options		24,688	23,212	17,443
Amortization of discount on investments		979	498	—
Gain on forward sale and currency exchange agreements		(19,877)	(5,503)	(1,900)
Changes in operating assets and liabilities, net of effects of purchase acquisitions and foreign exchange:				
Increase in trade accounts receivable		(131,935)	(307,156)	(210,837)
Increase in inventories		(34,887)	(41,880)	(31,771)
Increase in other current assets		(95,679)	(73,168)	(54,310)
(Increase) decrease in other assets and deferred charges		(6,017)	(6,445)	14,023
(Decrease) increase in accounts payable		(22,214)	31,616	(14,636)
Increase in accrued income taxes		55,415	108,133	64,515
Increase (decrease) in accrued liabilities		19,603	(41,074)	54,132
Decrease in accrued special charge for legal matters		(531)	(498)	(452)
Increase in other long-term liabilities		3,852	12,573	7,355
Net changes due to/from affiliates		(47,295)	(9,498)	42,032
Other, net		1,007	2,606	(3,740)
Net cash provided by operating activities		817,646	771,646	794,598
Cash flows from investing activities:				
Capital expenditures		(293,435)	(371,580)	(316,497)
Proceeds from sale of property, plant and equipment		2,814	6,895	14,575
Acquisitions and investments, net of cash acquired		(121,750)	(118,175)	(181,868)
Proceeds from sale of interests and divestitures		916	53,087	29,495
Net cash used in investing activities		(411,455)	(429,773)	(454,295)
Cash flows from financing activities:				
Net (decrease) increase in borrowings from affiliates		(47,658)	(738,948)	322,241
Cash dividends paid on preferred stock		—	—	(468)
Repurchase of preferred stock		—	—	(7,660)
Net (decrease) increase from receivable financing facility		(308,889)	454,027	(181,000)
Net increase (decrease) on debt and capital leases		29,933	(72,549)	(399,036)
Distributions to Noncontrolling interests		(55,766)	(22,918)	(18,720)
Debt issuance costs		—	—	(8,416)
Contributions from Noncontrolling Interests		5,659	—	—
Proceeds from sale of Noncontrolling Interests		6,880	—	—
Purchases of Noncontrolling interests		(6,483)	—	—
Tax benefit on stock options		7,696	7,121	8,177
Net cash used in financing activities		(368,628)	(373,267)	(284,882)
Effects of changes in foreign exchange rates		6,394	(3,255)	3,122
Change in cash and cash equivalents		43,957	(34,649)	58,543
Cash and cash equivalents at beginning of year		109,346	143,995	85,452
Cash and cash equivalents at end of year	$	153,303	109,346	143,995

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2009, 2008, and 2007

(Dollars in thousands)

		2009	2008	2007
Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Interest	$	229,896	169,180	224,645
Interest on mandatorily redeemable preferred securities		36,866	64,308	19,863
Income taxes paid, net		283,387	123,892	235,592
Details for acquisitions:				
Assets acquired		(161,043)	(116,315)	(283,914)
Liabilities assumed		1,712	1,963	14,569
Noncontrolling interests		29,400	(3,836)	—
Notes assumed in connection with acquisition		—	—	83,811
Cash paid		(129,931)	(118,188)	(185,534)
Less cash acquired		5,167	13	6,522
Net cash paid for acquisitions	$	(124,764)	(118,175)	(179,012)

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Dollars in thousands, except share data)

(1) The Company

Fresenius Medical Care Holdings, Inc., a New York corporation (the Company or FMCH) is a subsidiary of Fresenius Medical Care AG & Co. KGaA, a German partnership limited by shares (FMCAG & KGaA or the Parent Company) formerly Fresenius Medical Care AG (FMCAG). The Company conducts its operations through five principal subsidiaries, National Medical Care, Inc. (NMC), Fresenius USA Marketing, Inc., Fresenius USA Manufacturing, Inc. and SRC Holding Company, Inc., all Delaware corporations and Fresenius USA, Inc., a Massachusetts corporation.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and those financial statements where the Company controls professional corporations in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification 810, *Consolidation*. The consolidated financial statements include all companies in which the Company has legal or effective control. Noncontrolling interest represents the proportionate equity interest of owners in the Company's consolidated entities that are not wholly owned.

The Company is primarily engaged in (i) providing kidney dialysis services and clinical laboratory testing (ii) manufacturing and distributing products and equipment for kidney dialysis treatment and (iii) providing other medical ancillary services.

Basis of Presentation

On July 1, 2009, the FASB issued FASB Accounting Standards Codification™ (ASC) 105, *Generally Accepted Accounting Principles* (originally issued as FASB Statement No. 168, *FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*). ASC 105 establishes the FASB ASC as the exclusive authoritative reference for nongovernmental United States generally accepted accounting principles (U.S. GAAP) for use in financial statements issued for interim and annual periods ending after September 15, 2009, except for SEC rules and interpretive releases, which are also authoritative GAAP for SEC registrants. This divides nongovernmental U.S. GAAP into the authoritative ASC and guidance that is nonauthoritative. The contents of the ASC carry the same level of authority, eliminating the four-level GAAP hierarchy previously set forth in FASB Statement No. 162, which has been superseded by the ASC. The ASC supersedes or makes nonauthoritative all other existing nongrandfathered, non-SEC accounting literature and reporting standards not included in the ASC. The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

Certain items in the prior years' consolidated financial statements may have been reclassified to conform with the current year's presentation. Net operating results have not been affected by the reclassifications.

The Company has evaluated subsequent events through May 4, 2010, which is the date these consolidated financial statements were issued.

During 2009, the Company identified immaterial errors that affected the years ended December 31, 2008, 2007, and 2006, related to the accounting for options to purchase shares of the Parent Company granted to FMCH's employees in accordance with FASB ASC 718, *Compensation—Stock Compensation* (ASC 718). The Company has reflected the correction of these immaterial errors in the periods in which they originated. The Company recorded $23,212 and $(9,158), and $17,443 and $(6,880) to general and administrative expenses and income tax benefit, respectively, in the accompanying consolidated statements of operations for the years ended December 31, 2008 and 2007, respectively. Also, as of December 31, 2008, the Company recorded adjustments to the accompanying consolidated balance sheet in the amounts of $14,960, $(31,675), and $46,635 to deferred income taxes, retained earnings and additional paid-in capital, respectively. In addition, 2008 opening retained earnings was reduced by $17,621 to adjust for the cumulative impact of the errors in 2007 and 2006.

Income tax expense in the amount of $13,440 and $11,887 for the years ended December 31, 2008 and 2007, in the prior year's comparative consolidated financial statements has been reclassified to income attributable to noncontrolling interests to conform with the current year's presentation.

Basis of Consolidation

The consolidated financial statements in this report at December 31, 2009 and 2008 and for each of the years in the three-year period ended December 31, 2009 have been prepared in accordance with U.S. GAAP. These consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for the fair presentation of the consolidated results for all periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash funds and all short-term, highly liquid investments with original maturities of up to three months.

(b) Allowance for Doubtful Accounts

Estimates for allowances for accounts receivable are based on an analysis of collection experience, recognizing the difference between payors and aging of accounts receivable. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

(c) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or market value (see note 4).

(d) Property, Plant and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation (see note 10). Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Property, plant and equipment under capital leases are stated at the present value of future minimum lease payments at the inception of the lease, less accumulated depreciation. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any gain or loss is included in income when the assets are disposed.

The cost of property, plant and equipment is depreciated over estimated useful lives on a straight-line basis as follows: buildings – 20 to 40 years, equipment and furniture – 3 to 10 years, equipment under capital leases and leasehold improvements – the shorter of the lease term or useful life of the asset. For income tax purposes, depreciation is calculated using accelerated methods to the extent permitted.

The Company capitalizes interest on borrowed funds during construction periods. Interest capitalized during 2009, 2008 and 2007 was $8,554, $7,800 and $6,352, respectively.

(e) ***Other Intangible Assets and Goodwill***

Intangible assets such as noncompete agreements, lease agreements, tradenames, management contracts, technology, patents, distribution rights, software, acute care agreements and licenses acquired in a purchase method business combination are recognized and reported apart from goodwill.

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified trade names and certain qualified management contracts as intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Company. Intangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes noncompete agreements over their average useful life of 8 years. Technology is amortized over its useful life of 15 years. The iron products distribution and manufacturing agreement is amortized over its ten-year contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 25 years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment.

To perform the annual impairment test of goodwill, the Company identified its reporting units and determined their carrying value by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. Two reporting units were identified, Renal Therapy Group and Fresenius Medical Services.

In a first step, the Company compares the fair value of a reporting unit to its carrying amount. Fair value is determined using estimated future cash flows for the unit discounted by a weighted average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Company utilizes for every reporting unit, its three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. Projections for up to ten years are possible due to the stability of the Company's business which, due to the nondiscretionary nature of the healthcare services the Company provides, the need for products utilized to provide such services and the availability of government reimbursement for a substantial portion of their services, has been largely independent from the economic cycle. The reporting units' respective expected growth rates for the period beyond ten years are: Renal Therapy Group 1% and Fresenius Medical Services 1%. The discount factor is determined by the Company's WACC. The Company's WACC consists of a basic rate of 6.45% for 2009.

In the case that the fair value of the reporting unit is less than its book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the carrying value of its goodwill. If the fair value of the goodwill is less than the book value, the difference is recorded as an impairment.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the fair values of intangible assets with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach and other appropriate methods.

In connection with its annual impairment tests, the Company determined that there was no impairment of goodwill or other intangible assets. Accordingly the Company did not record any impairment charges during 2009, 2008 or 2007.

(f) Derivative Instruments and Hedging Activities

The Company accounts for derivatives and hedging activities by recognizing all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. For derivatives designated as hedges, changes in the fair value are either offset against the change in fair value of the assets and liabilities through earnings, or recognized in accumulated other comprehensive income until the hedged item is recognized in earnings.

For all hedging relationships the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in accumulated other comprehensive income to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash-flow hedge is reported in earnings.

The Company discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is dedesignated as a hedging instrument, because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

In all situations in which hedge accounting is discontinued and the derivative is retained, the Company continues to carry the derivative at its fair value on the consolidated balance sheets and recognizes any subsequent changes in its fair value in earnings. When it is probable that a hedged forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately in earnings gains and losses that were accumulated in other comprehensive income.

The table below summarizes the derivative financial instruments pre-tax and after-tax effect on accumulated other comprehensive income (loss) in equity for the years ended December 31, 2009, 2008 and 2007:

		Year ended December 31		
		2009	2008	2007
			(Dollars in millions)	
Interest rate swaps:				
Pre-tax (gain) loss	$	(49.9)	103.3	81.6
After-tax (gain) loss		(30.5)	63.2	49.7
Forecasted raw material product purchases and other obligations:				
Pre-tax (gain) loss	$	(3.4)	5.7	(0.6)
After-tax (gain) loss		(2.1)	3.4	(0.4)
Euro denominated mandatorily redeemable preferred stock:				
Pre-tax (gain) loss	$	(1.6)	(1.6)	10.1
After-tax (gain) loss		(1.0)	(0.8)	6.1

The interest rate swaps are designated as cash flow hedges effectively converting certain variable interest rate payments into fixed interest rate payments. After-tax gains and losses were deferred in other comprehensive income and subsequently reclassified to earnings when the hedged item also affects earnings. Interest payable and receivable under the swap terms are accrued and recorded as adjustments to interest expense at each reporting date.

The Company enters into forward rate agreements that are designated and effective as hedges of forecasted raw material purchases and other obligations. After-tax gains and losses were deferred in other comprehensive income and will be reclassified into cost of sales in the period during which the hedged transactions affect earnings. All deferred amounts will be reclassified into earnings within the next twelve months.

The Company enters into forward rate agreements that are designated and effective as hedges of changes in the fair value of the Euro-denominated mandatorily redeemable preferred stock. Changes in fair value are recorded in earnings and offset against gains and losses resulting from the underlying exposures. After-tax gains and losses were deferred in other comprehensive income.

The Company entered into a forward sale agreement related to preference shares (Preferred Stock) of FMCH issued to Fresenius Medical Care North America Holdings Limited Partnership (DLP). This instrument is reflected in the consolidated balance sheets at fair value as part of Preferred Stock with changes in fair value recognized in earnings. Pre-tax (losses) and gains recorded in the consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007 were \$(50.5) million, \$83.0 million and \$(160.2) million, respectively. After-tax (losses) and gains recorded in the consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007 were \$(30.9) million, \$52.3 million and \$(101.6) million, respectively.

The Company also entered into a currency exchange agreement with DLP. The notional principal amounts of the currency exchange agreement is \$1,250,000 U.S. dollars and a Euro amount with equal market value applying the market foreign exchange rate at the time the exchange agreement was entered into. The currency exchange agreement requires that at each periodic settlement date, DLP is obligated to pay to FMCH, Euro interest on the Euro equivalent of \$1.25 billion. Conversely, at the periodic settlement date, FMCH is obligated to pay to DLP, the interest on \$1.25 billion in U.S. dollars.

Upon maturity (March 31, 2011) or termination of the exchange agreement, DLP is obligated to pay to FMCH, the Euro equivalent of \$1.25 billion converted at spot rate and FMCH will pay to DLP the final settlement amount of \$1.25 billion (plus any outstanding period interest payments). This instrument is reflected in the consolidated balance sheets at fair value as a derivative asset at the reporting date with changes in fair value recognized in earnings. Pre-tax gains and (losses) recorded in the consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007 were \$58.6 million, \$(61.6) million and \$148.4 million, respectively. After-tax gains and (losses) recorded in the consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007 were \$36.1 million, \$(38.8) million and \$94.2 million, respectively.

Periodically, the Company enters into derivative instruments with related parties to form a natural hedge for currency exchange rate exposures on intercompany obligations. These instruments are reflected in the consolidated balance sheets at fair value with changes in fair value recognized in earnings. Pre-tax losses (gains) recorded in the consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007 were \$0.3 million, \$(0.9) million and \$(0.3) million, respectively.

(g) Foreign Currency Translation

For purposes of these consolidated financial statements, the U.S. dollar is the reporting currency. Substantially all assets and liabilities of the Company's non-U.S. subsidiaries are translated at year-end exchange rates, while revenue and expenses are translated at exchange rates prevailing during the year. Adjustments for foreign currency translation fluctuations are excluded from net income and are reported in accumulated other comprehensive income (loss). In addition, the translation of certain intercompany borrowings denominated in foreign currencies, which are considered foreign equity investments, are reported in accumulated other comprehensive income (loss).

Gains and losses resulting from the translation of revenues and expenses and intercompany borrowings, which are not considered equity investments, are included in the statements of operations within general and administrative expenses. Translation (losses) gains amounted to $(3,927), $780 and $(1,229) for the years ended December 31, 2009, 2008 and 2007, respectively.

(h) Revenue Recognition

Dialysis care revenues are recognized on the date services and related products are provided and are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including Medicare and Medicaid. The Company establishes appropriate allowances based upon factors surrounding credit risks of specific third-party payors, historical trends and other information. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Dialysis product revenues are recognized when title to the product passes to the customers either at the time of shipment, upon receipt by the customer or upon terms that clearly define passage of title. As product returns are not typical, no return allowances are established. In the event a return is required, the appropriate reductions to sales, accounts receivables and cost of sales are made. Sales are stated net of discounts and rebates.

Net revenues from machines sales for 2009, 2008 and 2007 include $80.2 million, $76.0 million, and $83.8 million, respectively, of net revenues for machines sold to a third-party leasing company which are utilized by the Dialysis Services division to provide services to customers. The profits on these sales are deferred and amortized to earnings over the lease terms.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction (e.g. sales tax) is excluded from revenues and reported on a net basis.

(i) Research and Development

Research and development costs are expensed as incurred.

(j) Income Taxes

The Company recognizes deferred tax assets and liabilities for future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis as well as on consolidation procedures affecting net income and tax loss carryforwards which are more likely than not to be utilized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded to reduce the carrying amount of the deferred tax assets unless it is more likely than not that such assets will be realized (see note 9).

It is the Company's policy to recognize interest and penalties related to its tax positions as income tax expense.

(k) Impairment

The Company reviews the carrying value of its long-lived assets or asset groups with definite useful lives to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying value of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value exceeds the fair value of the asset. The Company uses a discounted cash flow approach or other methods, if appropriate, to assess fair value.

Long-lived assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposal.

(l) Debt Issuance Costs

Costs related to the issuance of debt are amortized over the term of the related obligation (see note 6).

(m) Self-Insurance Programs

The Company is partially self-insured for professional, product and general liability, auto liability and worker's compensation claims under which the Company assumes responsibility for incurred claims up to predetermined amounts above which third-party insurance applies. Reported balances for the year include estimates of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Dollars in thousands, except share data)

(o) Concentration of Credit Risk

The Company is engaged in providing kidney dialysis services, clinical laboratory testing, and other medical ancillary services, and in the manufacture and sale of products for all forms of kidney dialysis, principally to healthcare providers throughout the world. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Approximately 48% in 2009 and 53% in 2008 and 2007 of the Company's revenues were earned and subject to regulations under governmental healthcare programs, Medicare and Medicaid, administered by various states and the United States government.

See note 17 for concentration of supplier risks.

(p) Comprehensive Income

Comprehensive income consists of net income, foreign currency translation adjustments, pension liability adjustments and changes in derivative instruments and is presented in the consolidated statements of comprehensive income.

(q) Net Income per Share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted net income per share includes the effect of all dilutive potential common shares that were outstanding during the year. The number of shares used to compute basic and diluted net income per share was 90,000,000 in all periods as there were no potential common shares and no adjustments to income available to common shareholders to be considered for purposes of the diluted net income per share calculation.

	Year ended December 31		
	2009	**2008**	**2007**
The weighted average number of shares of common stock were as follows	90,000,000	90,000,000	90,000,000

(Dollars in thousands, except share data)

Net income available for common shareholders used in the computation of basic and fully dilutive net income per share is as follows:

		Year ended December 31		
		2009	2008	2007
Net income attributable to FMCH	$	523,284	509,683	469,360
Dividends paid on preferred stocks		—	—	(468)
Income available to common shareholders	$	523,284	509,683	468,892
Basic and fully dilutive net income per share	$	5.81	5.66	5.21

(r) Employee Benefit Plans

The Company recognizes the underfunded status of its defined benefit plans, measured as the difference between plan assets at fair value and the benefit obligation, as a liability. Changes in the funded status of a plan, net of tax, resulting from actuarial gains or losses and prior service costs or credits that are not recognized as components of the net periodic benefit cost will be recognized through accumulated other comprehensive income in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of those standards. The Company uses December 31 as the measurement date when measuring the funded status of all plans.

(s) Stock Option Plans

Effective January 1, 2006, the Company adopted the provisions of the accounting standards for share-based payments using the modified prospective transition method. Under this transition method, compensation cost recognized in 2006 includes applicable amounts of: (a) compensation cost of all stock-based payments granted prior to, but not yet vested as of January 1, 2006 and (b) compensation cost for all stock-based payments subsequent to January 1, 2006 based on the grant-date fair value estimated in accordance with the provisions of these standards.

(t) Legal Contingencies

From time to time, during the ordinary course of the Company's operations, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business (see note 16). The Company regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

(u) Recent Pronouncements

Recently Implemented Accounting Statements

In January 2010, the FASB issued Accounting Standards Update 2010-06 (ASU 2010-06), an update for ASC (see Basis of Presentation in note 1, above) 820-10, *Fair-Value Measurements and Disclosures*, resulting in new disclosure requirements with regard to the following areas:

- Fair-value measurements are to be disaggregated by class, as opposed to the current disclosure requirement of by major category
- Disclosure of significant transfers of assets and liabilities in and/or out of Level 1 and Level 2, in addition to transfers in and/or out of the Level 3 category
- Purchases, sales, issuances, and settlements of Level 3 assets and liabilities are to be disclosed separately
- Disclosure of the valuation techniques and inputs used to determine fair value for Level 2 and Level 3 fair-value measurements, as well as changes in valuation techniques used and the reasons for the changes

The disclosures required under ASU 2010-06 are effective for reporting periods beginning after December 15, 2009, with the exception of the disclosures about purchases, sales, issuances, and settlements in the roll forward of Level 3 activity, which are effective for fiscal years beginning after December 31, 2010, and for interim periods within those fiscal years. Early adoption is permitted for the additional disclosures. The Company adopted all disclosures required under this update as of December 31, 2009.

Recently Issued Accounting Statements

In June 2009, the FASB issued Accounting Standards Update 2009-17 (ASU 2009-17) (originally issued as FASB Statement No. 167), ASC 810, *Consolidations- Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*. ASU 2009-17 requires reporting entities to evaluate former Qualifying Special Purpose Entities (QSPE) for consolidation and changes the approach to determining a Variable Interest Entity's (VIE) primary beneficiary from a quantitative assessment to a qualitative assessment designed to identify a controlling financial interest. In addition, ASU 2009-17 increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a VIE. It also clarifies, but does not significantly change, the characteristics that identify a VIE. ASU 2009-17 also requires additional year-end and interim disclosures about risks related to continuing involvement in transferred financial assets.

The amendments contained in ASU 2009-17 are effective as of the beginning of a company's first fiscal year that begins after November 15, 2009 and for subsequent interim and annual reporting periods. All former QSPEs and other variable interest entities will need to be reevaluated under the amended consolidation requirements as of the beginning of the first annual reporting period that begins after November 15, 2009. Early adoption is prohibited. The Company will implement the amendments prescribed by ASU 2009-17 as of January 1, 2010.

In June 2009, the FASB issued Accounting Standards Update 2009-16 (ASU 2009-16) (originally issued as FASB Statement No. 166), ASC 860, *Transfers and Servicing—Accounting for Transfers of Financial Assets*. ASU 2009-16 eliminates the QSPE concept, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies the derecognition criteria, revises how retained interests are initially measured, and removes the guaranteed mortgage securitization recharacterization provisions. ASU 2009-16 also requires additional year-end and interim disclosures about risks related to variable interest entities.

ASU 2009-16 is effective as of the beginning of a company's first fiscal year that begins after November 15, 2009, and for subsequent interim and annual reporting periods. ASU 2009-16's disclosure requirements must be applied to transfers that occurred before and after its effective date. Early adoption is prohibited. The Company will adopt provisions of ASU 2009-16 as of January 1, 2010.

(3) Acquisitions

During 2009 and 2008, the Company made acquisitions mostly of dialysis centers in the normal course of its operations, totaling $124,781 and $81,652 respectively.

RSI Acquisition

On November 26, 2007, the Company completed the acquisition of all the common stock of RSI, an Indiana Corporation with principal offices in Warrendale, PA. The RSI acquisition agreement provides for the total consideration of up to $203,666, consisting of $20,000 previously advanced to RSI in the form of a loan, $99,854 paid at closing, $60,000 paid in November 2008, $3,572 receivable related to working capital adjustment which was received in 2008, and up to $30,000 in milestone payments over a three year period, contingent upon the achievement of certain performance criteria, none of which were due or paid in 2008. In 2007, the Company recorded a liability of $27,384 representing the net present value of the $30,000 milestone payments. At December 31, 2009, the net book value of the remaining liability was $9,488. The purchase price was allocated to goodwill ($159,385), intangible assets ($34,480) and other net assets ($9,800). RSI holds key patents and other intellectual property worldwide related to sorbent-based technology (SORB). SORB technology purifies potable water to dialysate quality and allows dialysis for up to 8 hours with only 6 liters of potable water through a process of dialysate regeneration and toxin absorption. This regeneration capability significantly reduces the water volume requirement for a typical hemodialysis treatment and is an important step in advancing home hemodialysis and helping create a potential platform for eventual development of a wearable kidney.

The assets and liabilities of all acquisitions were recorded at their estimated fair values at the dates of the acquisitions and are included in the Company's consolidated financial statements and operating results from the effective date of acquisition.

(Dollars in thousands, except share data)

(4) Other Balance Sheet Items

(a) Inventories

As of December 31, 2009 and 2008, inventories consisted of the following:

		2009	2008
Inventories:			
Raw materials	$	96,880	90,761
Manufactured goods in process		22,327	21,189
Manufactured and purchased inventory available for sale		132,128	106,186
		251,335	218,136
Health care supplies		101,289	98,928
Total	$	352,624	317,064

Under the terms of certain unconditional purchase commitments, the Company is obligated to purchase raw materials and healthcare supplies of $2,351,505 of which $357,447 is committed at December 31, 2009 for fiscal year 2010. The terms of these agreements run 1 to 9 years.

Inventories as of December 31, 2009 and 2008 include $34,788 and $35,143, respectively, of Erythropoietin (EPO), which is supplied by a single source supplier.

(b) Other Current Assets

As of December 31, 2009 and 2008, other current assets consisted of the following:

		2009	2008
Vendor rebates	$	182,083	160,626
Miscellaneous accounts receivable		174,534	127,772
Deposits and prepaid expenses		97,062	67,834
Total	$	453,679	356,232

(Dollars in thousands, except share data)

(c) *Accrued Liabilities*

As of December 31, 2009 and 2008, accrued liabilities consisted of the following:

		2009	2008
Accounts receivable credit balances	$	192,216	204,092
Accrued salaries and wages		178,059	185,849
Accrued insurance		169,168	125,264
Accrued operating expenses		63,745	75,476
Accrued lease obligations		75,807	65,474
Accrued legal and compliance		17,154	20,706
Accrued physician compensation		8,061	12,576
Accrued interest		1,850	4,239
Accrued other		50,999	57,103
Total	$	757,059	750,779

Accounts receivable credit balances principally reflect overpayments from third-party payors and are in the process of repayment.

(5) Sale of Accounts Receivable

The Company has an asset securitization facility (the AR Facility) which is typically renewed in October of each year and was most recently renewed and increased from $550,000 to $650,000 in November 2009. Under the AR Facility, certain receivables are sold to NMC Funding Corporation (NMC Funding), a wholly owned subsidiary. NMC Funding then assigns undivided ownership interests in the accounts receivable to certain bank investors. Under the terms of the AR Facility, NMC Funding retains the right to recall all transferred interests in the accounts receivable assigned to the banks under the AR facility. As the Company has the right at any time to recall the then outstanding interests, the receivables remain on the consolidated balance sheet and the proceeds from the transfer of undivided interests are recorded as short-term borrowings.

At December 31, 2009 and 2008 there were outstanding short-term borrowings under the AR Facility of $214,000 and $539,000, respectively. NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate at December 31, 2009 and 2008 was 2.90% and 3.89%, respectively. Annual refinancing fees, which include legal costs and bank fees (if any), are amortized over the term of the facility.

(Dollars in thousands, except share data)

(6) Short Term Borrowings and Long-Term Debt

Short-Term Borrowings

At December 31, 2009 and 2008, short-term borrowings consisted of the following:

		December 31	
		2009	**2008**
AR Facility	$	214,000	539,000
Commercial paper		11,791	—
Other		4,353	33
Total short-term borrowings	$	230,144	539,033

Long-Term Debt

(a) 2006 Credit Agreement

FMCAG & KGaA, FMCH and certain subsidiaries and affiliates entered into a $4,600,000 syndicated credit facility (the 2006 Credit Agreement) with Bank of America, N.A. (BofA); Deutsche Bank AG New York Branch; The Bank of Nova Scotia; Credit Suisse, Cayman Islands Branch; JPMorgan Chase Bank, National Association; and certain other lenders (collectively, the Lenders) on March 31, 2006 which replaced its prior credit agreement.

The 2006 Credit Agreement consists of:

- a 5-year $1,000,000 revolving credit facility (of which up to $250,000 is available for letters of credit, up to $300,000 is available for borrowings in certain non-U.S. currencies, up to $150,000 is available as swing lines in U.S. dollars, up to $250,000 is available as a competitive loan facility and up to $50,000 is available as swing lines in certain non-U.S. currencies, the total of which cannot exceed $1,000,000) which will be due and payable on March 31, 2011.
- a 5-year term loan facility (Term Loan A) of $1,850,000, also scheduled to mature on March 31, 2011. The 2006 Credit Agreement requires 19 quarterly payments on Term Loan A of $30,000 each that permanently reduce the term loan facility which began June 30, 2006 and continue through December 31, 2010. The remaining amount outstanding is due on March 31, 2011. As a result of the voluntary repayment made in July 2007 from the proceeds of the issuance of senior notes (see Senior Notes, below) which reduced the principal balance outstanding, the quarterly payments were reduced to $29,430 beginning with the payment for September 30, 2008.

- a 7-year term loan facility (Term Loan B) of $1,750,000 scheduled to mature on March 31, 2013. The terms of the 2006 Credit Agreement require 28 quarterly payments on Term Loan B that permanently reduce the term loan facility. The repayment began June 30, 2006. The first 24 quarterly payments are $4,375 and payments 25 through 28 are $411,250 with the final payment of the remaining balance due on March 31, 2013, subject to an early repayment requirement on March 1, 2011 if the Trust Preferred Securities due June 15, 2011 are not repaid or refinanced or their maturity is not extended prior to that date. As a result of the voluntary repayment made in July 2007 from the proceeds of the issuance of senior notes (see Senior Notes, below) the balance of the remaining payments of $4,375 were reduced to $4,036 beginning with the September 30, 2008 payment, and payments 25 through 28 were reduced to $379,396.

Interest on the credit facilities will be, at the Parent Company's option, depending on the interest periods chosen, at a rate equal to either (i) LIBOR plus an applicable margin or (ii) the higher of (a) BofA's prime rate or (b) the Federal Funds rate plus 0.5%, plus an applicable margin.

The applicable margin is variable and depends on the Parent Company's Consolidated Leverage Ratio which is a ratio of its Consolidated Funded Debt less up to $30,000 cash and cash equivalents held by the Consolidated Group to Consolidated EBITDA (as these terms are defined in the 2006 Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the 2006 Credit Agreement will be reduced by mandatory prepayments utilizing portions of the net cash proceeds from certain sales of assets, securitization transactions other than the Company's existing accounts receivable facility, the issuance of subordinated debt other than certain intercompany transactions, certain issuances of equity and excess cash flow.

The 2006 Credit Agreement contains affirmative and negative covenants with respect to the Parent Company and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of the Parent Company and investments by the Parent Company, and require the Parent Company to maintain certain ratios defined in the agreement. In default, the outstanding balance under the 2006 Credit Agreement becomes immediately due and payable at the option of the Lenders. As of December 31, 2009, the Parent Company is in compliance with all financial covenants under the 2006 Credit Agreement.

The Company incurred fees of approximately $61,548 in conjunction with the 2006 Credit Agreement which are being amortized over the life of the 2006 Credit Agreement.

(Dollars in thousands, except share data)

The following table shows the Company's outstanding amounts under the 2006 Credit Agreement at December 31, 2009 and 2008:

		Balance outstanding December 31	
		2009	**2008**
Revolving credit facility	$	277,782	87,517
Loan A		123,418	241,140
Loan B		1,308,908	1,325,053
	$	1,710,108	1,653,710

In addition, at December 31, 2009 and 2008, $97,287 and $111,194, respectively, were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

In January 2008 the 2006 Credit Agreement was amended to increase certain types of permitted borrowings and to remove all limitations on capital expenditures.

On July 2, 2007 the Company voluntarily repaid portions of the term loans outstanding utilizing a portion of the proceeds from the issuance of senior notes (see Senior Notes below). Under the terms of the 2006 Senior Credit Agreement, advance payments on the term loans are applied first against the next four quarterly payments due with any amounts in excess of the four quarterly payments applied on a pro-rata basis against any remaining payments. As a result of the advance payments on the Term Loans, no payments were made or were due for Loan A or B until the third quarter of 2008 at which time quarterly payments were resumed.

In conjunction with the 2006 Credit Agreement and the related variable rate based interest payments, the Company entered into additional interest rate swaps in the notional amount of $1,215,000 with FMCAG & KGaA. As of December 31, 2009 and 2008 the Company had total interest rates swaps in the notional amount of $1,150,000 and $1,600,000, respectively. These instruments, designated as cash flow hedges, effectively convert forecasted LIBOR-based interest payments into fixed rate based interest payments which fix the interest rate on $1,150,000 of the financing under the 2006 Credit Agreement at a weighted average rate of 4.66% plus an applicable margin. These swaps are denominated in U.S. dollars and expire at various dates between 2010 and 2013.

The weighted average interest rate for all Company debt outstanding as of December 31, 2009 and 2008 was approximately 5.06% and 5.48%, respectively, including the effects of interest rate swaps in effect during the period.

(Dollars in thousands, except share data)

(b) Senior Notes

On July 2, 2007, FMC Finance III S.A., a wholly owned subsidiary of FMCAG & KGaA issued \$500,000 aggregate principal amount of 7 1/8% Senior Notes due 2017 at a discount. The Senior Notes are guaranteed on a senior basis jointly and severally by FMCAG & KGaA and by its subsidiaries FMCH and Fresenius Medical Care Deutschland GmbH (D-GmbH). The proceeds, net of discounts and bank fees but prior to the payment of other offering related expenses totaling approximately \$484,875 were used to reduce the five year term loan facility (Loan A) by \$150,000 and the seven year term loan facility (Loan B) by \$150,000 under the Company's 2006 Credit Agreement. The remaining \$184,875 was applied to the outstanding balance under the Company's AR Facility (see note 5). The \$500,000 of funds provided was recorded as intercompany borrowings from FMC Finance III, S.A. The discount is being amortized over the life of the Senior Notes.

(c) Long-Term Debt

At December 31, 2009 and 2008, long-term debt consisted of the following:

		December 31	
		2009	**2008**
Senior credit agreement	$	1,710,108	1,653,710
RSI deferred and milestone payments		9,488	28,944
Iron License Agreement (see note 7(a))		17,908	23,040
Other		194	—
		1,737,698	1,705,694
Less amounts classified as current		149,913	163,688
	$	1,587,785	1,542,006

(Dollars in thousands, except share data)

(d) Borrowings (Receivables) from Affiliates

		December 31	
		2009	2008
Borrowings (receivables) from affiliates consists of:			
Fresenius Medical Care AG & Co. KGaA (receivable) borrowings primarily at interest rates approximating 1.33% and 2.00%, respectively	$	(4,105)	44,702
RTC Holdings International, Inc. borrowings at a fixed interest rate of 1.55% and 3.24%, respectively		12,803	12,542
Fresenius Medical Care Trust Finance S.a.r.l. borrowings at fixed interest rate of 8.25%		218,715	218,715
FMC Finance III S.A. borrowings, net of discounts at a fixed rate of 7.019%		493,344	492,456
Fresenius Medical Care North America Holdings Limited Partnership receivables at a rate of LIBOR plus 1%		(311,042)	(241,568)
		409,715	526,847
Less amounts classified as current		(298,239)	(180,219)
Total	$	707,954	707,066

Scheduled maturities of long-term debt and borrowings (receivables) from affiliates are as follows:

2010	$	(148,326)
2011		242,942
2012		1,147,276
2013		412,177
2014		—
2015 and thereafter		493,344
Total	$	2,147,413

(Dollars in thousands, except share data)

(7) Goodwill and Other Intangible Assets

At December 31, 2009 and 2008, the carrying value and accumulated amortization of other intangible assets consisted of the following:

	December 31, 2009			December 31, 2008		
	Gross carrying value	Accumulated amortization	Carrying value	Gross carrying value	Accumulated amortization	Carrying value
Amortizable intangible assets:						
Noncompete agreements	$ 195,945	(130,696)	65,249	190,649	(116,950)	73,699
Acute care agreements	133,165	(122,655)	10,510	130,482	(119,625)	10,857
License and distribution agreements	52,984	(6,424)	46,560	52,870	(2,101)	50,769
Technology	65,536	(13,320)	52,216	65,536	(9,000)	56,536
Other intangibles	73,831	(13,116)	60,715	56,832	(8,764)	48,068
Construction in progress	58,567	—	58,567	49,797	—	49,797
	580,028	(286,211)	293,817	546,166	(256,440)	289,726
Non-amortizable intangible assets:						
Tradename	209,454	—	209,454	209,454	—	209,454
Management contracts	217,869	—	217,869	217,869	—	217,869
	427,323	—	427,323	427,323	—	427,323
Net intangibles	$ 1,007,351	(286,211)	721,140	973,489	(256,440)	717,049

Amortization expense for amortizable intangible assets for the years ended December 31, 2009, 2008 and 2007 was $31,790, $25,191 and $16,885, respectively. Amortization expense is estimated to be $36,000 for 2010, $38,000 for 2011, $39,000 for 2012, $40,000 for 2013 and $41,000 for 2014.

(a) License and Distribution Agreement

In July 2008, the Parent Company, entered into two separate and independent license and distribution agreements, one for the United States and one for certain countries in Europe and the Middle East, to market and distribute Galenica's intravenous iron products, such as Venofer® and Ferinject® for dialysis treatment. In North America, the license agreement among FMCH, Luitpold Pharmaceuticals Inc, American Regent, and Vifor (International), Inc. provides FMCH with exclusive rights to manufacture and distribute Venofer® to freestanding (nonhospital based) U.S. dialysis facilities. In addition, it grants FMCH similar rights for Injectafer® (ferric carboxymaltose), a proposed new IV iron medication currently under clinical study in the U.S. The U.S. license agreement has a term of ten years, includes FMCH extension options, and requires payment by FMCH over the ten-year term of aggregate royalties of approximately $2,000,000 which the Company will expense as incurred (based upon the annual estimated units of sale of the licensed product), subject to certain early termination provisions. In addition to these payments, the Company will pay a total of approximately $47,000 over a four-year period of which $6,111 and $22,000 was paid in 2009 and 2008, respectively. The Company recorded a liability for the balance. The cost of the agreement and related transaction costs of $5,947 will be amortized over the 10-year expected useful life (based upon annual estimated units of sale of the licensed product).

(Dollars in thousands, except share data)

(b) Goodwill

Changes in the reporting unit's carrying amount of goodwill for the years ended December 31, 2009 and 2008 are as follows:

	December 31					
	2009			2008		
	Fresenius Medical Services	Renal Therapy Group	Total	Fresenius Medical Services	Renal Therapy Group	Total
Carrying value as of beginning of year	$ 5,193,698	1,515,766	6,709,464	5,132,291	1,512,834	6,645,125
Goodwill acquired	133,348	—	133,348	62,310	2,500	64,810
Other reclassifications	(10,048)	(69)	(10,117)	(903)	432	(471)
Carrying value as of end of year	$ 5,316,998	1,515,697	6,832,695	5,193,698	1,515,766	6,709,464

(8) Special Charge for Legal Matters

In 2001, the Company recorded a $258,159 special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W. R. Grace & Co. and Fresenius AG (the Merger), estimated liabilities and legal expenses arising in connection with the W. R. Grace & Co. Chapter 11 proceedings (the Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among the Company, the committee representing the asbestos creditors and W. R. Grace & Co. Under the settlement agreement, the Company will pay $115,000, without interest, upon plan confirmation (see note 16). With the exception of the proposed $115,000 payment under the Settlement Agreement, all other matters included in the special charge have been resolved.

At December 31, 2009, there is a remaining balance of $115,970 for the accrual for the special charge for legal matters. During the years ended December 31, 2009 and 2008, $529 and $498, respectively, in charges were applied against the accrued special charge for legal matters.

(Dollars in thousands, except share data)

(9) Income Taxes

Income before income taxes are as follows:

		Year ended December 31		
		2009	**2008**	**2007**
Domestic	$	940,885	879,226	796,445
Foreign		6,055	8,704	6,884
Total income before income taxes	$	946,940	887,930	803,329

The provisions for income taxes are as follows:

		Year ended December 31		
		2009	**2008**	**2007**
Current tax expense:				
Federal	$	282,738	198,774	262,905
State		61,319	40,030	40,424
Foreign		1,494	2,668	1,852
Total current		345,551	241,472	305,181
Deferred tax expense:				
Federal		12,527	93,816	(6,899)
State		(3,518)	7,305	5,328
Foreign		854	—	—
Total deferred tax expense		9,863	101,121	(1,571)
Total provision	$	355,414	342,593	303,610

(Dollars in thousands, except share data)

The provision for income taxes for the years ended December 31, 2009, 2008, and 2007 differed from the amount of income taxes determined by applying the applicable statutory federal income tax rate to pre-tax earnings as a result of the following differences:

	Year ended December 31		
	2009	2008	2007
Statutory federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.0	3.8	3.7
Provision for tax audit liability	0.9	0.4	0.1
Noncontrolling partnership interests	(2.5)	(1.5)	(1.4)
Gain on sale of interest in clinics	—	0.4	—
Foreign losses and taxes	—	0.3	0.2
Manufacturing deduction	(0.1)	(0.2)	(0.2)
Stock-based compensation	(0.1)	(0.1)	(0.1)
Other	0.3	0.5	0.5
Effective tax rate	37.5%	38.6%	37.8%

Deferred tax liabilities (assets) are comprised of the following:

	December 31	
	2009	2008
Reserves and other accrued liabilities	$ (246,319)	(191,471)
Depreciation and amortization	487,659	412,964
Special charge not currently deductible	(44,479)	(44,678)
Derivatives	(50,292)	(71,670)
Pension valuation	(26,305)	(31,670)
Stock based compensation expense	(19,732)	(14,960)
Other	—	1,810
Net deferred tax liabilities	$ 100,532	60,325

The Company has established valuation allowances for deferred tax assets of $4,596 and $7,626 at December 31, 2009 and 2008, respectively.

The net (decrease) increase in the valuation allowance for deferred tax assets was $(3,030), $1,234 and $(4,087) for the years ended December 31, 2009, 2008, and 2007, respectively. The changes for all three years relate to activities incurred in foreign jurisdictions.

It is the Company's expectation that it is more likely than not to generate future taxable income to utilize its deferred tax assets.

At December 31, 2009, there is a federal net operating loss carryover of $42,059 the majority of which will begin to expire in 2020. In addition, there is a Federal Tax Credit of $1,270 which will begin to expire in 2020. State net operating loss carryovers are $160,642 with varying expiration dates and foreign net operating losses are $14,342, the majority of which expire within seven years.

Provision has not been made for additional federal, state, or foreign taxes on $30,016 of undistributed earnings of foreign subsidiaries. Prior to a decision on the evaluation discussed below, those earnings have been and will continue to be reinvested. The earnings could be subject to additional tax if they were remitted as dividends, if foreign earnings were loaned to the Company or a U.S. affiliate or if the Company should sell its stock in these subsidiaries. The Company estimates that the distribution of these earnings would result in $11,278 of additional foreign withholding tax and U.S. federal income taxes.

The Company adopted ASC 740, *Income Taxes* (ASC 740), formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, as of January 1, 2007. ASC 740 prescribes a two-step approach to the recognition and measurement of all tax positions taken or expected to be taken in a tax return. The enterprise must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the financial statements. The implementation of this interpretation had no impact on the assets and liabilities of the Company.

The Company filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of FMCH's civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS to resolve the Company's appeal of the IRS's disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 U.S. government investigation, the Company received a refund in September 2008 of $37,000, inclusive of interest. The settlement agreement preserves the right to continue to pursue claims in the U.S. federal courts for refunds of all other disallowed deductions. The unrecognized tax benefit relating to these deductions is included in the total unrecognized tax benefit noted below.

The federal tax audit for the years 2002 through 2006 have been completed and the IRS has issued its report. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. The Company has protested the disallowed deductions and will avail itself of all remedies. An adverse determination with respect to the disallowed deductions related to the mandatorily redeemable preferred shares could have a material adverse effect on the results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in the consolidated financial statements.

Fiscal years 2007, 2008 and 2009 are open to audit. There are a number of state audits in progress and various years are open to audit in various states. All expected results have been recognized in the consolidated financial statements.

(Dollars in thousands, except share data)

Upon adoption of ASC 740, the Company had $77,755 of unrecognized tax benefits including the amounts relating to the tax audit items noted above. The following table shows the reconciliation of the beginning and ending amounts of unrecognized tax benefits:

	2009	2008	2007
Unrecognized tax benefits (net of interest):			
Balance at January 1	$ 92,552	80,377	77,755
Increases in unrecognized tax benefits prior periods	26,272	9,797	2,936
Decreases in unrecognized tax benefits prior periods	(11,998)	—	(442)
Increases in unrecognized tax benefits current periods	—	4,420	1,478
Changes related to settlements with tax authorities	(5,898)	(2,042)	(1,350)
Balance at December 31	$ 100,928	92,552	80,377

Included in the balance at December 31, 2009 are $71,185 of unrecognized tax benefits which would affect the effective tax rate if recognized. The Company is currently not in a position to forecast the timing and magnitude of changes in the unrecognized tax benefits.

During the year ended December 31, 2009 the Company recognized $10,986 in interest and penalties. The Company has paid $2,049 in interest and penalties at December 31, 2009.

(10) Property, Plant and Equipment

As of December 31, 2009 and 2008, property, plant and equipment consisted of the following:

	December 31	
	2009	2008
Land and improvements	$ 11,911	9,469
Buildings	177,866	176,235
Capital lease property	363	363
Leasehold improvements	983,654	892,126
Equipment and furniture	1,039,334	962,979
Construction in progress	154,488	148,936
	2,367,616	2,190,108
Accumulated depreciation and amortization	(1,001,607)	(859,810)
Property, plant and equipment, net	$ 1,366,009	1,330,298

(Dollars in thousands, except share data)

Depreciation expense relating to property, plant and equipment amounted to \$232,192, \$212,220, and \$200,956 for the years ended December 31, 2009, 2008, and 2007, respectively.

Included in property, plant and equipment as of December 31, 2009 and 2008 were \$59,996 and \$45,162, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with end-stage renal disease on a month-to-month basis. Rental income for the peritoneal dialysis cycler machines was \$6,715, \$10,837, and \$13,288 for the years ended December 31, 2009, 2008, and 2007, respectively.

Leases

The Company leases buildings and machinery and equipment under various lease agreements expiring on dates through 2019. Rental expense for operating leases was \$376,020, \$347,702, and \$327,487 for the years ended December 31, 2009, 2008, and 2007, respectively. Amortization of properties under capital leases amounted to \$3, \$9, and \$312 for the years ended December 31, 2009, 2008, and 2007, respectively.

Future minimum payments under noncancelable leases (principally for clinics, offices and equipment) for the five years succeeding December 31, 2009 and thereafter are as follows:

	Operating leases	Capital leases	Total
2010	$ 343,779	479	344,258
2011	308,815	490	309,305
2012	265,554	501	266,055
2013	224,718	512	225,230
2014	178,366	523	178,889
2015 and beyond	576,321	882	577,203
Total minimum payments	$ 1,897,553	3,387	1,900,940
Less interest and operating costs		896	
Present value of minimum lease payments (\$226 payable in 2010)		$ 2,491	

Lease agreements frequently include renewal options and require that the Company pay for utilities, taxes, insurance and maintenance expenses. Options to purchase are also included in some lease agreements, particularly capital leases.

(11) Mandatorily Redeemable Preferred Securities

FMCAG & KGaA issued Trust Preferred Securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the state of Delaware. FMCAG & KGaA owns all of the common securities of these trusts. The sole asset of each trust is a senior subordinated note of FMCAG & KGaA or a wholly owned subsidiary of FMCAG & KGaA. FMCAG & KGaA, Fresenius Medical Care

(Dollars in thousands, except share data)

Deutschland GmbH (D-GmbH) and FMCH have guaranteed payment and performance of the senior subordinated notes to the Fresenius Medial Care Capital Trusts. The Trust Preferred Securities are guaranteed by FMCAG & KGaA through series of undertakings by FMCAG & KGaA and FMCH and D-GmbH.

The table below provides information for the remaining Redeemable Preferred Securities for the periods indicated:

		December 31	
		2009	**2008**
Mandatorily redeemable preferred securities:			
Series A preferred stock, 100 shares	$	665,500	665,500
Series I preferred stock, 1,000 shares		245,000	245,000
Series J preferred stock, 1,000 shares		202,581	202,581
		1,113,081	1,113,081
Mark to market adjustment		18,232	10,736
Total mandatorily redeemable		1,131,313	1,123,817
Less amounts classified as current		465,813	—
Long-term mandatorily redeemable	$	665,500	1,123,817

These securities are similar in substance except for the order of preference both as to dividends and liquidation, dissolution or winding-up of the subsidiary. The order of preference among the various series corresponds to the alphabetical order of Series **A** through Series J. In addition, the holders of the Redeemable Preferred Securities are entitled to receive dividends in an amount of dollars per share that varies from approximately 3% to 5% of the purchase price depending on the Series. The dividends will be declared and paid in cash at least annually. All the Redeemable Preferred Securities have a par value of $0.01 per share.

Upon liquidation or dissolution or winding up of the issuer of the Redeemable Preferred Securities, the holders of the Redeemable Preferred Securities are entitled to an amount equal to the liquidation preference for each share of stock plus an amount equal to all accrued and unpaid dividends thereon through the date of distribution. The liquidation preference is the sum of the issuance price plus, for each year or portion thereof, an amount equal to one-half of one percent of the issue price, not to exceed 5% of the issue price in the aggregate.

The remaining Redeemable Preferred Securities will be sold back to the Company ranging in periods of three years to six years from their respective date of issuance for a total amount equal to €153,278 (Series J) and U.S. dollars $910,500 (Series A and I) plus any accrued and unpaid dividends. Series I were offered in May 2004 in the amount of $97,500 and were increased in the third quarter of 2004 by $147,500 to a total of $245,000 and have a redemption date in May 2010. Series J were offered in December 2004 in the amount of €138,944 and were increased in the second quarter of 2005 by €14,334 to a total of €153,278 and have a redemption date in May 2010. Series A were offered in March 2007 and have a redemption date in March 2013.

Dividends were recorded and classified as part of interest expense in the consolidated statements of operations in the amounts of $48,499, $53,767, and $55,670, for the years ended December 31, 2009, 2008 and 2007, respectively. During the years ended December 31, 2009, 2008 and 2007, cash dividend payments were made totaling $50,139, $64,308 and $19,863, respectively. The Euro Redeemable Preferred Securities are deemed to be a euro liability and the risk of foreign currency fluctuations are hedged through forward currency contracts.

The Company records mark to market adjustments based on fluctuations in currency rates and records the offset to accumulated other comprehensive income.

The holders of the Redeemable Preferred Securities have the same participation rights as the holders of all other classes of capital stock of the issuing subsidiary.

(12) Pension and Other Post Retirement Benefits

(a) National Medical Care, Inc. Defined Benefit Pension Plan

The Company has a noncontributory, defined benefit pension plan (NMC plan). Each year the Company contributes at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended. Plan assets consist primarily of publicly traded common stock, fixed income securities and cash equivalents.

During the first quarter of 2002, the Company curtailed its defined benefit and supplemental executive retirement plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. The Company has retained all employee benefit obligations as of the curtailment date. There was no minimum funding requirement for FMCH for the defined benefit plan in 2009. The Company did not contribute any amounts for the years ended December 31, 2009, 2008 and 2007. The Company does not expect to contribute any amounts to plan assets during 2010.

(Dollars in thousands, except share data)

The following table shows the changes in benefit obligations, the changes in plan assets, and the funded status of the NMC plan:

		Year ended December 31		
		2009	2008	2007
Change in benefit obligation:				
Benefit obligation at beginning of year	$	227,395	201,886	209,314
Service cost		1,345	1,785	1,794
Interest cost		13,568	13,131	12,449
Actuarial loss (gain)		11,933	15,568	(17,078)
Benefits paid		(5,548)	(4,975)	(4,593)
Curtailments		(3,932)	—	—
Benefit obligation at end of year		244,761	227,395	201,886
Change in plan assets:				
Fair value of plan assets at beginning of year		209,430	221,682	214,453
Actual return on plan assets		28,758	(7,277)	11,822
Employer contribution		—	—	—
Benefits paid		(5,548)	(4,975)	(4,593)
Fair value of plan assets at end of year		232,640	209,430	221,682
Funded status at year-end	$	12,121	17,965	(19,796)

The pension liability recognized as of December 31, 2009, is equal to the amount shown as 2009 funded status at end of year in the table above. The funded status of $12,121 is recorded as noncurrent pension liability in the consolidated balance sheet.

The accumulated benefit obligation for the NMC plan was $241,951 and $223,859 at December 31, 2009 and 2008, respectively. The accumulated benefit obligation for the NMC plan with an obligation in excess of plan assets was $9,311 and $14,429 at December 31, 2009 and 2008, respectively. The related plan assets had a fair value of $232,640 and $209,430 at December 31, 2009 and 2008, respectively.

(Dollars in thousands, except share data)

The pre-tax changes in the table below for 2009 and 2008 reflect actuarial losses (gains) in other comprehensive income relating to pension liabilities. As of December 31, 2009 there are no cumulative effects of prior service costs included in other comprehensive income.

		Actuarial losses (gains)
Adjustments related to pensions at January 1, 2008	$	33,172
Additions		39,266
Releases		(1,678)
Adjustments related to pensions at December 31, 2008		70,760
Additions		(5,296)
Releases		(4,117)
Adjustments related to pensions at December 31, 2009	$	61,347

The actuarial loss expected to be amortized from other comprehensive income into net periodic pension cost over the next year is $4,407.

The following weighted average assumptions were utilized in determining benefit obligations as of December 31:

	2009	2008	2007
Discount rate	6.00%	6.10%	6.50%
Rate of compensation increase	4.50	4.50	4.50

(Dollars in thousands, except share data)

The NMC plan net periodic benefit costs are comprised of the following components:

		2009	2008	2007
Components of net periodic benefit cost:				
Service cost	$	1,345	1,785	1,794
Interest cost		13,568	13,131	12,449
Expected return on plan assets		(15,461)	(16,421)	(15,909)
Amortization of unrealized losses		4,117	1,678	3,451
Net periodic benefit cost	$	3,569	173	1,785

The discount rates for all plans are derived from an analysis and comparison of yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. The Company's discount rate is the weighted average of these plans based upon their benefit obligations at December 31, 2009. The following weighted average assumptions were used in determining net periodic benefit cost for the years ended December 31:

	2009	2008	2007
Discount rate	6.50%	6.50%	6.00%
Expected return on plan assets	7.50	7.50	7.50
Rate of compensation increase	4.50	4.50	4.50

Expected benefit payments for the NMC plan for the next five years and in the aggregate for the five years thereafter are as follows:

2010	$	7,101
2011		7,663
2012		8,411
2013		9,284
2014		10,127
2015 through 2019		66,039

(b) Everest Employees' Retirement Plan and Trust

The Company's Everest employees participated in the Everest Employees Retirement Plan (Everest Plan), a noncontributory defined benefit pension plan. The defined benefit plan covered all the employees of Everest and a related party with common ownership, Nephrology Associates of Northern Illinois, Ltd (NANI), who met certain eligibility requirements. Retirement benefit payments were based on years of credited service and average compensation over the final five years of employment. The funding policy was to contribute annually amounts, which were deductible for federal income tax purposes. Effective May 16, 1996, all participant plan benefits in the defined benefit plans were frozen. Everest and NANI ceased funding the defined benefit plans as of May 16, 1996 and no additional years of benefit service were accrued by plan participants subsequent to that date.

The projected benefit obligation was $6,386 and $8,157 as of December 31, 2009 and 2008 respectively. There was a pension expense of $1,324, $100 and $268 for this plan for the years ended December 31, 2009, 2008 and 2007, respectively. The Company has recorded $1,837 and $3,475 to accumulated other comprehensive income to recognize the additional liability for this plan related to the excess of the accumulated benefit obligation over the fair value of plan assets and accumulated benefit pension at December 31, 2009 and 2008, respectively. The Company contributed $265 to plan assets during 2009 and does not expect to contribute in 2010.

The pension liability recognized as of December 31, 2009 of $2,393, is recognized as a noncurrent liability in the line item "other liabilities" within the consolidated balance sheet.

Effective December 31, 2009, the Everest Plan was merged into the NMC Plan.

(c) Supplemental Executive Retirement Plan

The Company's supplemental executive retirement plan provides certain key executives with benefits in excess of normal pension benefits. This plan was also curtailed during the first quarter 2002. The projected benefit obligation was $10,135 and $9,518 at December 31, 2009 and 2008, respectively. Pension expense for this plan, for the years ended December 31, 2009, 2008 and 2007 was $765, $774, and $806, respectively. The Company has recorded $3,168 and $2,820 to accumulated other comprehensive income to recognize the additional liability for this plan at December 31, 2009 and 2008, respectively. The Company contributed $494 to this plan during 2009. Expected funding for 2010 is $607.

The pension liability recognized under as of December 31, 2009 of $10,135, includes a current portion of $607 which is recognized as a current liability in the line item "accrued liabilities" within the balance sheet. The noncurrent portion of $9,528 is recorded as noncurrent pension liability in "other liabilities" within the consolidated balance sheet.

The Company does not provide any post retirement benefits to its employees other than those provided under its pension plan and supplemental executive retirement plan.

(Dollars in thousands, except share data)

(d) Plan Assets

The following table presents the fair values of the Company's pension plan assets at December 31, 2009:

			Fair value measurements at December 31, 2009	
		Total	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable Inputs (Level 2)**
Asset category:				
Equity investments:				
Common stocks	$	5,904	5,904	—
Index Funds [1]		71,406	71,406	—
Fixed income investments:				
Government Bonds [2]		3,655	394	3,261
Corporate Bonds [3]		149,367	—	149,367
Other Bonds [4]		163	—	163
U.S. Treasury Money Market Funds [5]		5,776	5,776	—
Other types of investments:				
Cash, Money Market and Mutual Funds [6]		362	362	—
Total	$	236,633	83,842	152,791

1 This Category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI EAFI Index, MSCI Emerging Markets Index and the Barclays capital Long Corporate Index.

2 This Category comprises government fixed income investments with the majority coming from U.S., Finland, Canada and Norway.

3 This Category represents investment grade bonds of U.S issuers from diverse industries.

4 This Category comprises private placement bonds.

5 This Category represents funds that invest in treasury bills and treasury-backed instruments.

6 This Category represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Common stocks and index funds are valued at their market prices as of the balance sheet date.

The majority of the fair values of the government bonds are measured based on market quotes. The remaining government bonds are valued at their market prices.

Corporate bonds and other bonds are valued based on market quotes as of the balance sheet date.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market price.

(e) ***Plan Investment Policy and Strategy***

The Company periodically reviews the assumption for long-term expected return on pension plan assets. As part of the assumptions review, independent consulting actuaries determine a range of reasonable expected investment returns for the pension plan as a whole based on their analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the Company's expected rate of return on pension plan assets was 7.50% for 2009 and 2008.

The Company's overall investment strategy is to achieve a mix of approximately 98% of investments for long-term growth and 2% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The investment policy, utilizing a revised target investment allocation of 35% equity and 65% long-term U.S. bonds, considers that there will be a time horizon for invested funds of more than 5 years. The total portfolio will be measured against a policy index that reflects the asset class benchmarks and the target asset allocation. The Plan policy does not allow investments in securities of the Company or other related-party securities. The performance benchmarks for the separate asset classes include: S&P 500 Index, S&P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital 20 Year U.S. Treasury Strip Index.

(f) ***Defined Contribution Plans***

Most of the Company's employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75% of their pay up to a maximum of $16.5 if under 50 years old ($22.0 if 50 or over) under this savings plan. The Company will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2009, 2008 and 2007 was $28,567, $26,096, and $23,534, respectively.

(Dollars in thousands, except share data)

(13) Equity

(a) Preferred Stock $1.00 Par Value

During 2006, the Company issued to Fresenius Medical Care North America Holdings Limited Partnership (DLP), 5,000,000 shares at $1.00 par value of Series C Preferred Stock. The Company received proceeds of $1,250,000. Simultaneously to the issuance of the securities the Company entered into a conditional forward sale contract on the shares with DLP (see note 14 (d)). At December 31, 2008, the securities were marked to market at the Euro spot rate, decreasing the fair value of the shares to $1,437,231 with the change in fair value ($83,031) recognized in earnings. At December 31, 2009, the securities were marked to market at the Euro spot rate, increasing the fair value of the shares to $1,487,731 with the change in fair value ($50,500) recognized in earnings.

(b) Preferred Stock $100 Par Value

Effective October 31, 2007 (the Effective Date), FMCH Merger Sub, Inc. (Merger Sub), a wholly owned subsidiary of the Company, was merged with and into the Company, with the Company being the surviving corporation (the Merger). Pursuant to the Agreement and Plan of merger dated as of October 11, 2007 between the Company and Merger Sub, each share of the Company's 6% Preferred Stock, Class A Preferred Stock and Class B Preferred Stock (the Preferred Stock) outstanding on the Effective Date (other than shares, if any as to which the holders properly exercised their statutory appraisal rights under New York law) ceased to be outstanding and was converted into the right to receive, upon delivery of the certificates representing the shares to the Company's designated paying agent, a cash payment in the amount of $100 per share, $106.60 per share and $106.60 per share, respectively (the Merger Consideration), plus in each case, accrued but unpaid dividends from the dividend payment date preceding the Merger to the Effective Date. Payment of the Merger Consideration in respect of all 74,119 outstanding shares of Preferred Stock resulted in total cash outflow of $7,660. This transaction had no impact to the 2007 consolidated statement of operations.

At December 31, 2009 and 2008, the components of the Company's preferred stocks as presented in the consolidated balance sheets consisted of the following:

		December 31	
		2009	2008
Preferred stock $1.00 par value cumulative class C; 5,000,000 shares authorized and outstanding	$	1,487,731	1,437,231
Total preferred stock	$	1,487,731	1,437,231

(c) Noncontrolling Interests

The Company has purchase obligations under options held by the holders of noncontrolling interests in certain of its subsidiaries. These obligations result from put options and are exercisable by the owners of the noncontrolling interests. If these put options were exercised, the Company would be required to purchase the noncontrolling owners' interests for cash equal to the then fair value. As of December 31, 2009 and 2008 the Company's potential obligations under these put options are $211,000 and $112,000, respectively, of which at December 31, 2009, $78,000 were exercisable and another $4,000 are exercisable within one year. In the last three fiscal years ending December 31, 2009, three puts have been exercised for a total consideration of $13,000.

During 2008 and 2007, the Company received cash contributions from holders of noncontrolling interests in the amounts of $17,174 and $5,057, respectively. These amounts were recorded in net cash provided by operating activities in the respective cash flow statements.

(d) Stock Options

In connection with its stock option program, the Company incurred compensation expense of $24,688, $23,212, and $17,443 for the years ended December 31, 2009, 2008, and 2007, respectively. There were no capitalized compensation costs in any of the three years presented. The Company also recorded a related deferred income tax of $9,740, $9,158, and $6,880 for the years ended December 31, 2009, 2008, and 2007, respectively.

In 1996, FMCAG adopted a stock incentive plan (the FMCAG Plan) under which the Parent Company and the Company's key management and executive employees are eligible. Under the FMCAG Plan, eligible employees will have the right to acquire preference shares of FMCAG. Options granted under the FMCAG Plan will be evidenced by a nontransferable convertible bond and corresponding nonrecourse loan to the employee, secured solely by the bond with which it was made. The bonds mature in ten years and are generally fully convertible after three to five years. Each convertible bond, which is deutsche mark (DM) denominated, entitles the holder thereof to convert the bond in preference shares equal to the face amount of the bond divided by the preference share's nominal value.

During 1998, FMCAG adopted a new stock incentive plan (FMCAG 98 Plan) under which the Parent Company and the Company's key management and executive employees are eligible. Under the FMCAG 98 Plan, eligible employees will have the right to acquire Preference Shares of FMCAG. Options granted under the FMCAG 98 Plan will be evidenced by a nontransferable convertible bond and a corresponding nonrecourse loan to the employee, secured solely by the bond with which it was made. Each convertible bond, which is DM denominated, will entitle the holder thereof to convert the bond in Preference Shares equal to the face amount of the bond divided by the preference share's nominal value. Effective September 2001, no additional grants or options will be awarded under the FMCAG 98 Plan.

On May 23, 2001, by resolution of the FMCAG shareholders, the FMCAG 98 Plan was replaced by a new plan (FMCAG International Plan). Under the FMCAG International Plan, options in the form of convertible bonds with a principal of up to 10,240 euros were issued to the members of the FMCAG Management Board and other employees of the Company representing grants for up to 4 million nonvoting preference shares. The convertible bonds originally had a par value of 2.56 euros and bear interest at a rate of 5.5%. In connection with the share split effected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to 0.85 euros without affecting the interest rate. Except for the members of the FMCAG Management Board, eligible employees may purchase the bonds by issuing a nonrecourse note with terms corresponding to the terms of and secured by the bond. The Parent Company has the right to offset its obligation on a bond against the employee's obligation on the related note; therefore, the convertible bond obligations and employee note receivables represent stock options issued by the Parent Company and are not reflected in the Parent Company's consolidated financial statements. The options expire ten years from issuance and can be exercised beginning two, three or four years after issuance.

Upon issuance of the option, the employees had the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the preference shares upon the first time the stock exchange quoted price exceeds the initial value by at least 25%. The initial value (Initial Value) is the average price of the preference shares during the last 30 trading days prior to the date of grant. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee would be 15% less than if the employee elected options subject to the stock price target. The conversion price of the options without a stock price target is the Initial Value. Each option entitles the holder thereof, upon payment of the respective conversion price, to acquire one preference share. Effective May 2006, no further grants can be issued under the FMCAG International Plan and no options were granted under the FMCAG International Plan after 2005.

On May 9, 2006 as amended on May 15, 2007 the FMCAG & KGaA Stock Option Plan 2006 (the 2006 Amended Plan) was established by resolution of the FMCAG & KGaA annual general meeting with a conditional capital increase up to 15,000 euros subject to the issue of up to fifteen million no par value bearer ordinary shares with a nominal value of 1.00 euros each. Under the 2006 Amended Plan, up to 15 million options can be issued to members of the management board and to other employees of FMCAG and the Company.

Options under the 2006 Amended Plan can be granted the last Monday in July and/or the first Monday in December. The exercise price of the options granted under the 2006 Amended Plan shall be the average closing price on the Frankfurt Stock Exchange of FMCAG & KGaA ordinary shares during the 30 calendar days immediately prior to each grant date. Options granted under the 2006 Amended Plan have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is subject to satisfaction of performance targets measured over a three-year period from the grant date. The performance targets for 2009, 2008 and 2007 were met. Vesting of a portion or portions of a grant for a year in which the performance target is met does not occur until completion of the entire three-year vesting period. Upon the exercise of vested options, FMCAG & KGaA has the right to issue ordinary shares it owns or that it purchases on the market in place of increasing capital by the issuance of new shares.

Options granted under the 2006 Amended Plan to U.S. participants are nonqualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2006 Amended Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

The table below provides reconciliations for options outstanding at December 31, 2009, as compared to December 31, 2008.

	Options (In thousands)		Weighted average exercise price
Ordinary shares:			
Balance at December 31, 2008	7,330	$	43.22
Granted	1,876		45.91
Exercised	1,409		35.52
Forfeited	38		44.27
Balance at December 31, 2009	7,759	$	45.35
Preference shares:			
Balance at December 31, 2008	227	$	23.22
Exercised	69		19.02
Forfeited	22		15.90
Balance at December 31, 2009	136	$	26.50

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2009:

	Fully vested outstanding and exercisable options				
	Number of options (In thousands)	Weighted average remaining contractual life in years		Weighted average exercise price	Aggregate intrinsic value
Options for preference shares	136	3.95	$	26.50	2,485
Options for ordinary shares	2,454	4.28		38.10	37,093

(Dollars in thousands, except share data)

At December 31, 2009, there were $33,287 of total unrecognized compensation costs related to nonvested options granted under all plans. These costs are expected to be recognized over a weighted-average period of 1.6 years.

During the years ended December 31, 2009, 2008, and 2007, the Parent Company received cash of $49,730, $26,135, and $25,352, respectively, from the exercise of stock options. The intrinsic value of options exercised for the years ended December 31, 2009, 2008, and 2007, were $20,493, $18,468, and $20,667, respectively. The Company recorded a related tax benefit of $8,123, $7,285, and $8,153 for the years ended December 31, 2009, 2008, and 2007, respectively.

(e) ***Fair Value Information***

The Parent Company used a binomial option-pricing model in determining the fair value of the awards under the 2006 Plan. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. The Parent Company's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. Expected volatility is based on historical volatility of the Parent Company's shares. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 155% of the exercise price. The Parent Company's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option. The assumptions used to determine the fair value of the 2009 and 2008 grants are as follows:

		2009	2008
Expected dividend yield		2.39%	1.85%
Risk-free interest rate		3.11	4.38
Expected volatility		25.85	25.58
Expected life of options		7 years	7 years
Weighted average exercise price	$	46.22	49.38

(14) Financial Instruments

As a supplier of dialysis services and products, the Company is faced with a concentration of credit risks due to the nature of the reimbursement system which are often provided by the governments of the jurisdictions in which the Company operates. Changes in reimbursement rates or scope of coverage could have a material adverse effect on the Company's business, financial condition and results of operations and thus on its capacity to generate cash flow. In the past the Company experienced and also expects in the future generally stable reimbursements for its dialysis services. This includes the balancing of favorable and unfavorable reimbursement changes. Due to the fact that a large portion of the Company's reimbursement is provided by public healthcare organizations and private insurers, the Company expects that most of its accounts receivables will be collectable.

(Dollars in thousands, except share data)

Nonderivative Financial Instruments

The following table presents the carrying amounts and fair values of the Company's nonderivative financial instruments at December 31, 2009 and 2008:

		2009		2008	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Nonderivatives					
Assets					
Cash and cash equivalents	$	153,303	153,303	109,346	109,346
Receivables		1,067,621	1,067,621	1,133,782	1,133,782
Receivables from affiliates		311,042	311,042	241,568	241,568
Liabilities:					
Accounts payable	$	276,509	276,509	288,226	288,226
Short-term borrowings		230,144	230,144	539,033	539,033
Long-term debt and capital lease obligations		1,740,189	1,740,189	1,708,378	1,708,378
Mandatorily redeemable preferred securities		1,131,313	1,131,313	1,123,817	1,123,817
Borrowings from affiliates		720,757	720,757	768,415	768,415

The carrying amounts in the table are included in the consolidated balance sheets under the indicated captions, except derivatives, which are included in other assets or other liabilities.

The significant methods and assumptions used in estimating the fair values of financial instruments are as follows:

Cash and cash equivalents are stated at nominal value which equals the fair value.

Short-term financial instruments like accounts receivable and payable and short-term borrowings are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The fair value of mandatorily redeemable preferred securities and borrowings from affiliates are based on market prices and quotes as of the balance sheet date. The fair values of other long-term financial liabilities, for which market quotes are not available, are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

(15) Derivative Financial Instruments

The Company is exposed to market risk from changes in interest rates and foreign exchange rates. In order to manage the risk of interest rate and currency exchange rate fluctuations, the Company enters into various hedging transactions with highly rated financial institutions as authorized by the Parent Company. On a quarterly basis an assessment of the Company counterparty credit risk is performed, which the Company considers to be low. The Company does not use financial instruments for trading purposes.

The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

(a) Foreign Currency Contracts

The Company uses foreign exchange contracts as a hedge against foreign exchange risks associated with the settlement of foreign currency denominated payables and firm commitments. At December 31, 2009 and 2008, the Company had outstanding foreign currency contracts for the purchase of Euros (EUR) totaling 219,403 and 225,288, respectively, contracts for the purchase of 114,242 and 81,290 Mexican pesos, respectively, and contracts for the sale of 32,493 and 33,667 Canadian dollars, respectively. The contracts outstanding at December 31, 2009 include forward contracts for purchase of EUR at rates ranging from $1.302 to $1.548 per EUR, forward contracts for the purchase of Mexican Pesos at rates ranging from 11.762 to 14.369 per U.S. dollar, and outright sale contracts for Canadian dollars at rates ranging from $0.796 to $0.994 per Canadian dollar. All contracts are for periods between January 2010 and May 2011.

The fair value of currency contracts are the estimated amounts that the Company would receive or pay to terminate the agreements at the reporting date, taking into account the current exchange rates and the current creditworthiness of the counterparties in addition to the Company's own nonperformance risk. At December 31, 2009, the Company would have received approximately $8,564 to terminate these contracts and at December 31, 2008 would have paid approximately $3,307, to terminate these contracts.

(b) Interest Rate Agreements

The Company enters into derivatives, particularly interest rate swaps to hedge interest exposures arising from long-term debt at floating rates by effectively swapping them into fixed rates.

At December 31, 2009, the Company had interest rate swaps outstanding with various commercial banks for notional amounts totaling $1,150,000. All of these agreements were solely entered into for interest rate hedging purposes.

For a notional amount of $1,150,000, the interest rate swaps effectively change the Company's interest rate exposure on its variable-rate loans under the FMCH Credit Agreement (drawn as of December 31, 2009: $123,418 Loan A and $1,308,908 Loan B) to fixed rates of interest approximating 6.13%. The remaining notional amount of $33,807 is applied against the AR facility (drawn as of December 31, 2009: $214,000).

The fair value of the interest rate swaps and options is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, taking into account the current exchange rates and the current creditworthiness of the counterparties in addition to the Company's own nonperformance risk. The fair value of these agreements at December 31, 2009 and 2008 would generate a negative cash flow of $118,630 and $169,895, respectively. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions significantly affect the estimates.

(c) Credit Risk

The Company is exposed to credit risk to the extent of potential nonperformance by counterparties on financial instruments. As of December 31, 2009, the Company's credit exposure was insignificant and limited to the fair value stated above; the Company believes the risk of incurring losses due to credit risk is remote. Also, the Company does not require collateral or other security to support financial instruments subject to credit risk. The Company's standard contracts do not contain credit-risk-related contingent features whereby the Company would be required to post cash collateral as a result of a credit event.

(d) Forward Sale and Currency Exchange Agreements

The Company entered into a conditional forward sale agreement related to preference shares (Preferred Stock) issued to DLP. The conditional aspects of the contract are not certain to occur and are related to dissolution or reorganization of DLP. However, if the conditions were to occur, the forward sale agreement requires that the Company redeem the securities at the same Euro value that was used to acquire the shares when initially issued plus any accumulated and declared but unpaid dividends at the spot rate in effect on the settlement date. At year-end, the securities were marked to market at the Euro spot rate. Changes in fair value are recognized in earnings.

The Company also entered into a currency exchange agreement with DLP. The notional principal amount of the currency exchange agreement is $1,250,000 and a Euro amount with equal market value applying the market foreign exchange rate at the time the exchange agreement was entered into. The currency exchange agreement requires that at each periodic settlement date, DLP is obligated to pay to FMCH, Euro interest on the Euro equivalent of $1.25 billion. Conversely, at the periodic settlement date, FMCH is obligated to pay DLP, the interest on $1.25 billion in U.S. dollars.

Upon maturity (March 31, 2011) or execution of the currency exchange agreement, DLP is obligated to pay to FMCH, the Euro equivalent of $1.25 billion converted at the spot rate and FMCH will pay to DLP the final settlement amount of $1.25 billion (plus any outstanding period interest payments).

This instrument is reflected in other assets and deferred charges within the consolidated balance sheets at fair value as a derivative asset at the reporting date with changes in fair value recognized in earnings. At December 31, 2009 and 2008, the fair value of the derivative asset was $235 million and $176 million, respectively.

(Dollars in thousands, except share data)

The following table shows the Company's derivatives at December 31, 2009 and 2008:

		2009		2008	
		Assets (2)	Liabilities (2)	Assets (2)	Liabilities (2)
Derivatives in cash flow hedging relationships (1):					
Current:					
Foreign currency contracts	$	12,104	(3,238)	7,161	(9,876)
Dollar interest rate hedges		—	(345)	—	(8,588)
Noncurrent:					
Foreign currency contracts		235,141	—	179,479	(4,136)
Dollar interest rate hedges		—	(118,285)	—	(161,307)
Total	$	247,245	(121,868)	186,640	(183,907)

(1) As of December 31, 2009 and 2008, the valuation of the Company's derivatives was determined using Significant Other Observable inputs (Level 2) in accordance with the fair value hierarchy levels established in the Codification.

(2) Derivative instruments are marked to market each reporting period resulting in carrying amounts being equal to fair values at each reporting date.

The carrying amounts for the current portion of derivatives indicated as assets in the table above are included in other current assets in the consolidated balance sheets while the current portion of those indicated as liabilities are included in other current liabilities. The noncurrent portions indicated as assets or liabilities are included in the consolidated balance sheets in other assets or other liabilities, respectively.

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are as follows:

The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency.

(Dollars in thousands, except share data)

The Company includes its own credit risk when measuring the fair value of derivative financial instruments.

The Effect of Derivatives on the Consolidated Financial Statements

	Amount of (loss) or gain recognized in OCI on derivative (effective portion) 2009	Location of loss reclassified from Accumulated OCI in income (effective portion)	Amount of (loss) or gain reclassified from accumulated OCI in income (effective portion) 2009
Dollar interest rate hedges	$ (41,837)	Interest income/expense	$ 91,764
Foreign currency contracts	9,119	General and administrative expenses	(7,496)
		Cost of medical supplies	3,406
	$ (32,718)		$ 87,674

The Company expects to recognize $95,000 of losses deferred in accumulated other comprehensive income at December 31, 2009, in earnings during the next twelve months.

As of December 31, 2009, the Company had foreign currency contracts with maturities of up to 18 months and dollar interest rate hedges with maturities of up to 27 months.

(16) Related-Party Transactions

(a) Services

Related-party transactions pertaining to services performed and products purchased/sold between affiliates are recorded as net accounts payable to affiliates on the consolidated balance sheets. At December 31, 2009 and 2008, the Company had net accounts payable of $90,658 and $80,222, respectively.

(b) Borrowings with Affiliates

The Company has various outstanding borrowings with FMCAG and affiliates. The funds were used for general corporate purposes. The loans are due at various maturities. See notes 6(c) and 11.

(17) Legal Proceedings

(a) Commercial Litigation

The Company was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify the Company, FMCH, and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, the Company reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to the Company that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and the Company will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, the Company will pay a total of $115,000 without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). The Company is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by the Company relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of the Company's payment obligation, this litigation will be dismissed with prejudice.

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the alleged patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than $140,000 in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding that all the asserted claims of the Baxter patents are invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of $14,300. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. The Company appealed the court's rulings to the Court of Appeals for the Federal Circuit. On September 10, 2009, the Court of Appeals reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Court of Appeals affirmed the district court's decision; however, the Court of Appeals vacated the injunction and award of damages. These issues have been remanded to the lower court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court, although funds already contributed will remain in escrow until the case is concluded. The remaining patent has been found invalid in re-examination by the U.S. Patent and Trademark Office (USPTO) and Baxter has appealed this finding. If FMCH prevails with respect to the invalidity of the final remaining patent, the escrowed funds will be returned to the Company with interest. In October 2008, FMCH completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the original district court order, irrespective of the outcome of the remanded issues.

On April 28, 2008, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, Eastern Division (Chicago), styled Baxter International, Inc. and Baxter Healthcare Corporation v. Fresenius Medical Care Holdings, Inc. and Fresenius USA, Inc., Case No. CV 2389, asserting that FMCH's hemodialysis machines infringe four recently issued patents (late 2007-2008), all of which are based on one of the patents at issue in the April 2003 Baxter case described above. The new patents expire in April 2011 and relate to trend charts shown on touch screen interfaces and the entry of ultrafiltration profiles (ultrafiltration is the removing of liquid from a patient's body using osmotic pressure). This case is currently stayed pursuant to court order. The Company believes that its hemodialysis machines do not infringe any valid claims of the Baxter patents at issue, all of which are now subject to re-examination at, and to preliminary findings of invalidity by, the USPTO.

On October 17, 2006, Baxter and DEKA Products Limited Partnership (DEKA) filed suit in the U.S. District Court for the Eastern District of Texas which was subsequently transferred to the Northern District of California, styled Baxter Healthcare Corporation and DEKA Products Limited Partnership v. Fresenius Medical Care Holdings, Inc. d/b/a Fresenius Medical Care North America and Fresenius USA, Inc., Case No. CV 438 TJW. The complaint alleges that FMCH's Liberty peritoneal cyclers infringe certain patents owned by or licensed to Baxter. Sales of the Liberty cyclers commenced in July 2008. The Company believes that the Liberty peritoneal cycler does not infringe any valid claims of the Baxter/DEKA patents.

(b) Other Litigation and Potential Exposures

Renal Care Group, Inc. (RCG) was named as a nominal defendant in a second amended complaint filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville against former officers and directors of RCG which purports to constitute a class action and derivative action relating to alleged unlawful actions and breaches of fiduciary duty in connection with the Company's acquisition of RCG (the RCG Acquisition) and in connection with alleged improper backdating and/or timing of stock option grants by RCG. The amended complaint was styled Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al. The complaint sought damages against defendant and its former officers and directors but did not state a claim for money damages directly against RCG. As of August 24, 2009, appellate proceedings that reversed the trial court's dismissal of the complaint had concluded. The litigation is accordingly proceeding toward trial in the Chancery Court.

FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received subpoenas from the U.S. Department of Justice, U.S. Attorney for the Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, and anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of Inspector General of the United States Department of Health and Human Services and the United States Attorney for the Eastern District of Texas participated in the Eastern District of Missouri's investigation of FMCH's and RCG's utilization of Epogen which began in 2005. Subsequently, the review of Epogen utilization was transferred to the Eastern District of Texas, where a qui tam relator's complaint has been pending under seal since 2005 (qui tam is a legal provision under the United States False Claims Act, which allows private individuals to bring suit on behalf of the U.S. federal government, as far as such individuals believe to have knowledge of presumable fraud committed by third parties). The qui tam relator's complaint was made public by the United States

District Court for the Eastern District of Texas during the fourth quarter 2009 and was dismissed by the Court on January 11, 2010 with respect to FMCH and its subsidiaries following the relator's motion to dismiss FMCH and its subsidiaries and with the United States' consent.

On July 17, 2007, resulting from an investigation begun in 2005, the United States Attorney filed a civil complaint in the United States District Court for the Eastern District of Missouri (St. Louis) against Renal Group, Inc., its subsidiary RCG Supply Company, and FMCH in its capacity as RCG's current corporate parent. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to FMCH's acquisition of RCG in 2006. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. On August 11, 2009, the Missouri District Court granted RCG's motion to transfer venue to the United States District Court for the Middle District of Tennessee (Nashville). On March 22, 2010, the Tennessee District Court entered judgment against defendants for approximately $23 million in damages and interest under the unjust enrichment count of the complaint but denied all relief under the six False Claims Act counts of the complaint. The Company appealed the Tennessee District Court's decision to the United States Court of Appeals for the Sixth Circuit and secured a stay of enforcement of the judgment pending appeal. The Company believes that RCG's operation of its Method II supply company was in compliance with applicable law, that no relief is due to the United States, and that its position in the litigation will ultimately be sustained.

On November 27, 2007, the United States District Court for the Western District of Texas (El Paso) unsealed and permitted service of two complaints previously filed under seal by a qui tam relator, a former FMCH local clinic employee. The first complaint alleged that a nephrologist unlawfully employed in his practice an assistant to perform patient care tasks that the assistant was not licensed to perform and that Medicare billings by the nephrologist and FMCH therefore violated the False Claims Act. The second complaint alleged that FMCH unlawfully retaliated against the relator by discharging her from employment constructively. The United States Attorney for the Western District of Texas declined to intervene and to prosecute on behalf of the United States. On March 30, 2010, the District Court issued final judgment in favor of defendants on all counts based on a jury verdict rendered on February 25 and on rulings of law made by the Court during the trial.

On June 25, 2009, FMCH received a subpoena from the U.S. Department of Justice, U.S. Attorney for the District of Massachusetts. The subpoena seeks information relating to the results of certain laboratory tests ordered for patients treated in FMCH's dialysis facilities during the years 2004 through 2009. The Company intends to cooperate fully in the government's investigation.

The Company has filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of FMCH's civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS to resolve the Company's appeal of the IRS' disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 U.S. government investigation, FMCH received a refund in September 2008 of $37,000, inclusive of interest. The settlement preserves the Company's right to continue to pursue claims in the U.S. federal courts for refunds of all other disallowed deductions.

The IRS tax audits of FMCH for the years 2002 through 2006 have been completed. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. The Company has protested the disallowed deductions and will avail itself of all remedies. An adverse determination with respect to the disallowed deductions related to intercompany mandatorily redeemable preferred shares could have a material adverse effect on the Company's results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in the consolidated financial statements.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other healthcare providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. The Company must also comply with the Anti-Kickback Statute, the False Claims Act, the Stark Law, and other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states.

In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

The Company operates many facilities throughout the United States. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Company may identify instances where employees, deliberately or inadvertently, have submitted inadequate or false billings. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law and the False Claims Act, among other laws.

Physicians, hospitals and other participants in the healthcare industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, workers' compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

(c) Accrued Special Charge for Legal Matters

At December 31, 2001, the Company recorded a pre-tax special charge of $258,159 to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed $115,000 payment under the Settlement Agreement, all other matters included in the special charge have been resolved. While the Company believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual (see note 8).

(18) Significant Concentrations

For the periods presented, approximately 53% in 2009 and 57% in 2008 and 2007, respectively, of the Company's healthcare services net revenues are paid by and subject to regulations under governmental programs, primarily Medicare and Medicaid. The Company maintains reserves for losses related to these programs, including uncollectible accounts receivable, and such losses have been within management's expectations.

Revenues from EPO accounted for approximately 21%, 20%, and 21% of the Dialysis Services division's net revenues for the years ended December 31, 2009, 2008, and 2007, respectively, and materially contribute to Dialysis Services operating earnings. EPO is produced by a single source manufacturer, Amgen, Inc. In October 2006, the Company entered into a five-year exclusive sourcing and supply agreement with Amgen. Any interruption of supply could materially adversely affect the Company's business and results of operations.

(Dollars in thousands, except share data)

(19) Industry Segments and Information about Foreign Operations

The Company has identified two reportable segments, Fresenius Medical Services and Renal Therapy Group. Fresenius Medical Services segment primarily reflects the activity of providing dialysis treatment to patients with end stage renal disease. As a result of the Company's continued expansion into businesses that support and provide complimentary products and services to its Fresenius Medical Services segment, it combined ancillary products and services, including pharmaceutical drugs, lab services and manufactured products into Renal Therapy Group, aggregating these operating groups into one business segment for reporting purposes. All prior years' financial information reflects reporting under the present segment reporting structure.

The table below provides information for the years ended December 31, 2009, 2008 and 2007 pertaining to the Company's reportable segments by geographic area:

		North America	Asia/Pacific	Total
Net revenues for years ended:				
2009	$	7,515,711	—	7,515,711
2008		6,910,628	—	6,910,628
2007		6,595,174	336	6,595,510
Operating earnings (loss) for years ended:				
2009	$	1,354,313	(90)	1,354,223
2008		1,249,842	226	1,250,068
2007		1,228,180	(297)	1,227,883
Total assets at December 31:				
2009	$	5,731,316	1,218	5,732,534
2008		5,477,983	1,520	5,479,503
2007		4,919,113	1,547	4,920,660

FRESENIUS MEDICAL CARE HOLDINGS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Dollars in thousands, except share data)

The table below provides information for the years ended December 31, 2009, 2008 and 2007 pertaining to the Company's two industry segments:

		Fresenius Medical Services	Renal Therapy Group	Less intersegment sales	Total
Net revenues for years ended:					
2009	$	6,439,572	1,782,887	706,748	7,515,711
2008		5,940,349	1,560,944	590,665	6,910,628
2007		5,672,657	1,484,174	561,321	6,595,510
Operating earnings for years ended:					
2009	$	1,031,766	322,457	—	1,354,223
2008		931,213	318,855	—	1,250,068
2007		935,232	292,651	—	1,227,883
Total assets at December 31:					
2009	$	3,919,827	1,812,707	—	5,732,534
2008		3,792,106	1,687,397	—	5,479,503
2007		3,422,212	1,498,448	—	4,920,660
Capital expenditures for years ended:					
2009	$	176,772	103,998	—	280,770
2008		209,989	106,540	—	316,529
2007		194,817	91,630	—	286,447
Depreciation and amortization of properties and equipment and intangibles for years ended:					
2009	$	189,685	58,043	—	247,728
2008		168,407	49,015	—	217,422
2007		158,021	44,168	—	202,189

(Dollars in thousands, except share data)

The table below provides the reconciliations of reportable segment operating earnings, assets, capital expenditures, and depreciation and amortization to the Company's consolidated totals:

		Year ended December 31		
Segment reconciliation		**2009**	**2008**	**2007**
Income (loss) before income taxes:				
Total operating earnings for reportable segments	$	1,354,223	1,250,068	1,227,883
Corporate G&A (including foreign exchange)		(128,755)	(108,772)	(104,940)
Corporate depreciation and amortization		(16,255)	(19,990)	(15,652)
Research and development expense		(22,330)	(19,033)	(20,501)
Net interest expense		(239,943)	(214,343)	(283,461)
Income before income taxes	$	946,940	887,930	803,329
Assets:				
Total assets for reportable segments	$	5,732,534	5,479,503	4,920,660
Intangible assets not allocated to segments		4,643,561	4,639,803	4,629,119
Corporate assets and other		1,464,317	1,324,289	1,447,229
Total assets	$	11,840,412	11,443,595	10,997,008
Capital expenditures:				
Total capital expenditures for reportable segments	$	280,770	316,529	286,447
Corporate capital expenditures		12,665	55,051	30,050
Total capital expenditures	$	293,435	371,580	316,497
Depreciation and amortization:				
Total depreciation and amortization for reportable segments	$	247,728	217,422	202,189
Corporate depreciation and amortization		16,255	19,989	15,652
Total depreciation and amortization	$	263,983	237,411	217,841