ANNUAL REPORT 2010

Mastering challenges

Fraport

Group key figures

FINANCIAL KEY FIGURES

		2010	2009[1]
Revenue	€ million	2,194.6	2,010.3
Total revenue	€ million	2,284.0	2,095.6
EBITDA	€ million	710.6	569.7
EBIT	€ million	430.9	300.9
EBT	€ million	278.7	194.5
Group result	€ million	271.5	152.0
Profit attributable to equity holders of Fraport AG	€ million	262.9	146.4
Year-end closing price of the Fraport Share	in €	47.16	36.28
Earnings per share (basic)	in €	2.86	1.60
Dividend per share[2]	in €	1.25	1.15
Dividend yield[2]	in %	2.7	3.2
Operating cash flow	€ million	567.5	426.5
Free cash flow	€ million	–291.1	–711.4
Capital expenditure	€ million	1,033.9	1,438.3
Total assets	€ million	9,170.5	8,865.2
Shareholders' equity	€ million	2,739.3	2,557.8
Shareholders' equity less non-controlling interests and profit earmarked for distribution	€ million	2,602.5	2,429.0
Group liquidity	€ million	2,384.0	2,631.3
Net debt	€ million	2,024.4	1,614.5
Capital employed	€ million	4,626.9	4,043.5
Fraport assets	€ million	4,019.7	3,820.2
Return on revenue	in %	12.7	9.7
Return on shareholders' equity	in %	10.1	6.0
EBITDA margin	in %	32.4	28.3
EBIT margin	in %	19.6	15.0
ROCE	in %	9.3	7.4
ROFRA	in %	10.7	7.9
Gearing ratio	in %	77.8	66.5

TRAFFIC KEY FIGURES

		2010	2009
Passengers: Fraport Group[3]	million	164.7	133.6
thereof in Frankfurt	million	53.0	50.9
Cargo volume: Fraport Group[3]	thousand metric tons	3,632.9	3,021.8
thereof in Frankfurt	thousand metric tons	2,275.1	1,887.7
Aircraft movements: Fraport Group[3]	thousand	1,520.5	1,283.5
thereof in Frankfurt	thousand	464.4	463.1

EMPLOYEES

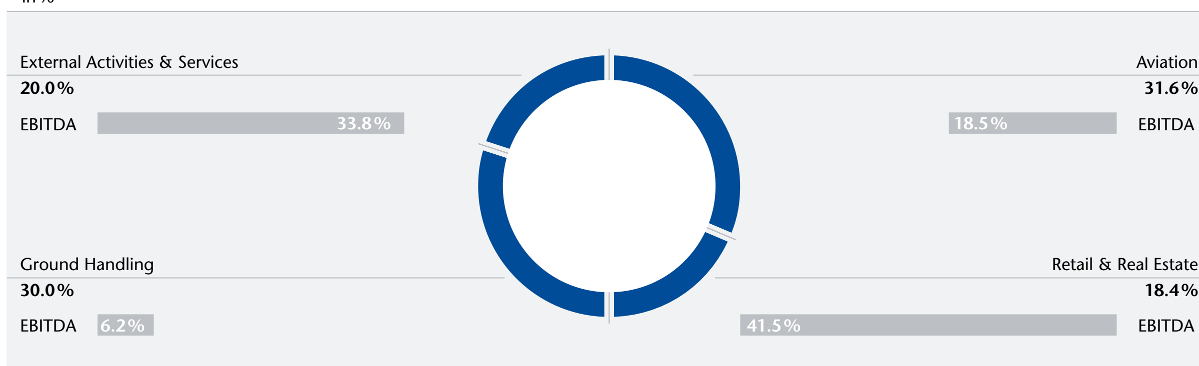
		2010	2009
Average number of employees	number	19,792	19,970
thereof in Frankfurt	number	17,479	17,441
Personnel expenses	€ million	880.4	866.9

[1] Because of the first-time compulsory application of IFRIC 12: Accounting of service concession arrangements, the results of operations and net assets 2009 were adjusted. A reconciliation of Group values can be found in note 4 in the notes to the financial statements.
[2] Proposed dividend 2010
[3] Fraport Group including majority- and minority-owned airports and airports under mangement contracts. Since September 24, 2009 including the second international terminal in Antalya. Figures 2010 also include the new investment at Pulkovo airport in St. Petersburg. Figures 2010 and 2009 without the figures of Riyadh, Jeddah and Dakar, which were not available until the editorial deadline.

Segment key figures

SEGMENT SHARE IN GROUP REVENUE AND EBITDA 2010

in %



AVIATION

€ million	2010	2009 adjusted	Change	Change in %
Revenue	693.9	685.1	8.8	1.3
EBITDA	131.6	117.3	14.3	12.2
EBIT	56.4	41.2	15.2	36.9
ROFRA	4.2%	3.4%	0.8 PP	–
Employees	6,074	6,337	–263	–4.2

AVIATION

The Aviation segment is responsible for traffic and terminal management as well as the airport expansion and corporate safety and security of the Fraport Group at the Frankfurt location. In 2010, the segment was able to benefit from the positive developments in terms of flights and from adjustments to airport charges, once again contributing the largest part of Group revenues (31.6 percent), with a revenue of €693.9 million.

RETAIL & REAL ESTATE

€ million	2010	2009 adjusted	Change	Change in %
Revenue	403.1	362.4	40.7	11.2
EBITDA	294.7	282.9	11.8	4.2
EBIT	227.9	225.0	2.9	1.3
ROFRA	16.8%	18.0%	–1.2 PP	–
Employees	606	603	3	0.5

RETAIL & REAL ESTATE

The Retail & Real Estate segment mainly comprises the business activities around retailing, developing and marketing the real estate and managing the parking areas around Frankfurt Airport. With an EBITDA of €294.7 million, the segment again contributed the highest proportion (41.5 percent) of Group EBITDA in 2010.

GROUND HANDLING

€ million	2010	2009 adjusted	Change	Change in %
Revenue	658.6	619.9	38.7	6.2
EBITDA	44.1	14.1	30.0	>100
EBIT	11.0	–40.1	51.1	–
ROFRA	2.3%	–8.7%	11.0 PP	–
Employees	8,564	8,254	310	3.8

GROUND HANDLING

The Ground Handling segment encompasses all services relating to passengers, freight and aircraft. Positive developments in flights – particularly with regard to freight and MTOW – were reflected in 2010 in a notable increase in the operating results. With an EBIT at €11.0 million, the segment regained a positive operating result after the crisis had affected it in 2009.

EXTERNAL ACTIVITIES & SERVICES

€ million	2010	2009 adjusted	Change	Change in %
Revenue	439.0	342.9	96.1	28.0
EBITDA	240.2	155.4	84.8	54.6
EBIT	135.6	74.8	60.8	81.3
ROFRA	14.5%	7.9%	6.6 PP	–
Employees	4,548	4,776	–228	–4.8

EXTERNAL ACTIVITIES & SERVICES

The External Activities & Services segment comprises Group shareholdings outside the Frankfurt location as well as further services in Frankfurt, particularly IT and facility management. In 2010, with revenue of €439.0 million, the segment boosted its share of the Fraport Group to 20.0 percent. In relation to EBITDA, it was able to increase its proportion of Group EBITDA to over a third.

Fraport Annual Report 2010

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Dear Shareholders,

The fiscal year 2010 was one of the most eventful in the history of our Company. A snowy winter, many weather and strike-related flight cancellations and especially the consequences of the volcano eruption in April – all these events sent air traffic volumes onto a rollercoaster ride. But despite all this, we managed to generate a Group operating result before interest, taxes, depreciation and amortization (EBITDA) of €710.6 million, the best EBITDA ever achieved by Fraport Group. More than €100 million higher than in the previous record year 2007.

This positive development has several reasons. The economic recovery in general and the remarkable momentum of the German economy in particular not only greatly boosted passenger volumes at Frankfurt Airport rather airfreight also went up to record levels. The rise in airport fees and our high-margin retail and parking business also had a positive impact.

External business also profited from the economic upturn. At our investment in Antalya, we were able to operate all three terminals all year-round for the first time in 2010 and served around 22.1 million passengers – more than ever before. The airport at Peru's capital Lima continued to develop into a transfer hub for South America and with 10.3 million passengers also achieved a new top figure. Our airports on the Bulgarian coast of the Black Sea in Varna and Burgas as well as our numerous minority investments also developed positively in the past fiscal year. At this point, I would like to draw your special attention to our investment in St. Petersburg Airport, which we started operating at the end of April 2010. Around 8.4 million passengers meant that figures there rose by almost 25 percent compared to the previous year.

At Group level, the result was positively impacted by the release of a provision in the amount of around €80 million in connection with the tax audit for the years 1999 to 2002. The Group result came to €271.9 million and, like the EBITDA, exceeded all previous years' figures.

_ DR. STEFAN SCHULTE, 50 YEARS OLD, CEO

Dr. Stefan Schulte was appointed Chairman of the Executive Board of Fraport AG in September 2009. His previous positions included among other things CFO and Executive Director Traffic and Terminal Management, Airport Expansion.

The picture shows Dr. Schulte in the shell of Pier A-Plus, which is scheduled to start operations in fiscal year 2012.

At this point, I would like to especially thank our employees who made this positive business development possible with their great commitment – during the strong winter and the closure of airspace in the course of the ash cloud as well as when handling the steep rises in air traffic volume, especially during summer and autumn last year. Our thanks also go to you, dear Shareholders, for expressing your trust in us, the Executive Board members. We proposed to the Supervisory Board to increase the dividend by €0.10 to €1.25 per share to reflect the positive development of our operating business as well as the affirmative long-term outlook.

Dear Shareholders, we also made great progress with our various construction projects at Frankfurt Airport in 2010. After about 16 months, we could for example complete the construction of the shell of Pier A-Plus in December. Also the work on the Northwest Landing Runway, which is one of the keys for our future growth, is right on schedule. Despite work stopping for several weeks in December on account of the cold weather, we are still planning to open the runway at the end of October 2011. Because it is still imperative: if we wish to participate in the growing air traffic market in the future, we have to expand Frankfurt Airport.

Let me invite you to take a look at the following pages to gain an insight into the current construction work in Frankfurt and to look forward with us to a successful future!

Sincerely yours

Stefan Schulte

From left to right:

_ HERBERT MAI
Executive Director of Labor Relations, 63 years old, appointed until September 30, 2012

_ DR. STEFAN SCHULTE
Chairman of the Executive Board, 50 years old, appointed until August 30, 2014

_ PETER SCHMITZ
Executive Director of Operations, 61 years old, appointed until August 30, 2014

_ DR. MATTHIAS ZIESCHANG
Executive Director of Controlling and Finance, 50 years old, appointed until March 31, 2012

The Fraport Executive Board

Composition and responsibilities

The Fraport AG Executive Board is made up of four members: Dr. Stefan Schulte, Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang. As Chairman of the Executive Board, Dr. Schulte heads the Fraport Group and its four segments: Aviation, Ground Handling, Retail & Real Estate and External Activities & Services. Dr. Schulte is directly responsible for the strategic business unit "Traffic and Terminal Management, Airport Expansion, Corporate Safety and Security" and the central units "Legal Affairs", "Internal Auditing", "Corporate Development" and "Corporate Communications". Dr. Schulte is also responsible for the "Corporate Governance".

Since April 2001, Herbert Mai has served as Executive Director of Labor Relations at Fraport AG. He is responsible for the strategic business unit "Retail and Properties" and the central units "Sustainability Management and Corporate Compliance" and "Human Resources".

Peter Schmitz has held the position of Executive Director of Operations since September 2009, and has been with the company for nine years. He is responsible for the strategic business units "Airport Security Management" and "Ground Services", the service unit "Facility Management" and the central unit "Passenger Experience". Since January 1, 2011, Mr. Schmitz has also been responsible for the new central unit "Corporate Infrastructure Management".

Dr. Matthias Zieschang has served as Executive Director of Controlling and Finance at Fraport AG since April 2007. Dr. Zieschang is responsible for the service unit "Information and Telecommunication" and the central units "Global Investments and Management", "Controlling", "Finance and Investor Relations", "Accounting", and "Central Purchasing, Construction Contracts".

Rules of procedure and basic principles of passing resolutions

The Fraport Executive Board has issued rules of procedure to aid it in managing the Fraport Group. These rules of procedure have been approved by the Supervisory Board. Using these rules of procedure as a basis, the Executive Board bears responsibility for managing the Group according to the best interests of the Group, taking into account the concerns of investors, employees and other stakeholders, with the goal of creating sustainable value.

As long as individual Board members have not been assigned tasks for which they bear the sole responsibility, decisions on carrying out Group business are basically made by the entire Executive Board. In general, resolutions are passed during Executive Board meetings. The Executive Board has a quorum if all members have been properly invited to the meeting and at least half of Board members take part in adopting a resolution. Unless otherwise agreed, the Executive Board passes resolutions by simple majority. In case of a tie, the Chairman of the Executive Board casts the deciding vote.

In 2010, the Fraport Executive Board held a total of 49 Board meetings, setting the current and future course of development for the Company.

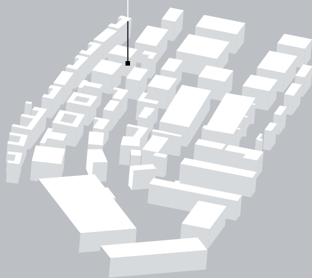
Sustainable growth –
The expansion of Frankfurt Airport

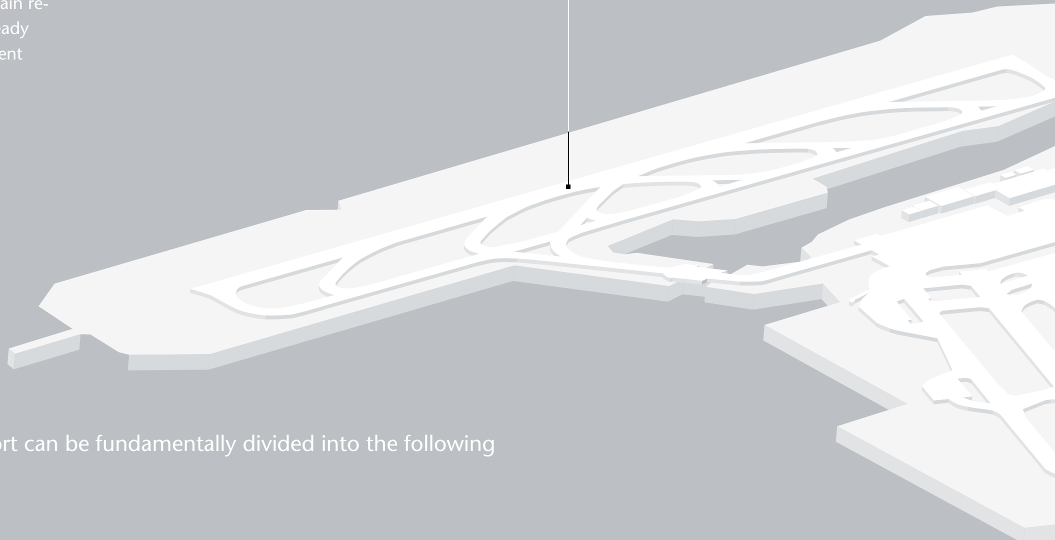
NORTHWEST LANDING RUNWAY

The 2,800-meter runway will begin operations for the winter flight schedule 2011 / 2012, and will lead to a long-term boost in the possible number of hourly aircraft movements at the airport from 82 / 83 at present to 126.

MÖNCHHOF

At 110 hectares in size, this is the largest contiguous commercial area in the Rhine-Main region. Approximately 40 percent has already been brought to market. The development should be completed by 2019.





Construction projects at Frankfurt Airport can be fundamentally divided into the following categories:

_ EXPANSION OF THE AIRPORT

The airport expansion mainly involves the construction of the Northwest Landing Runway, the construction of Terminal 3 and associated aprons, as well as adjustments and expansions to the existing taxiway system.

_ FRA NORTH PROJECTS

The FRA North projects comprise the modernization and expansion of existing airport facilities. These include among others reinforcing the terminal to comply with fire safety regulations, implementing the European Union (EU) directive requiring the separation of arrivals and departures, and the construction of Pier A-Plus.

_ DEVELOPMENT OF AIRPORT CITY

Frankfurt Airport City is the name for a development that is transforming the land around the airport into high-quality real estate. The Mönchhof site, Gateway Gardens, The Squaire and CargoCity South are just some examples of this project. Their close proximity to the airport and its range of transport options make it easy to market them.

PIER A-PLUS

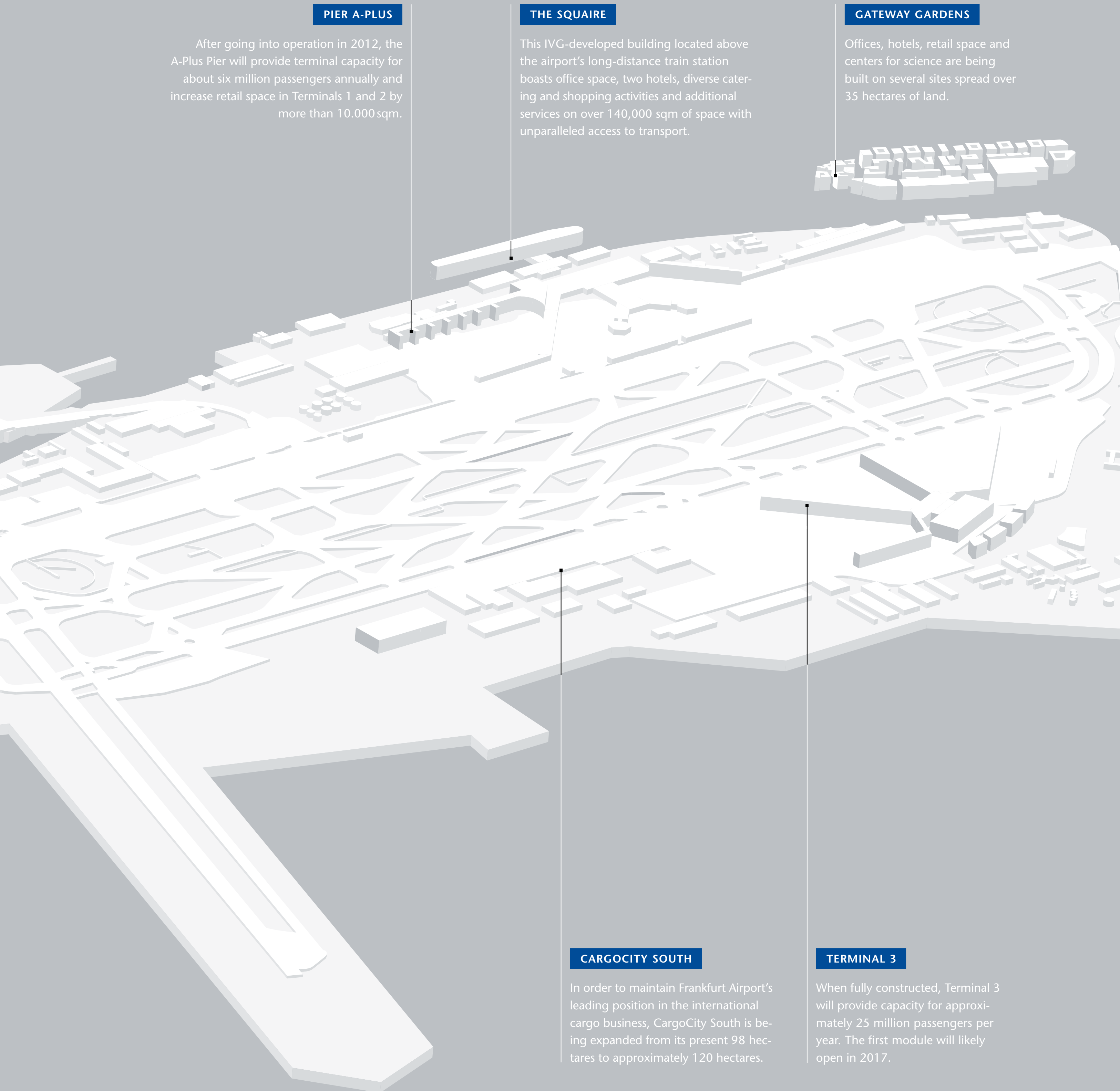
After going into operation in 2012, the A-Plus Pier will provide terminal capacity for about six million passengers annually and increase retail space in Terminals 1 and 2 by more than 10.000 sqm.

THE SQUAIRE

This IVG-developed building located above the airport's long-distance train station boasts office space, two hotels, diverse catering and shopping activities and additional services on over 140,000 sqm of space with unparalleled access to transport.

GATEWAY GARDENS

Offices, hotels, retail space and centers for science are being built on several sites spread over 35 hectares of land.



CARGOCITY SOUTH

In order to maintain Frankfurt Airport's leading position in the international cargo business, CargoCity South is being expanded from its present 98 hectares to approximately 120 hectares.

TERMINAL 3

When fully constructed, Terminal 3 will provide capacity for approximately 25 million passengers per year. The first module will likely open in 2017.

NORTHWEST LANDING RUNWAY

The new Northwest Landing Runway has a lateral distance of 1,400 meters to the southern runway, allowing parallel approaches in Frankfurt. The additional capacity secures the future viability of Frankfurt Airport.

2,800M LONG
220 HA SIZE
+50% SLOT CAPACITY

Northwest Landing Runway

The Northwest Landing Runway is at the heart of expansion work in Frankfurt. For over a decade, aircraft movements have been the bottleneck at Frankfurt Airport. Free capacity is only available in off-peak times; runway capacity during the day is completely exhausted. After the new runway goes into operation, the maximum number of potential flight movements per hour will increase from 82 / 83 at present to 126.

Goal of the investment

For years, requests by airlines for slots (time allotments for take-offs or landings) at Frankfurt Airport have been above the maximum number available. In peak times, slot requests exceed existing capacity by 10 to 20 percent. For future growth and a forward-looking perspective, Frankfurt Airport needs the increased capacity provided by the runway so that airlines do not begin looking for alternatives to the airport and hence the entire Rhine-Main region.

After the runway is brought into operation as of the winter flight schedule 2011 / 2012, the number of maximum flight movements per will be gradually raised until it reaches about 100 movements per hour, likely to take place in 2015. In the long-term, the number of possible hourly flight movements in Frankfurt will be raised to approximately 126 by the addition of the new runway. Compared to the 82 / 83 movements available currently, this is an increase of 50 percent, the highest rate of growth among major European airports.

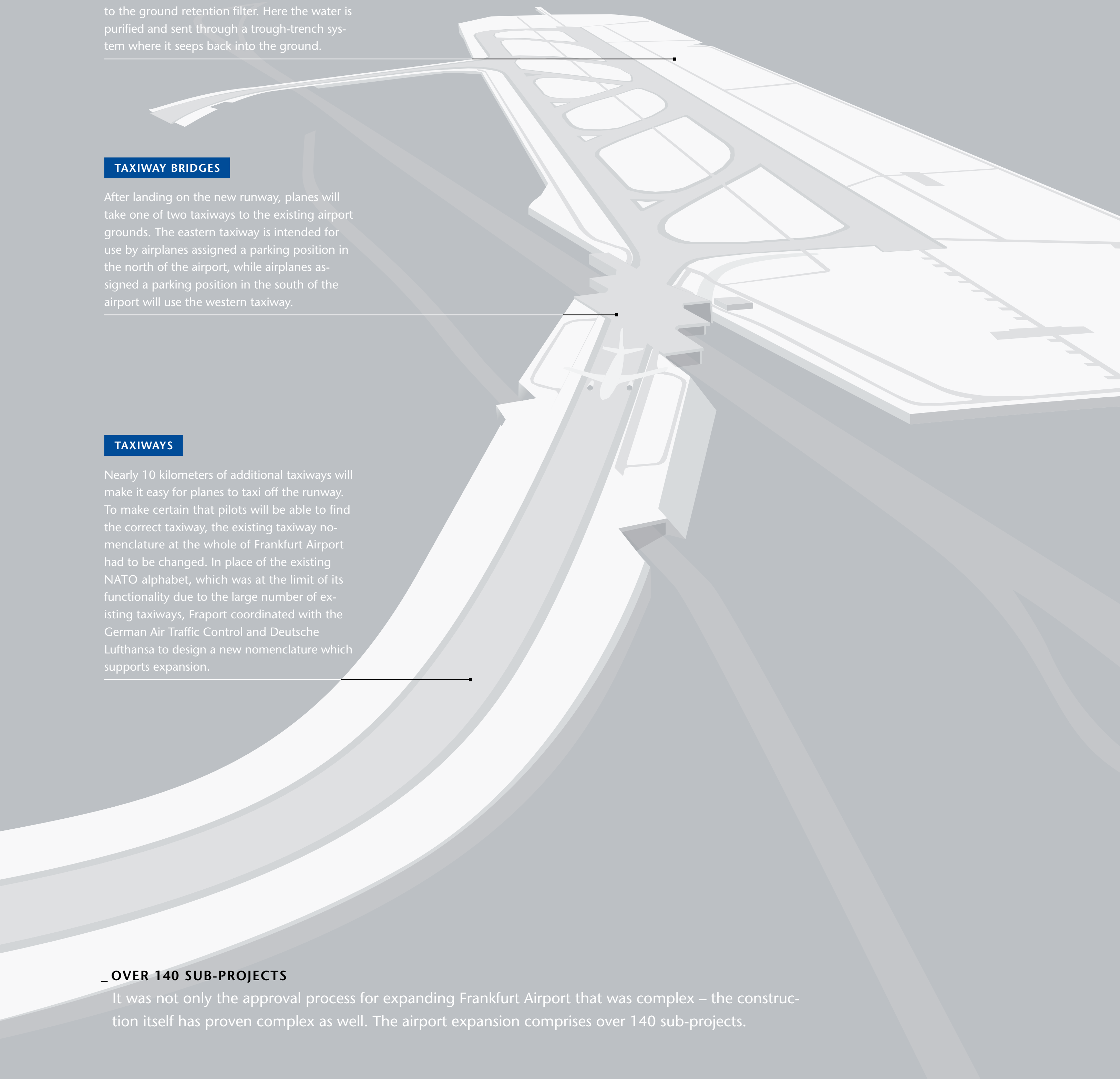
Challenges

The site for the construction of the Northwest Landing Runway is approximately 220 hectares in size, equivalent to roughly 300 soccer fields. To build the runway itself, over 2.5 million cubic meters of earth must be moved to construct over 440,000 square meters of concrete (for the runway and taxiways) and asphalt (for the shoulders, streets and paths). Building the new runway involves many feats of engineering and ecological finesse.

From an ecological perspective, comprehensive avoidance, reduction and protectionary measures are necessary. Prior to the start of actual construction, thousands of protected species such as sand lizards and stag beetles were moved to other areas, and several hundred artificial tree hollows were built. Another exceptional detail is the construction of a 300-meter long and approximately 10-meter high protective curtain along the Mönchwald Lake, which is in direct proximity to the new runway. This curtain is intended to prevent water birds from flying in the direction of the Northwest Landing Runway.

Altogether, the intrusion into the natural world presented by the expansion of the airport will be compensated on over 2,300 hectares. Environmental projects include the reforestation of approximately 288 hectares in accordance with the German Forest Act to make up for the loss of woodlands resulting from the construction of the runway. Fraport invests a total of about €160 million into various ecological measures.

The connection of the new runway to the existing airport grounds also presents an engineering challenge, and to an even greater extent, a logistical challenge. Additionally, Okrifteler Straße, which previously crossed the site of the future runway, had to be rerouted into a tunnel. To construct the 1.6-kilometer length of tunnel (including sidewalks and bike paths), a total of 330,000 cubic meters of earth had to be moved, and 48,000 cubic meters of concrete and 6,500 tons of steel were needed. Only once the tunnel had been completed and approved for traffic could the runway site above the tunnel be prepared for construction.



DRAINAGE SYSTEM

A network of canals stretching nearly 23 kilometers carries rainwater via two retention basins to the ground retention filter. Here the water is purified and sent through a trough-trench system where it seeps back into the ground.

TAXIWAY BRIDGES

After landing on the new runway, planes will take one of two taxiways to the existing airport grounds. The eastern taxiway is intended for use by airplanes assigned a parking position in the north of the airport, while airplanes assigned a parking position in the south of the airport will use the western taxiway.

TAXIWAYS

Nearly 10 kilometers of additional taxiways will make it easy for planes to taxi off the runway. To make certain that pilots will be able to find the correct taxiway, the existing taxiway nomenclature at the whole of Frankfurt Airport had to be changed. In place of the existing NATO alphabet, which was at the limit of its functionality due to the large number of existing taxiways, Fraport coordinated with the German Air Traffic Control and Deutsche Lufthansa to design a new nomenclature which supports expansion.

_ OVER 140 SUB-PROJECTS

It was not only the approval process for expanding Frankfurt Airport that was complex – the construction itself has proven complex as well. The airport expansion comprises over 140 sub-projects.

CASTING CONCRETE AND TEST FLIGHTS OVER THE RUNWAY

Concrete is being cast on the new runway using what are known as "finishers". A total of 20 trucks shuttled back and forth to transport the concrete from the stationary mixer (picture on the left page). Low-altitude flights over the runway are used by the new German Air Traffic Control tower to test safety (picture on the right).

_ MARTIN BIEN, 54 YEARS OLD, SENIOR EXECUTIVE VICE PRESIDENT TRAFFIC AND TERMINAL MANAGEMENT, AIRPORT EXPANSION, CORPORATE SAFETY AND SECURITY:

"The future of Frankfurt Airport is in expanding the site. By increasing the take-off and landing capacity, we are creating an opportunity for the airport – and consequently, for the entire region – to connect on a long-term basis with international cities of business and tourism. The hub in Frankfurt will therefore grow continuously.

For me personally, the greatest challenge of constructing the new runway lies in completing everything on time and at the agreed costs. Our team of construction engineers and business economists provides an excellent foundation for implementing a project of this scale within schedule and budget."

A further challenge in building the runway is staying on budget and within the set schedule. Airlines require security in planning for future developments at the site. In order for sustainable value creation to take place, costs must always be in relation to the projected income arising from the investment made.

Implementation

Before the site of the future runway could be cleared, a comprehensive mediation and approval process was necessary. Experiences gained during the construction of Runway 18 West in the 1980's showed Fraport that new construction to expand airport capacity could only be successful with the close cooperation of surrounding communities and decision makers in the region.

Despite objections to plans for expansion, Fraport pursued a strategy of open and transparent communication and finally convinced the general public of the wide-ranging significance of the new runway for the region. After the zoning resolution was signed in December 2007 authorizing the expansion, the Administrative Court of Hesse confirmed the authorization again in January 2009.

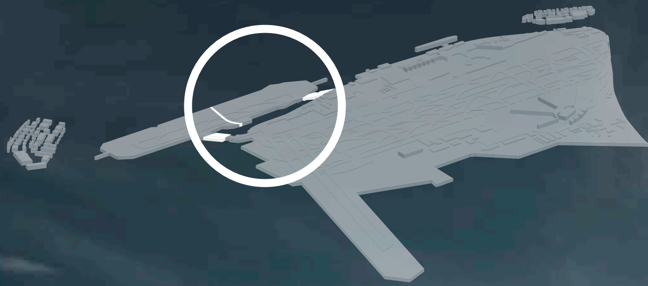
Following this, clearing work started on the site of the new runway at the beginning of 2009. The time allotted for preparing the site, however, was very limited. In March, tree cutting had to cease due to the start of the vegetation period.

By dividing the clearing activities into two phases, the areas affected by the most time-sensitive and time-intensive construction – relocating the transformer station which at that time was on the site of the future runway, re-routing power lines underground, and building the Okrifteler Straße tunnel – could be cleared by March 1, 2009, making them ready for construction.

On March 18, 2009, construction began on the tunnel and on May 8, 2009, ground was broken for the construction of the new runway and the expansion of Frankfurt Airport. On the following pages we will use the construction of the tunnel and the taxiway bridges as a model to illustrate the wide-ranging construction project.

TUNNELING UNDER AND TAXIWAY BRIDGES

Without a doubt, the re-routing of Okrifteler Straße underground and building two taxiways connecting the runway with the existing site belong to the most spectacular construction feats involved in building the new runway.



600M TUNN

1.6 KM STREET, 7 ESCAPE DOO

25 SURVEILLANCE CAMERA

EL
ORS
AS

Tunneling under the Northwest Landing Runway and building the taxiway bridges

Constructing a new 2.8-kilometer runway at Frankfurt Airport is not simply a matter of clearing trees and casting concrete on the 220 hectare site, it also involves building a tunnel nearly 600 meters long, constructing two taxiways out of five individual bridge structures spanning streets and railway tracks with a length of up to 220 meters, laying 60 kilometers of drainage canals and nearly ten kilometers of taxiways.

Goal of the investment

Located to the northwest of the airport, Okrifteler Straße connects the towns Kelsterbach and Mörfelden-Walldorf. The construction of the runway necessitated re-routing Okrifteler Straße, which previously crossed the site of the future runway. The road had to be routed into a tunnel beneath the new runway.

Furthermore, the construction of the runway at a site located northwest of the existing airport made a connection in between these grounds necessary. The two taxiways which link the new runway with the existing airport grounds will have to be routed over a Deutsche Bahn high-speed ICE railway line, the Airport Ring which encircles the existing airport and the A3 highway. Five individual bridge structures are necessary for constructing the two taxiways. The largest and most demanding of the structures are the East and West 1 bridge structures, which traverse the A3 highway and the ICE railway line. Also required are the bridge structures East and West 2, which traverse the Airport Ring, and the East 3 bridge, which is located on the existing airport grounds.

Challenges

The tunnel underneath the runway was one of the most difficult technical challenges of the entire expansion project. At its deepest point, the tunnel lies under up to six meters of ground water. For this reason, a waterproof building trench had to be built prior to begin constructing the 600-meter long and 18-meter wide tunnel.

It was not only the dimensions of the tunnel, however, that presented a challenge. Completing construction on time while simultaneously upholding the most stringent security standards also placed heavy demands on those involved. Only after the tunnel had been completed surface work could continue on the actual construction of the runway.

After the time-sensitive construction of the tunnel, the construction of the bridge elements presented the greatest challenge to the project's logistics. The time between delivery of the prefabricated concrete sections and their craning into place had to be precisely coordinated, as the highway had to be cordoned off, mostly at night, while the East and West 1 bridge elements were being installed.

In addition to precise time management, the construction itself required a high degree of precision: The 409 elements had to be lifted into place and lined up within centimeters, each element weighing up to 92 tons and spanning a length of up to 33 meters.

Implementation

A tunnel for Okrifteler Straße

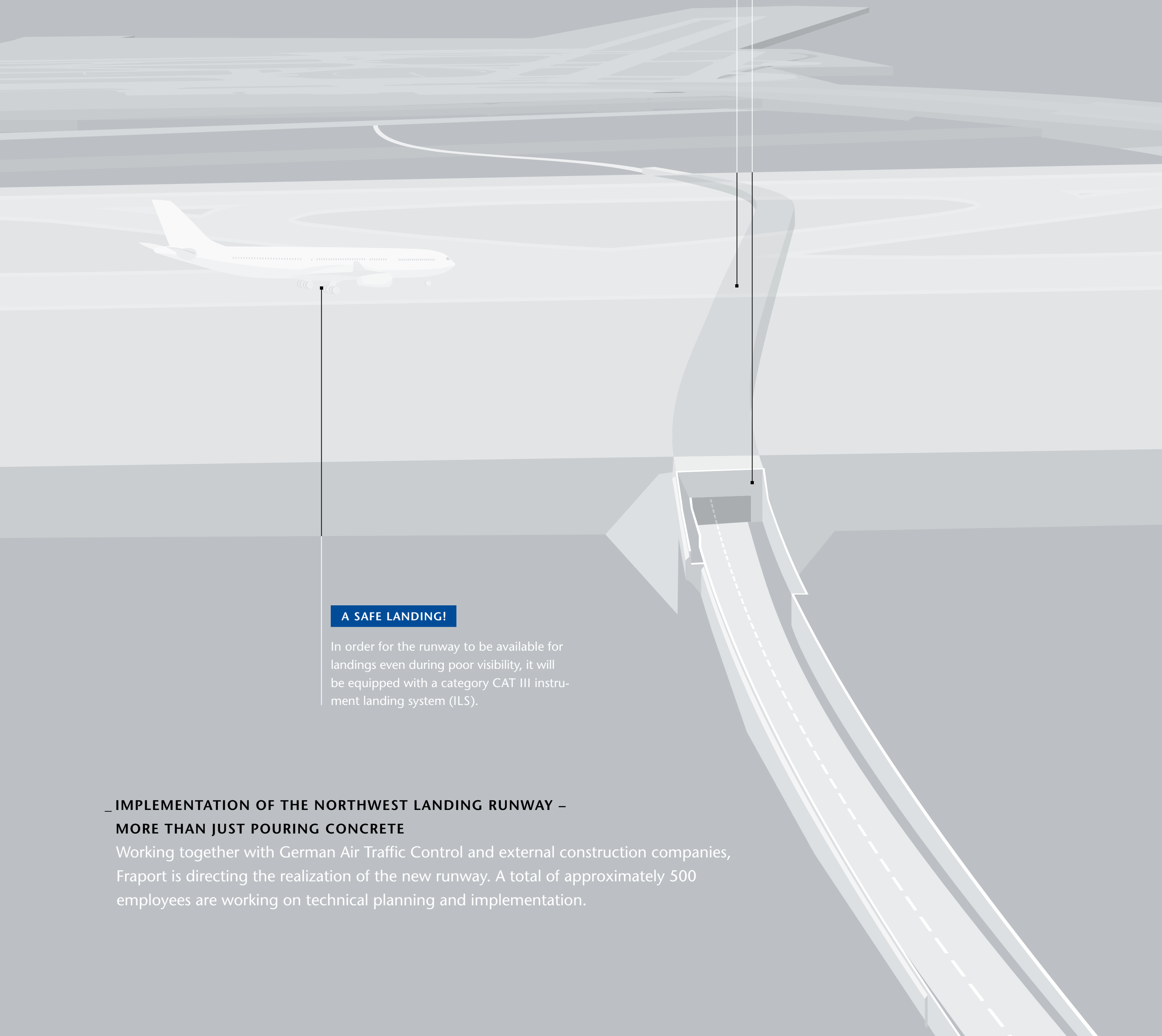
To ensure the timely completion in a mere 20 months, the tunnel was simultaneously built from the south and the north. Underwater concrete and sheet metal pilings were used in order to create a dry excavation pit despite the position of the tunnel below groundwater. This method of construction protects groundwater firstly by decreasing the amount of groundwater that must be drained and secondly by preventing the water level from sinking. Water drained from the pit was purified and seeped back into the earth from construction basins.

A STURDY ROOF!

In the future, aircraft will land on the runway directly above the tunnel. Safety in the tunnel and on the new Northwest Landing Runway is ensured by steel reinforced concrete.

PLENTY OF ROOM!

The Mönchwaldtunnel crosses underneath the site just about in the middle of the new runway. The tunnel has a total width of approximately 18 meters, including both lanes, the bike path, sidewalk, emergency sidewalk and emergency exit route.



A SAFE LANDING!

In order for the runway to be available for landings even during poor visibility, it will be equipped with a category CAT III instrument landing system (ILS).

_ IMPLEMENTATION OF THE NORTHWEST LANDING RUNWAY – MORE THAN JUST POURING CONCRETE

Working together with German Air Traffic Control and external construction companies, Fraport is directing the realization of the new runway. A total of approximately 500 employees are working on technical planning and implementation.

TUNNEL CONSTRUCTION AND SUPPORTING WALLS

In order to complete the tunnel on time, it was simultaneously built from the south and the north (picture on the left). The supporting walls reach a height of eleven meter at the entrance of the tunnel (picture on the right).

_ HORST AMANN, 57 YEARS OLD, SENIOR VICE PRESIDENT CONSTRUCTION MANAGEMENT

"The expansion of the airport secures growth of the Frankfurt site and the prosperity of the Rhine-Main region. Additionally, this construction experience will expand our already internationally renowned know-how and strengthen our position as a globally active airport operator.

In my position, coordinating the interfaces on this 220 hectare building site is the greatest and at the same time most exciting task. Our commitment leads us to once again set standards in the quality and timeliness of our construction services in implementing the new runway and also expanding the existing taxiway system and aprons."

To meet safety, the tunnel meets the highest demands. For example, the tunnel is equipped with a separate evacuation tunnel, escape doors every 70 meters and 25 cameras for seamless video monitoring. Linear temperature gauges ensure automatic notification in the event of a fire. The tunnel is also equipped with a radio transmitter and speaker system for emergency situations and traffic news. A combined escape route marking and orientation lighting system makes it easy to find the way to the escape routes. Emergency phone stations, hand-held fire extinguishers and water access points round out the security equipment of the tunnel, which has been named "Mönchwaldtunnel".

The Mönchwaldtunnel was opened to public traffic on November 15, 2010, allowing construction work on the surface to commence on time.

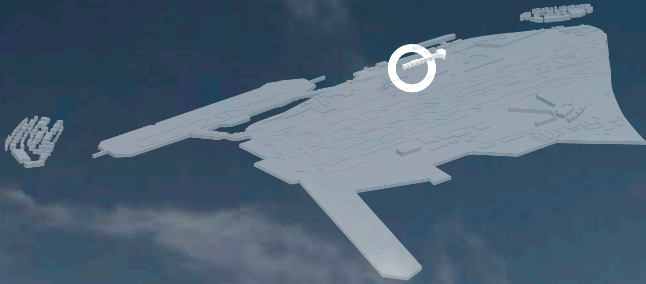
Two taxiways for airplanes

Work was begun on the logistically demanding taxiway bridges in the fall of 2009. After the foundation piles were completed, retaining walls were constructed, and upon these walls the pre-fabricated taxiway bridge sections were set into place. Craning of the pre-fabricated concrete sections began in May 2010. The timeframe for this stage of construction was selected very carefully in order to avoid delays based on weather conditions. Federal authorities also ruled that closing off the A3 highway during school vacation was not an option. After a total of 22 night shifts, all bridge elements had been lifted into place ahead of the scheduled 24 nights and within the budget set. The real challenge of the project, however, was in the logistics. The pre-fabricated bridge sections had been delivered to the CargoCity South area of the airport by train since December 2009. Specialized trucks were used to transport the sections to their interim storage area on the former US airbase, from where they were delivered piece by piece "just in time" for the night shifts where cranes and engineers waited to lift them into place. All in all, it was a logistical masterpiece, requiring roughly a year of planning beforehand.

After the pre-fabricated sections were lifted into place, the dams leading up to the taxiway bridges were constructed. After the work will be completed, it is time to lay the taxiway surface concrete. With a completion date in spring 2011, this project is also on schedule and within budget. All in all, construction progress on the Northwest Landing Runway is completely within budget and on schedule, and the runway will go into operation in time for the winter flight schedule 2011 / 2012.

PIER A-PLUS

Once it goes into operations, Pier A-Plus will increase the length of Terminal 1 by nearly 800 meters to the west. With its seven gate positions for wide-body aircraft – four of which will accommodate the A380 – the pier will offer terminal capacity for roughly six million passengers every year.



100,000 M³
CONCRETE STRUCTURAL
ENGINEERING
CAPACITY FOR
6,000,000
PASSANGERS PER YEAR

Pier A-Plus

In the course of implementing the new runway, the number of flight movements and passengers at Frankfurt Airport will increase significantly starting with the winter flight schedule 2011/2012. The current terminal infrastructure is designed for a capacity of around 58 million passengers. The new Pier A-Plus is the solution for this future bottleneck in the north of the airport.

Goal of the investment

The opening of Pier A-Plus, planned for 2012, will expand the existing passenger capacity in Terminals 1 and 2 from the current about 58 million to approximately 64 million annually. The capacity will be urgently necessary once the new runway becomes operational in order to transport the increasing number of passengers quickly and provide spaces for wide-body aircraft.

The marketplaces in the Pier A-Plus will create over 10,000 square meters of high-quality shopping and catering space, strengthening Fraport's high-margin retail segment. A centralized transfer hub in the new pier simplifies the transfer process for passengers at Frankfurt Airport, while simultaneously boosting the quality of service. Attractive lounge space adds the final touch to the range of services in Pier A-Plus, making passengers' airside stay at the airport as pleasant as possible.

In addition to its high level of functionality, Pier A-Plus will also set new standards with its modern design and the sustainable methods used in its construction. The goal on the one hand is to create an appealing atmosphere, and on the other hand to reduce CO_2 emissions below the level of conventionally-built structures, in order to create an ecologically responsible environment. After it becomes operational, the newly constructed pier will also play a guiding role in bridging airport capacity in Terminals 1 and 2 until the opening of Terminal 3, which will be based on demand and likely take place in 2017.

Challenges

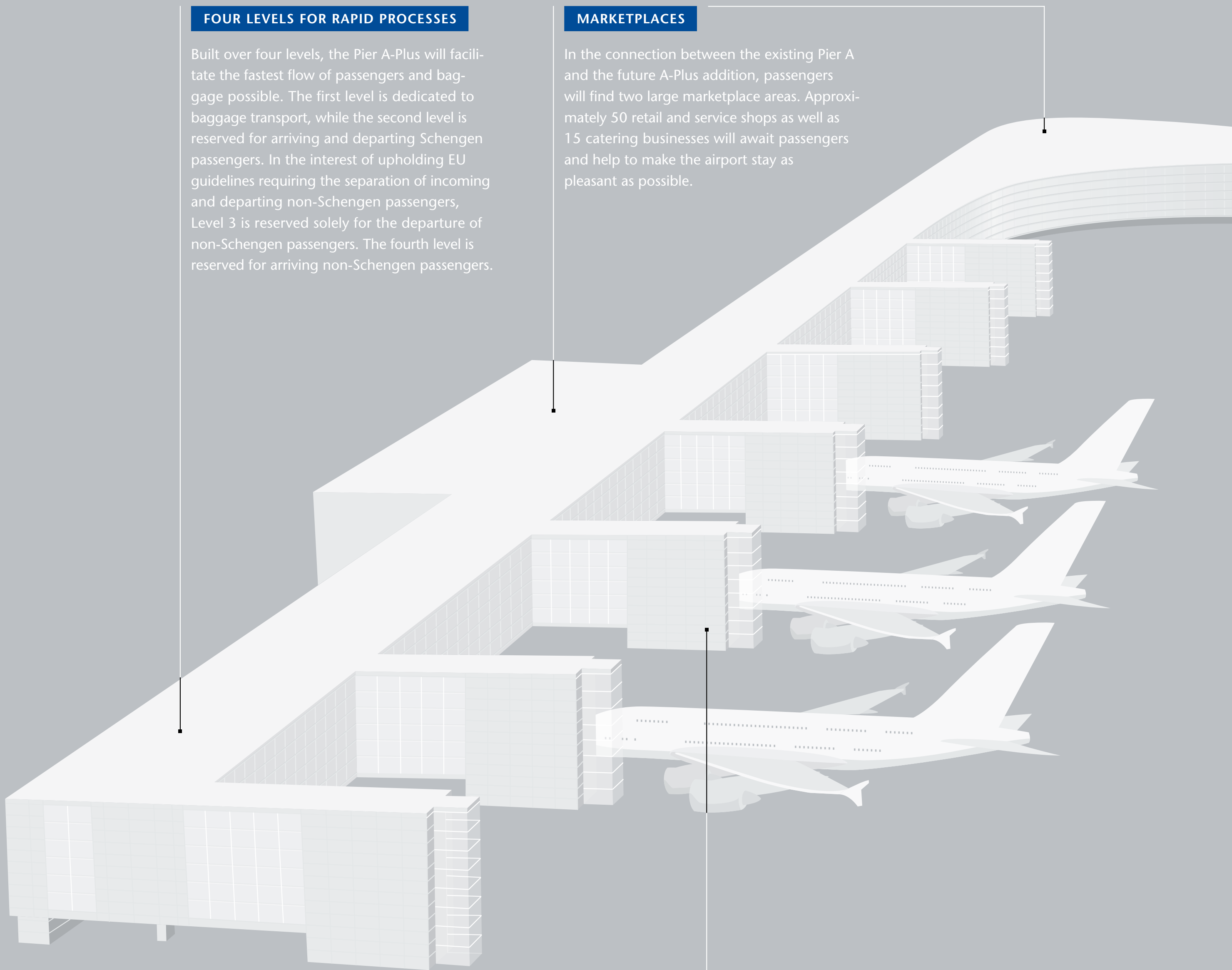
The construction of the new pier is complex in many regards. Firstly, building the new pier presents a logical challenge, as construction work must take place in a very tight space, to some extent in the midst of continuing terminal operations. Human and materials resources must be optimally planned and coordinated in advance to ensure the construction schedule proceeds without delays. As with the construction of the new runway, time and budget restrictions for this project are tight.

Additionally, the civil and structural engineering activities are influenced by adverse weather conditions in winter. Furthermore, flight personnel entering and exiting the nearby Deutsche Lufthansa base have to be granted continual access to the apron through the construction site.

Implementation

In order to better coordinate building activities, Fraport divided the construction of the pier into two separate structural engineering projects: constructing the new pier and constructing the marketplace connecting Pier A with the new Pier A-Plus area. Visible progress is being made on the project. After preparing the building site, approximately 800 meters in length, ground was broken in December 2008, the foundation stone was laid in September 2009, and the roofing ceremony was held in December 2010.

After the civil engineering had been completed, the building shell of the pier was constructed. Last year, the shell was closed in, allowing interior work to commence. Despite an earlier than expected onset of winter, construction on the roof and façade



FOUR LEVELS FOR RAPID PROCESSES

Built over four levels, the Pier A-Plus will facilitate the fastest flow of passengers and baggage possible. The first level is dedicated to baggage transport, while the second level is reserved for arriving and departing Schengen passengers. In the interest of upholding EU guidelines requiring the separation of incoming and departing non-Schengen passengers, Level 3 is reserved solely for the departure of non-Schengen passengers. The fourth level is reserved for arriving non-Schengen passengers.

MARKETPLACES

In the connection between the existing Pier A and the future A-Plus addition, passengers will find two large marketplace areas. Approximately 50 retail and service shops as well as 15 catering businesses will await passengers and help to make the airport stay as pleasant as possible.

SPACE FOR WIDE-BODY AIRCRAFT

When the new pier opens, Frankfurt Airport will gain four additional gate positions specially tailored for A380 aircraft, bringing the total number of gate spaces for these planes up to 15.

_ SUSTAINABLY MODERN

The new glass façade on the pier not only lends a modern appearance, it also lowers the necessity for artificial lighting inside the pier. Additionally, shade-producing blinds on the outside of the façade reduce air conditioning requirements of the building in summer.

BUILDING THE PIER IN DOUBLE TIME

The planning stage is complete, and visible progress is being made on the construction of Pier A-Plus. After ground was broken in December 2008, the foundation stone was laid in September 2009, and the structural work was fully completed in 2010. These pictures show the work on the gate bridges in May 2010 (on the left) and also provide an overview of the entire construction project (on the right).

_ HARALD ROHR, 49 YEARS OLD, SENIOR EXECUTIVE MANAGER PROGRAM PIER A-PLUS

"After it becomes operational, the Pier A-Plus will be a gain for Frankfurt Airport. Spacious lounge and gate areas, shorter transfer routes and a one-of-a-kind retail range will significantly improve flight passenger comfort in Terminal 1. The capacity created by the pier is enormous. With annual traffic of approximately six million passengers, the future Pier A-Plus alone will transport the same number of passengers as currently in the entire Hanover Airport.

As the Senior Executive Manager for this construction project, I see keeping an eye on the big picture and continually sharing information as the key factors for the success of this project. Together with our highly motivated professional colleagues, I'm sure that we will complete the project within budget and deadline, and most of all, with the necessary quality."

has largely been within the allotted time schedule and on budget. Installation of the energy efficient, approximately 10,000 square meters large glass façade was completed in a time of merely three months. The sophisticated façade design is exemplary for sustainable construction. The façade reduces energy consumption by lowering the need for artificial lighting, while pre-located shade-producing blinds and light-filtering window construction lowers CO_2 emissions by roughly a quarter in comparison with conventional buildings.

Currently, the interior of the building with 185,000 square meters of gross floor area is being constructed. Approximately 700 kilometers of cables are needed for connecting and equipping the building. Elaborate technical planning will ensure the building's energy efficiency in 2012, with a high degree of air quality and optimal travel and transfer conditions for passengers.

So passengers won't have to wait for their luggage in the future and to ensure that transfer baggage arrives at the connecting aircraft on time, the existing baggage conveyer belt system at Frankfurt Airport beneath A-Plus will be extended by over seven kilometers. After this new section goes into operation, nearly 2,000 conveying elements will transport over 5,000 pieces of luggage per hour to the correct collection points. Three transfer points underneath the connection between the new Pier A-Plus and the existing Pier A ensure that transfer baggage is processed rapidly.

Flexibility and speed are also the defining characteristics of the building's bridge structures. The pier is equipped with seven gate positions for wide-body aircraft, four of which were constructed for the Airbus A380. When required, these four A380 positions can service two smaller aircraft up to the size of a type-A321 plane, allowing the pier to achieve maximum flexibility. Depending on requirements, Pier A-Plus will thus be able to accommodate either seven wide-body aircraft (including four A380 planes) or up to eleven smaller aircraft.

Precise planning and "just in time" manufacturing reduce delays and ensure that the tight space available for building will be used in an optimal manner. Interim solutions allow Lufthansa employees to gain continual access to the apron through the construction site. It was only the hard winter of 2010 that affected construction of the shell. Unexpectedly extreme adverse conditions at the beginning and end of the year delayed the construction work. The very high degree of motivation of everyone involved in the project, however, allowed the scheduled opening of the pier to remain in 2012.

ACTIVE NOISE ABATEMENT

With its active noise abatement measures, Fraport aims to protect as many inhabitants of surrounding regions as possible from aircraft noise, making the expansion of the airport as socially responsible as possible.

7 MEASURES FOR
ACTIVE
NOISE ABATEMENT

Active noise abatement

As a key part of infrastructure, airports provide surrounding regions with international connections, and support economic development. But airports also subject their surroundings to emissions and noise. The "active noise abatement" set of measures is intended to reduce the strain on residents and the environment, and maintaining the recreational value of the surrounding region.

Goal of the measures

The development of active noise abatement measures has always played an important role at Frankfurt Airport. In 1971, upon the initiative of the Hesse Ministry of Economics and Technology, a group of experts was selected with the aim of developing active noise abatement measures. As a direct result of this working group, in 1972 a new, quieter "Frankfurt" model of aircraft approach was adopted, and has since spread worldwide. Landing flaps and the landing gear are lowered as late as possible to reduce additional noise.

In connection with the expansion of the airport, other methods of actively reducing noise have been discussed since 1998 by a number of committees as part of the mediation procedure and the Regional Dialogue Forum. The "Joint Agreement" signed in December 2007 forms the foundation for examining, developing and implementing further measures intended to relieve as many residents as possible of the burden of aircraft noise. This declaration sets out a number of measures, including creating a greater distance to the source of noise, redistributing flight noise and creating noise-free times. The measures are intended to apply to the present and to the future, after the airport expansion has been completed.

Challenges

Developing a package of measures to reduce aircraft noise requires coordinating several interfaces. Firstly, guidelines set out by German Air Traffic Control have to be met. Secondly, the interests of surrounding communities and the airlines have to be taken into account. Additionally, measures in the package should not only redistribute noise emissions, but also result in a permanent reduction in noise.

In particular, the aim is to reduce the burden on those most affected. In addition to the future increase in capacity, the economic feasibility of implementation also has to be taken into account when developing the package of measures.

Implementation

A team of experts with representatives from the aviation industry, flight noise commission, local communities, the scientific community and government was assembled to test and develop measures for active noise abatement under the title "Forum Flughafen & Region". In addition to a comprehensive analysis of possible approaches, the Forum presented what is known as the "Seven Point Program" as the first set of measures for active noise abatement.

The Seven Point Program contains the following solutions, which are subject to a trial run:

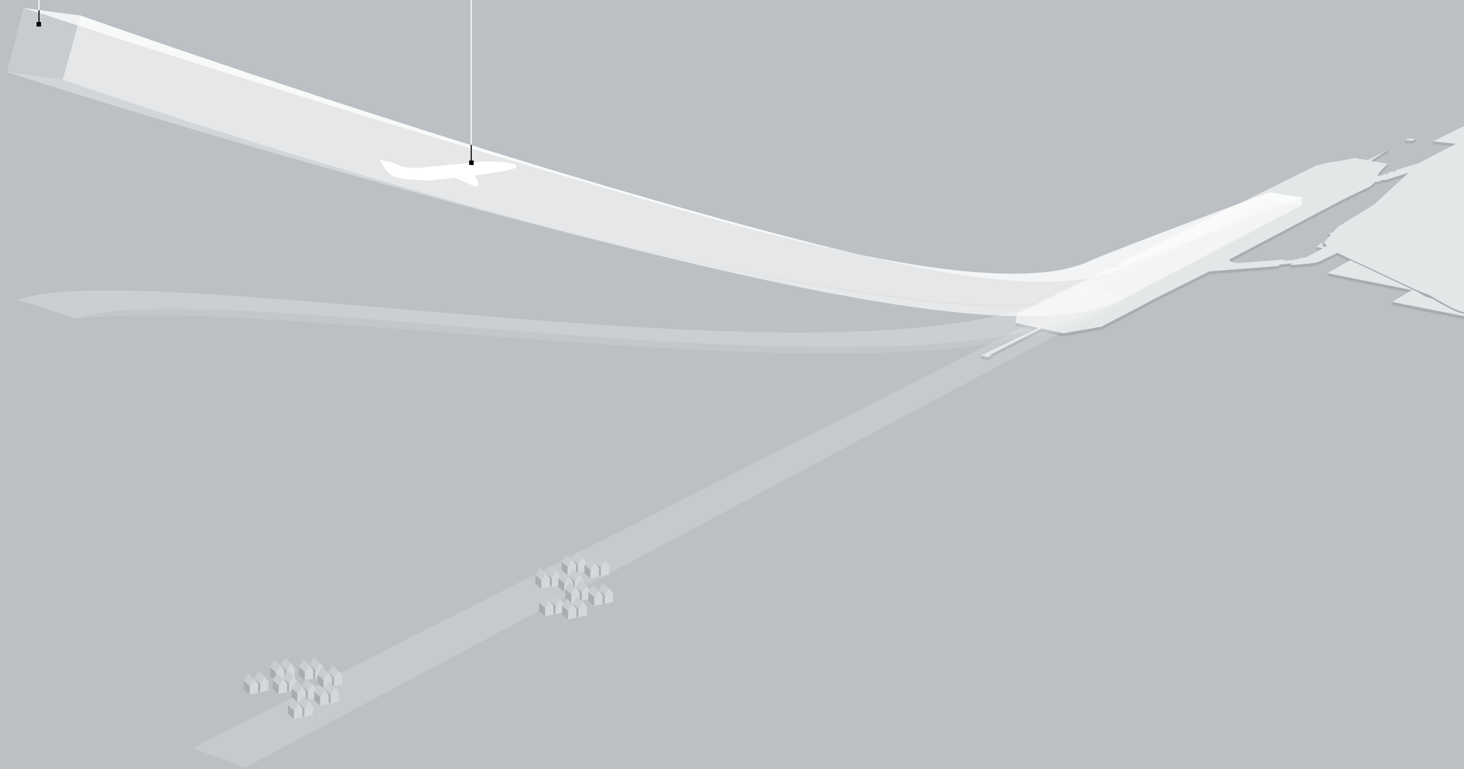
_ Optimizing the departure process: To optimize the departure process, speed limits for departure will be introduced. This allows greater altitude to be reached with the same amount of engine power, increasing the distance to residential areas. The measure was introduced in January 2011.

HIGHER DESCENT, LESS NOISE

By increasing the angle of descent from 3.0 degrees to 3.2 degrees, noise from overhead flights will be reduced. By increasing the distance between the aircraft as source of the noise and the ground, as well as by reducing engine noise by decreasing necessary thrust, the measure intends to reduce the noise burden for residents close to the airport.

USE OF THE SECOND ILS SYSTEM

The new Northwest Landing Runway is equipped with two instrument landing systems (ILS), allowing the second ILS to be set to a 3.2-degree angle of descent, so that when visibility is sufficient, the higher angle of descent can be used.



_ INCREASE OF THE ANGLE OF DESCENT ON THE NORTHWEST LANDING RUNWAY

During trial operations, the angle of descent will be increased so that residential areas will not be as affected by flyover noise. The increase in angle of descent to 3.2 degrees is currently the maximum increase possible for operational reasons.

FLEET CONVERSION AND OPTIMIZATION OF THE DEPARTURE PROCESS

In addition to refitting the B737 fleet, adding new generations of aircraft with quieter engines and lower jet fuel consumption per passenger kilometer will help reduce the impact on the environment. The picture shows the handling of an A380 (picture on the left). By limiting the take-off speed and increasing the angle of ascent, aircraft can fly at greater altitude over residential areas than before. The picture shows an overview of the Airport (on the right).

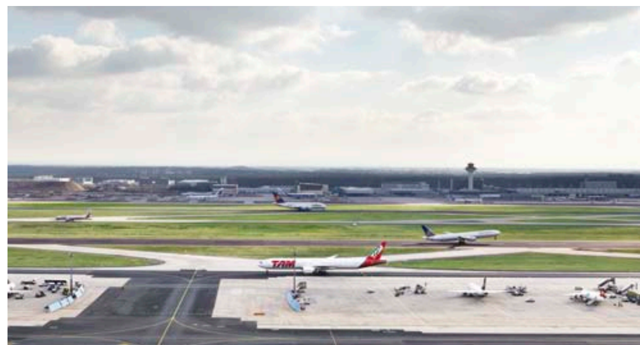
_ STEFAN MAUEL, 45 YEARS OLD, SENIOR EXECUTIVE MANAGER AIRSIDE INFRASTRUCTURE

"The expansion of Frankfurt Airport is an emotional topic here in the Rhine-Main region. Expanding the airport infrastructure provides economic prosperity and the ability to compete in the future, but at the same time increasing flight movements places a heavier burden on surrounding areas.

The measures for active noise abatement are effective instruments to ease the noise burden on nearby residents. We do so by reducing aircraft noise directly at the source, and balancing the distribution of noise emissions.

Together with our colleagues at "Forum Flughafen & Region", we are working on the quickest possible implementation for the first round of measures, constantly looking for other possibilities for actively reducing noise levels."

_ Fleet conversion B 737: By the end of 2011, Deutsche Lufthansa will have equipped the engines of their Boeing 737 aircraft at Frankfurt Airport with special sound absorbers. This technical modification will allow Deutsche Lufthansa to reduce noise permanently during both take-off and landing.
_ Tailwind component: The take-off and landing direction is determined by the direction the wind is blowing. In general, aircraft take-off and land against the wind. Located to the west of the airport are several residential areas in close proximity to the runways. These areas are affected disproportionately by noise from low-approaching planes. Therefore, landings from the east should be increased and early changes in direction due to "shifting" winds should be avoided up to the permissible tailwind component.
_ Segmented approach (RNAV): A new landing approach process to be introduced in 2011 specifies that aircraft should first circumnavigate densely populated regions (particularly the cities Mainz, Offenbach and Hanau) and only then center on their approach towards the landing runway (in the past, aircraft centered at a much earlier point). As this measure has an effect on capacity, it can only be implemented in the morning and evening hours. The trial run for the RNAV measure began in January 2011.
_ DROps: The "Dedicated Runway Operations" measures (DROps) involves concentrating flight traffic on certain take-off runways and routes during low-traffic night hours. By switching runways according to a set schedule, effective and planned noise-free periods for local residents can be created. The DROps trial run began in January 2011.
_ Optimization of CDA: The sixth measure for active noise abatement which will be implemented in a two-stage process involves the improvement of the Frankfurt version of the Continuous Descent Approach. In this model, engines are nearly at idle speed, without or with minimal thrust. This results on one hand in less aircraft noise, and on the other hand reduces fuel consumption.
_ Increased angle of descent: The last measure in the program involves increasing the angle of descent on the Northwest Landing Runway from the standard 3.0 degrees to 3.2 degrees. Increasing the angle will generate a steeper descent, increasing the distance to residential areas flown over during descent. The increased angle of descent will be tested in a trial phase after the new runway becomes operational.



_KARLHEINZ WEIMAR, 61 YEARS OLD, CHAIRMAN OF THE SUPERVISORY BOARD

Karlheinz Weimar has held the position as chairman of the Supervisory Board of Fraport AG since December 2003. Mr Weimar is appointed until the Annual General Meeting 2013.

The picture shows Karlheinz Weimar in the shell of Pier A-Plus.

Report of the Supervisory Board

Dear Shareholders,

In the fiscal year 2010, the Supervisory Board performed all tasks incumbent on it under the law and the Company Statutes and regularly monitored the company's management. It was kept informed by the Executive Board regularly, promptly, and comprehensively in the form of written and oral reports about the intended business policy, fundamental issues relating to the future business management and corporate planning, the situation and development of the company and the Group, as well as important business transactions, and discussed these subjects with the Executive Board. The Executive Board harmonized the strategic orientation of the company with the Supervisory Board. The Chairman of the Executive Board also maintained regular contact with the Chairman of the Supervisory Board and informed him about current developments in the business as well as about major business transactions. The Supervisory Board was directly involved in all decisions that were of vital importance to the company. Where required by law, statutes, or rules of internal procedure, the Supervisory Board, after thorough examination and discussion, decided on the respective proposals of the Executive Board.

The Supervisory Board held four regular and one strategy meeting in the period under review. City council member Lutz Sikorski was only able to participate in two meetings in the first half of the year due to serious illness. All other members of the Supervisory Board attended at least half of the meetings.

Focus of attention of the Supervisory Board

The business development of the Fraport Group and its investments, with particular emphasis on traffic and revenue development at Frankfurt Airport, was the subject of regular Supervisory Board discussions. The end of the financial and economic crisis as well as the impact of certain one-off effects such as the hard winters at the beginning and end of the year, the pilot strike at Deutsche Lufthansa and the eruption of the Eyjafjallajökull volcano played an important role in this context.

Along with this regular reporting, the following subjects were the focus of particularly intensive discussion:

- The subject of ongoing reports was the progress with regard to the planned expansion of the take-off and landing runway system in Frankfurt, just as the plans to adjust and expand the existing terminals.
- As part of the Group's continuing internationalization strategy, the Supervisory Board approved the conclusion of the concession contract for Pulkovo Airport in St. Petersburg and a capital increase within the scope of activities at Xi'an Xianyang International Airport.
- In connection with the investment in Manila, the Supervisory Board continued to support the procedural and non-procedural efforts to gain appropriate damages from the Philippine Government for the investment made in the construction of Terminal 3 at Manila Airport. The Supervisory Board acknowledged the decision of the ICSID Ad Hoc Committee in Washington on December 23, 2010, to overturn the ICSID ruling from 2007, which had not been in favor of Fraport, as a confirmation of its own opinion of the legal situation.
- The Supervisory Board also reviewed the financial statements and management reports of the Group as of December 31, 2009, the agenda for the Annual General Meeting on June 2, 2010, the proposed

resolutions for that day and the Annual Report 2009. The Supervisory Board also decided to propose KPMG AG Wirtschaftsprüfungsgesellschaft as the auditors for fiscal year 2010. In acknowledgement of the Group's expanded financing strategy, the Supervisory Board approved a possible increase in debt.

_ The Supervisory Board also approved financial planning for 2011.

_ Furthermore, the Supervisory Board authorized some individual measures with regard to cooling supplies, water supplies and the construction of a new wastewater treatment plant in the South area of Frankfurt Airport.

Work of the committees

The Supervisory Board continued its successful work in the committees formed to increase the efficiency of its activities and to prepare the Supervisory Board meetings. In isolated instances, the Supervisory Board's decision-making authority was transferred to the committees. The committee chairmen kept the Supervisory Board's full session regularly informed on the committees' work at the following Supervisory Board meeting. A breakdown of the individual committees can be found in the statement on corporate governance on our home page www.fraport.com.

The finance and audit committee convened seven times in the period under review, discussing major business transactions, the annual financial statements and consolidated financial statements, the management reports, and the proposal on the appropriation of profits and the dividend amount to be paid. The finance and audit committee prepared the key aspects to be audited by the Supervisory Board and commented on the 2011 business plan of Fraport AG (preparation in compliance with HGB) and the 2011 Group plan (preparation in compliance with IFRS). It also assessed the assignment of an auditor and proposed an auditing firm to the Supervisory Board's full session for fiscal year 2010. As part of these activities, a declaration of independence pursuant to No. 7.2.1 of the German Corporate Governance Code was obtained from the auditors, their qualifications were checked and their remuneration discussed. The committee also considered appointing the auditors with tasks not relating to the audit of the financial statements. Further points of focus in the committee meetings were the topics risk and asset management. It also took an in-depth look at the Company's risk management system, internal control system and Internal Auditing department and ensured that the Supervisory Board was kept informed on these issues.

The focus of the meetings held by the investment and capital expenditure committee in the fiscal year 2010 was once again the economic development of our investment business and capital expenditure. Over the course of five sessions, the committee focused intensively on the preparation of the Supervisory Board's resolutions with regard to St. Petersburg and Xi'an, as well as regularly dealing with the other investments worldwide, particularly the development in Antalya and Lima. The committee also discussed capital expenditure at the Frankfurt am Main site and commented on the investment plan included in the scope of the financial planning for 2011. Using its decision-making authority, as granted by the Supervisory Board, it agreed to the refinancing of the US subsidiary AirIT Inc. and the planned expansion of the Senegal project.

To prepare resolutions in relation to personnel matters, the human resources committee regularly discussed at its four meetings the personnel situation in the Group, the efficiency drive project Fitness@Fraport.2011, the development and remuneration of senior executives, the evaluation of the effects of the economic crisis on personnel requirements, the impact of the Pact for the Future for ground handling services and reports on demographic changes.

The executive committee held three meetings in the period under review. During the fiscal year 2010, the committee addressed Executive Board matters and in particular the determination of performance-related remuneration components and the extension of an Executive Board member contract.

The nomination committee, established for the preparation of the election of new shareholder representatives, met twice in 2010 to assess candidates for the succession of Supervisory Board members who retired from the board during the year and to issue recommendations on the judicial appointment and the planned election of new members.

In the fiscal year 2010, it was not necessary to summon the mediation committee to be formed in compliance with the rules of the German Co-determination Act.

Corporate governance and statement of compliance

According to the announcement contained in the statement of compliance with the German Corporate Governance Code required under Section 161 of the German Stock Corporation Act (AktG) for 2009, the Supervisory Board resolved to adjust the D&O insurance policy for its members with effect from July 1, 2010. The policy now includes a deductible of 10 percent of any damage up to one and a half time the fixed annual remuneration of each member.

This decision was also documented in a first statement of compliance for 2010 issued by the Executive Board and Supervisory Board on June 10, 2010.

On May 26, 2010, the Government Commission also issued an amended version of the German Governance Code, which became effective on July 2, 2010, upon publication in the electronic Federal Gazette (Bundesanzeiger). Following this, the Supervisory Board decided that it would adopt the recommendations and suggestions made and that the Fraport Code would be adjusted accordingly.

The Executive Board and Supervisory Board issued a corresponding second statement of compliance for 2010 on December 13, 2010.

All recommendations of the German Corporate Governance Code as amended on May 26, 2010, have been and will be complied with, with one exception: The remuneration for members of the Supervisory Board does not include a performance-related, variable element.

The Executive Board and Supervisory Board also aim to amend the Company Statutes to provide shareholders of Fraport AG with the opportunity to cast a postal vote in the future.

With regard to the recommendations of the German Corporate Governance Code on diversity within the executive bodies, the Supervisory Board's goal is to elect a number of women to the Supervisory Board that reflects the gender ratio of the entire workforce.

The Supervisory Board assessed the efficiency of its activities at its strategy meeting in September 2010 where it passed resolutions on subjects such as the inclusion of the auditor in the meetings of the finance and audit committee, the reporting system with regard to risk management, compliance and the internal control system as well as the distribution of committee documents.

For further details on corporate governance at Fraport and the wording of the current statement of compliance, please see the following corporate governance report. The Fraport Code, the current and previous year's statements of compliance are also available on the Internet at www.fraport.com.

Annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Fraport AG and the consolidated financial statements as of December 31, 2010, as well as the management report of Fraport AG and the Group management report and expressed an unqualified opinion on them. The Supervisory Board assigned the audit engagement on October 18, 2010 in compliance with the resolution passed at the Annual General Meeting held on June 2, 2010.

The financial statements and the management report were prepared and audited according to German Commercial Code (HGB) for large incorporated companies, while the consolidated financial statements and the Group management report were prepared and audited according to the International Financial Reporting Standards (IFRS), as adopted by the EU. The consolidated financial statements and the Group management report meet the requirements for exempting the company from preparing consolidated financial statements under German law. The auditor confirmed that a risk early recognition system in compliance with legal provisions is in operation, allowing the early recognition of developments that could jeopardize the company as a going concern.

The documents mentioned and the Executive Board's proposal for the appropriation of the retained earnings was submitted without delay by the Executive Board to the Supervisory Board. The Supervisory Board's finance and audit committee worked intensively with these documents and the Supervisory Board itself reviewed them as well. The audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft and the financial statements were available to all members of the Supervisory Board and were discussed thoroughly at the balance sheet meeting held by the Supervisory Board in the presence of the auditor, who reported on the major findings of his audit and answered any additional questions. At the meeting, the chairman of the finance and audit committee gave a detailed report on the methods used by the committee for auditing the annual and consolidated financial statements. The Supervisory Board approved the audit results. No objections are to be raised after the final review made by the finance and the audit committee and the Supervisory Board's own assessment. The Supervisory Board approved the annual financial statements of the Executive Board, which are hereby adopted.

The Supervisory Board approved the proposal of the Executive Board to pay a dividend of €1.25 for each no-par value share entitled to dividend out of the retained earnings and to transfer the remaining earnings into other revenue reserves.

The report on the relationship with affiliated companies pursuant to Section 312 AktG prepared by the Executive Board was available to the Supervisory Board. The conclusion of the report contains the following statement of the Executive Board, which is also included in the management report:

"The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. No action was taken or not taken at the behest or in the interests of the State of Hesse and the municipal authority Frankfurt am Main, and companies affiliated with them in the year under review."

The auditor audited the report on the relationship with affiliated companies and issued the following opinion:

"After conducting our audit and according to our assessment, we confirm that
1. the actual facts presented in the report are accurate, and
2. that the company did not pay unduly high compensation for transactions outlined in this report."

The auditor took part in Supervisory Board discussions concerning the report on the relationship with affiliated companies, reported on the major findings of his audit and answered any additional questions from the Supervisory Board. After its own examination, the Supervisory Board agrees with the opinion of the auditor and does not raise any objections against the statement of the Executive Board made at the end of the report on the relationship with affiliated companies and its inclusion in the management report.

Personal particulars

City council member Lutz Sikorski sadly passed away at the beginning of January 2011 after a serious illness. Lutz Sikorski had been a committed and competent member of our Supervisory Board since 2008. Our sincere condolences go out to his family at this difficult time. We shall always cherish and honor his memory.

Already during the course of 2010, the Supervisory Board members Wolfgang Mayrhuber (June 30, 2010), Matthias von Randow (July 2, 2010) and Klaus-Peter Müller (December 31, 2010) retired from their positions at their own request.

The Supervisory Board would like to thank all of them for their valuable contributions and the constructive support they offered to the Company and the Executive Board.

After the matter had been discussed by the nomination committee and approved by the Supervisory Board member Stefan H. Lauer (by resolution adopted on August 18, 2010), State Secretary Prof. Klaus-Dieter Scheurle (by resolution adopted on August 30, 2010) and Dr. Margarete Haase (by resolution adopted on December 13, 2010 going into effect on January 1, 2011) were elected by judicial appointment. Ms. Dr. Haase was also appointed as a member of the finance and audit committee.

All Supervisory Board members elected by judicial appointment are to be proposed as election candidates at the next Annual General Meeting.

On September 27, 2010, the Supervisory Board also resolved to extend Herbert Mai's appointment to the Executive Board until September 30, 2012, with effect from April 1, 2011.

With a view to the successful fiscal year 2010, the Supervisory Board would like to sincerely thank the Executive Board and the employees for their great committment to the Company.

Frankfurt am Main, March 23, 2011

Karlheinz Weimar
(Chairman of the Supervisory Board)

CORPORATE GOVERNANCE REPORT

Acting for itself and the Supervisory Board, the Executive Board reports on Fraport's corporate governance pursuant to Section 3.10 of the German Corporate Governance Code (GCGC) as follows:

The term "corporate governance" stands for responsible company management and control, the aim of which is the sustained creation of value. In this context, efficient cooperation between the Executive Board and the Supervisory Board is just as important as respect for shareholders' interests and open and transparent corporate communication.

Corporate governance has high priority for Fraport. We therefore accompany the ongoing national and international action in this field, taking further measures in 2010 to adapt the Fraport Corporate Governance Code in accordance with the GCGC.

Statements of compliance

At its meeting on June 10, 2010, Fraport's Executive and Supervisory Boards declared in an initial statement of compliance pursuant to Section 161 of the German Corporation Act (AktG):

"With regard to the deviation from the recommendation still reported in the compliance statement for 2009,

'An adequate deductible shall be agreed upon in any D&O liability insurance policy for the Supervisory Board (Code Section 3.8 (2))'

a deductible for the Executive and Supervisory Board was seasonably agreed according to the provisions of the Law on the Appropriateness of Executive Board Compensation (VorstAG).

Thus, there is no longer a deviation in this issue."

Moreover, at its meeting on December 13, 2010, Fraport's Executive and Supervisory Boards declared in a second statement of compliance pursuant to Section 161 AktG:

"Since updating its compliance statement, Fraport AG has complied with the recommendations of the Commission of the German Corporate Governance Code as amended June 18, 2009, with the following exception and will comply with the Commission's recommendations in the version amended May 26, 2010, with the following exception:

'Remuneration of members of the Supervisory Board does not provide for a performance-related variable component (Code Section 5.4.6 (2).'

In accordance with Section 12 of the Company Statutes, the members of the Supervisory Board receive a fixed remuneration and meeting attendance fee. The Supervisory Board considers this to be reasonable considering its rigorous controlling activities. Additionally, for their participation in a committee the Supervisory Board members are also remunerated. Due to the increased importance of the finance and audit committee, the Chairman of this committee receives a higher remuneration and the members a higher meeting attendance fee.

With regard to the new recommendations of the Government Commission alloting the "voting by mail" in Code Section 2.3 (Code Sections 2.3.1 and 2.3.3) both the Executive and Supervisory Boards are endeavoring to achieve the requisite conditions in the Company Statutes, which would allow Fraport AG shareholders the opportunity to vote by mail in the future."

Each of these compliance statements has been promptly and permanently posted on the Company's website www.fraport.com for the shareholders.

German Corporate Governance Code Recommendations

Of the **recommendations** made by the GCGC, Fraport did not put the following into practice:

_ Transmission of the shareholders' Annual General Meeting via modern communication media (Section 2.3.4 GCGC).

Primarily for security reasons, Fraport published only the welcoming speeches of the Chairman of the Supervisory Board and the Chairman of the Executive Board from the beginning of the Annual General Meeting 2010 on the Internet.

_ Availability of a proxy exercising shareholders' voting during the Annual General Meeting (Section 2.3.3 sentence 2 GCGC).

Shareholders who did not take part directly in the Annual General Meeting were able to appoint a proxy until the eve of the

Annual General Meeting 2010. Since the transmission of the meeting on the Internet ended following the speeches of the Chairmen of the Supervisory and Executive Boards, it was no longer necessary for the proxies to be available for these shareholders during the Annual General Meeting.

For shareholders who took part in the Annual General Meeting, the proxy was also available during the Annual General Meeting.

_ First-time appointment of members of the Executive Board (Section 5.1.2 (2) GCGC).

All Executive Board members were appointed for five years when they were appointed for the first time. By doing this the company shows its willingness to undertake long-term cooperation. A first-time appointment for five years is also still very common for people experienced in their jobs and is the period many potential Executive Board members expect.

_ Performance-related remuneration for members of the Supervisory Board should also contain components based on the long-term performance of the company. (Section 5.4.6 (2) sentence 2 GCGC).

As already stated, Section 12 of the Company Statutes stipulates a fixed salary and an attendance fee only.

Material Amendments to the Code in May 2010

The Executive and Supervisory Boards have acutely addressed the material changes undertaken by the Commission of the GCGC published on May 26, 2010 regarding the following topics:

Diversity:
Section 4.1.5 and Section 5.1.2 sentence 2:
When filling managerial positions in the enterprise or appointing members to the Executive Board, the Executive Board or Supervisory Board shall take diversity into account and aim for an appropriate consideration of women.

Fraport consciously makes employee diversification part of its personnel strategy and organizational development. The basis for this is the Company agreement entitled "The Conduct of Partnership, Diversity and Equality at the Workplace" which establishes the principles of antidiscrimination, equal opportunities, the advancement of women into managerial positions and diversity for Fraport.

The Company enacted a nine point program in February 2010 entitled "Women and Leadership", emphasizing the advancement of women into managerial positions. This program not only addresses management training and development coaching for women, but also includes a Group-wide investigation into data on gender structures, which will provide information about promotion and salary developments.

Another instrument being implemented in order to improve professional opportunities for women is the Total E-Quality Method (TEQ). This method was developed by an initiative consisting of businesses, social partners and government agencies. TEQ teams analyze the employment situation Group-wide and implement measures aimed at improving equal opportunities.

The Company is also supporting better conditions for employees to coordinate their professional and family life by offering versatile childcare solutions. Furthermore, Fraport offers flexible working hours models and home office opportunities that extend beyond the time provided for parental leave.

Moreover, the Supervisory Board has obligated itself in Section 5.1.2 of the Fraport Corporate Governance Code to take diversity into account upon appointment of members to the Executive Board and in particular aims for an appropriate consideration of women.

Section 5.4.1 sentences 2–5:
"The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the Company, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation.

Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report."

Already in the past the Supervisory Board has set an age limit for its members according to Section 5.4.1 of the Fraport Corporate Governance Code, stating that a member may not be older than 65 years of age at the time of election or reelection and shall retire, at the latest, in the year he/she attains 70 years of age after the Annual General Meeting for that year.

Moreover, in Section 5.4.2 of the Fraport Corporate Governance Code, the Supervisory Board has adopted measures to preclude potential conflicts of interest. In particular, the Supervisory Board has stipulated that, in order to preserve and maintain the Supervisory Board's independent consultation and monitoring responsibilities over the Executive Board, no more than two former members of the Executive Board may be part of the Supervisory Board at the same time. The Fraport Corporate Governance Code also determines that members of the Supervisory Board may not exercise any governing or consultation duties or obligations for significant competitors of the Company. In addition to the aforementioned rules, the Supervisory Board shall ensure that it always has a sufficient number of independent members in its best estimate.

Furthermore, the Supervisory Board passed a resolution at its meeting held on September 27, 2010 with the following target pertaining to its composition:

"Fraport AG shall endeavor to provide prospective opportunities for all persons regardless of gender.

The Company will continue to include and promote female employees to all levels and areas of responsibility within the Company commensurate with their qualification and ability.

This shall equally apply to the Supervisory Board, which shall endeavor to increase the number of members who are women commensurate with the ratio of women found among all employees."

The percentage of women found in the aggregate number of employees in the Fraport AG (single entity) currently amounts to approximately 19 percent. As of January 1, 2011, the percentage of women sitting on the Supervisory Board amounts to 20 percent. The nomination committee and Supervisory Board shall ensure for future nominations at the Annual General Meeting of shareholders that the percentage of women found in the total number of employees continues to be reflected in the Supervisory Board.

Furthermore, there are a sufficient number of members on the Supervisory Board who have international experience. The nomination committee and Supervisory Board shall continue to reasonably take into account for future nominations the international experience of candidates for the Supervisory Board.

Measures supporting the Training and Continuing Education of Supervisory Board Members:
With regard to the new recommendation of the Government Commission concerning the continuing education of supervisory boards in Section 5.4.1 (4) of the Code, the Company shall continue to reasonably support its Supervisory Board members with the training and continuing education programs each decides is required for the satisfaction of requisite duties.

Maximum Number of Supervisory Board Positions for Executive Board Members:
The maximum number of supervisory board positions recommended in Section 5.4.5 sentence 2 of the Code which executive board members of listed companies should accept remains at three. However, the government commission expanded the scope of supervisory board positions in listed companies outside of the group to include offices in supervisory bodies of companies with similar requirements.

None of Fraport's Supervisory Board members who are simultaneously members of the executive board of a corporation listed on a stock exchange has more than three supervisory positions with listed companies outside of the Group or offices in supervisory bodies of companies with similar requirements.

Voting by Mail:
In Sections 2.3.1 sentence 3 and 2.3.3 sentence 2 of the Code, the Government Commission recommended to companies which in their articles of incorporation have already provided the required conditions to enable voting by mail that they publish the requisite forms on the company's website and assist shareholders wishing to vote by mail.

As already formulated in the second 2010 compliance statement, the Executive and Supervisory Boards are endeavoring to bring about the required conditions in the Company Statutes which will allow Fraport shareholders the opportunity to vote by mail in the future. In order to achieve this goal, a corresponding amendment to the Company Statutes will be proposed at the shareholders' Annual General Meeting in 2011.

Remuneration Report

Executive Board Remuneration

The VorstAG came into effect on August 5, 2009, creating concrete requirements for remuneration of executive board members. Remuneration is to be in proportion to the tasks of the position and the Company's situation and in line with a long-term-oriented, transparent and sustainable corporate governance. Executive Board remuneration shall be set by the Supervisory Board upon the recommendation of its executive committee.

The Executive Board members' contracts were revised accordingly on January 1, 2010.

Remuneration is comprised as follows:

- Non-performance-related components (fixed salary and payments in kind)
- Performance-related components without a long-term incentive effect (bonus)
- Performance-related components with a long-term incentive effect (Long-Term Strategy Award und Long-Term Incentive Program)

Generally the Supervisory Board was guided by the principle that in the ordinary course of business members of the Executive Board shall receive a fixed annual salary, which makes up approximately 35 percent of total remuneration. The bonus payment share should likewise also amount to approximately 35 percent of total remuneration. The Long-Term Strategy Award should make up about 10 percent of total remuneration and the share of the Long-Term Incentive Program about 20 percent.

In addition to these components there are still stock options outstanding, issued in previous years, that have a long-term incentive effect within the scope of the still running stock option plan (see note 47). The last time stock options were issued was in 2009. No further options were issued in 2010.

In addition, Executive Board members received endowments to pension benefit payments.

Non-Performance-Related Components

During the term of their employment agreement (generally five years), Executive Board members, as a rule, receive a fixed annual salary for the entire period.

The amount of the fixed salary shall be reviewed annually for reasonableness.

The fixed annual remuneration also covers any activity performed by an Executive Board member for companies in which Fraport AG holds an indirect or a direct interest of more than 25 percent of the shares (so called other Board functions related to Group companies).

If an Executive Board member has such other Board functions at Group companies, the remuneration he or she receives from such investees is credited against the bonus. The emoluments received by Dr. Zieschang as member of the supervisory board of the Flughafen Hannover-Langenhagen GmbH and by Mr. Peter Schmitz as a member of the supervisory board of the Airport Service Gesellschaft mbH have been credited against the respective 2010 bonus-payment from Fraport AG.

In addition, the remuneration for Executive Board members includes compensation in kind and other remuneration. Compensation in kind is the pecuniary benefit subject to wage tax from using a company car with driver. This compensation in kind is generally available to all Executive Board members in the same way. The amount of the compensation depends on the member's personal situation.

Executive Board members also receive half of the total contributions toward their pension insurance, in the case of voluntary insurance and in the case of statutory insurance half of the total statutory contributions.

Performance-Related Components
Without a long-term incentive effect (bonus)

The bonus is dependent on EBITDA and ROFRA of the Fraport Group in each fiscal year. EBITDA is the Group operating result, ROFRA the interest on Group assets, i.e. total return on capital (Return on Fraport assets). Both key ratios (EBITDA and ROFRA) are recognized parameters for measuring the success of a company.

The actual bonus for an Executive Board member is calculated by multiplying EBITDA and ROFRA, each minus a basic allowance, by an individual multiplicator for each Executive Board member, stipulated in each employment contract, and adding the results. The bonus amount for one fiscal year is capped at 175 percent of the bonus paid in 2009, or if the member was appointed during the year or the employment contract was amended in 2009, an amount extrapolated for the entire year.

50 percent of anticipated bonus payments are paid out monthly during the fiscal year. The remaining bonus payments are payable within one month after the Supervisory Board has approved the respective annual results.

50 percent of the calculated bonus payments have a conditional payback provision. If EBITDA and ROFRA in the following year do not reach at least 70 percent of the corresponding key ratio for the fiscal year in question, the Executive Board member has to pay back 30 percent of the bonus to Fraport AG. Should the same apply to the second year after the relevant fiscal year, 20 percent of the bonus has to be repaid. A possible repayment obligation exists for each following year separately and must be individually reviewed each year for compliance.

If the Supervisory Board is of the opinion that the relevant business figures have decreased due to influences outside of the Executive Board's control, it can grant a bonus at its discretion or waive the full or partial repayment, taking into account the individual Executive Board member's performance. If an Executive Board member holds an active position for less than one fiscal year, a pro rata bonus payment is made.

With a long-term incentive effect (Long-Term Strategy Award, LSA)
With the LSA an additional long-term incentive effect is being created that takes into reasonable consideration the long-term interests of material stakeholders of Fraport AG, specifically employees, customers and shareholders.

As part of the LSA, each Executive Board member is promised a prospective financial reward for one fiscal year – first in 2013 for the year 2010. After three fiscal years have expired (the fiscal year in question and the two following years), it is determined to which extent the targets have been met and the actual payment is calculated based on these results. The actual payment amount can exceed or fall below the prospective amount, but is capped at 125 percent of the originally stated amount. Performance targets are customer satisfaction, sustained employee development and share performance. All three targets are equally important under the LSA. For 2013 a prospective sum of €120 thousand has been promised to the Chairman of the Executive Board, while a prospective sum of €90 thousand each has been promised to the other members of the Executive Board.

Customer satisfaction is evaluated on an annual basis using an established assessment system, for airlines, real estate management, retail properties and passengers. Whether or not a target has been met is determined by comparing the corresponding data (in percentage points) at the beginning of the three-year period with the average achieved over the same period. If the actual result exceeds or falls below the target by two full percentage points, the bonus paid for customer satisfaction is increased or decreased correspondingly.

Sustained employee development relates to employee satisfaction and the development of headcount. The Supervisory Board decides to which extent the target has been met. Its decision is based on the results of the employee satisfaction barometer (an annual survey of Fraport AG employees) and the responsible development of headcount in view of the economic situation of the Group.

For the share performance target, the Fraport share price development over the corresponding three-year period is compared with the average MDAX development and a share basket, which includes the shares of the operators of Paris, Zurich and Vienna airports. The payment for this target is again determined by comparing the reference value calculated at the beginning of the three-year period with actual developments. Positive or negative deviations increase or decrease the bonus correspondingly.

The right to the LSA bonus payment accrues once the consolidated financial statements for the final fiscal year of the performance period have been approved by the Company's Supervisory Board.

If an Executive Board member leaves Fraport AG before the end of a three-year period, the performance targets are still calculated once this period has expired. The bonus for the entire period is then paid on a pro rata basis for the amount of time the Executive Board member actually worked for the Company. There is no right to payment for a three-year period which has not yet expired at the time the employment contract has been legally terminated if the employment contract has been terminated due to extraordinary circumstances in the control of the Executive Board member (termination by request of the Executive Board member without cause pursuant to Section 626 of the German Civil Code [Buergerliches Gesetzbuch – BGB], termination for cause within the control of the Executive Board member in accordance with Section 626 BGB) or the Executive Board member has been removed from his or her office for cause pursuant to Section 84 (3) AktG. If an Executive Board member joins the Company during the course of a fiscal year, the Supervisory Board shall decide if and to which extent the Executive Board mem-

ber may be entitled to participate in the LSA program for this fiscal year.

Long-Term Incentive Program (LTIP)
The LTIP is a virtual share option program. Beginning in fiscal year 2010, the Executive Board members of Fraport AG are promised each fiscal year a contractually stipulated amount of virtual shares within their employment agreements, so-called "Performance Shares", on the condition that they meet certain pre-defined performance targets (the so-called target tranche). After four fiscal years – the "performance period" – it will be determined to which extent these performance targets have been met and the number of performance shares actually are due to the Executive Board member, the so-called "actual tranche". The actual tranche can exceed or fall below the target tranche, but is capped at 150 percent of the target tranche. The value of the allocated performance shares is calculated on the basis of the average current share price at the end of the performance period and converted into the actual LTIP bonus payment. The two performance targets "earnings per share" (EPS) and "rank total shareholder return MDAX" are relevant for deriving the actual tranche from the target tranche, with EPS being weighted at 70 percent and rank total shareholder return MDAX at 30 percent. For the fiscal year 2010, 9,000 Performance Shares were allocated to Dr. Stefan Schulte as a target tranche and to Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang each 6,850 Performance Shares.

In order to determine to which extent the EPS performance target has been met, the weighted average target EPS during the performance period, based on the strategic development planning applicable at the time of the award, is compared with EPS actually achieved during the performance period. For the calculation, the first fiscal year accounts for 40 percent, the second for 30 percent, the third for 20 percent and the fourth for 10 percent. If targets have been met 100 percent over the performance period, the actual tranche corresponds to the target tranche. If the actual EPS differs from the target EPS, the number of allocated Performance Shares is adjusted accordingly. If the actual EPS falls below the target EPS by more than 25 percentage points, no Performance Shares are issued for the EPS performance target. If the actual EPS falls below the target EPS by 2 5 percentage points, the actual tranche amounts to 50 percent of the target tranche. If the actual EPS exceeds the target EPS by 25 percentage points, the actual tranche amounts to 150 percent of the target tranche. Intermediate values can be calculated using a straight-line method. Any performance exceeding the targets by more than 25 percentage points is not taken into account. To which extent the rank total shareholder return MDAX performance target has been met is calculated by determining the weighted average rank of Fraport AG amongst all companies listed in the MDAX in relation to the total shareholder return (share price development and dividends) over the performance period. Just as with the EPS performance target, the four relevant fiscal years will be weighted degressively. The actual tranche shall equal the target tranche if Fraport AG during the performance period ranks number 25 among total shareholder return MDAX with its weighted average. For each rank exceeding or falling below 25, the actual tranche is increased or reduced by 2.5 percentage points. If Fraport AG ranks worse than 45, no Performance Shares will be issued for the rank total shareholder return MDAX performance target. If Fraport AG ranks better than 5, there will not be a further increase of the number of Performance Shares issued over 5th place.

The relevant market rate used for calculating the LTIP payment shall correspond to the weighted average of the Company's closing share price in XETRA or a similarly situated trading system at the Frankfurt Stock Exchange on the first 30 trading days directly subsequent to the last day of the performance period. The LTIP bonus is due to be paid once the consolidated financial statements for the last fiscal year of the performance period have been approved by the Fraport Supervisory Board.

The rules for LTIP entitlements of former Executive Board members are largely the same as for the LSA. In addition, a former Executive Board member is not entitled to any Performance Shares for a target tranche whose performance period has lasted less than 12 months at the time the employment contract is legally terminated.

The LTIP fair value accrual allocation resulted in the following expense for the fiscal year: Dr. Stefan Schulte €121.1 thousand, Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang each €92.2 thousand.

Pension commitments
The Executive Board members are entitled to pension benefits and provision for surviving dependants. An Executive Board member is generally entitled to retirement benefits if he or she becomes permanently unable to work or retires from office during the duration of, or upon expiry of, his or her employment agreement. If an Executive Board member dies, benefits are paid to his or her surviving dependants. These amount to 60 percent of the pension for the widower or widow; children entitled to receive benefits receive 12 percent each. If no widow's

pension is paid, the children each receive 20 percent of the pension.

Upon retirement, income from active employment as well as retirement pension payments from previous or, where applicable, later employment relationships shall be credited against accrued retirement pay up until reaching 60 years of age insofar as without such credit the total of these emoluments and the retirement pension would exceed 75 percent of the fixed salary (100 percent of the fixed salary if Fraport AG wishes the employment to be terminated or not to be extended). Effective January 1 of each year, the pensions are adjusted as appears fair, taking into account the interests of the former Executive Board member and the company's performance. The adjustment obligation shall be considered to be satisfied if the adjustment does not fall below the increase of the consumer price index for the cost of living for private households in Germany.

The pension of an Executive Board member is defined by the percentage of a contractually agreed basis of assessment, with the percentage rising annually by 1.5 percent or 2 percent up to a limit of 75 percent, dependent on the duration of time a member is appointed.

As of December 31, 2010 Dr. Schulte is entitled to 52.0 percent of his fixed annual gross salary. Mr. Mai is entitled to 53.0 percent of his contractually agreed basis of assessment as of December 31, 2010. As of December 31, 2010, Dr. Zieschang is entitled to 34.5 percent of his fixed annual gross salary.

Mr. Schmitz is entitled to 32 percent of his fixed annual gross salary as of December 31, 2010. The basic account commitment (guideline 2 of Fraport capital account plan – "Kapitalkontenplan Fraport" – concerning the company benefit plan for senior executives, dated February 26, 2002), to which Mr. Schmitz is entitled under Fraport AG's company benefit plan, shall be credited pro rata temporis against pension payments over a period of eight years after the employment contract has been terminated or expires.

In the event of incapacity the pension rate for Dr. Schulte, Mr. Mai, Mr. Schmitz and Dr. Zieschang shall amount to at least 55 percent of the respective fixed annual gross salaries or rather the contractually agreed basis of assessment.

The claim to pensions of the former Executive Board members is also determined by a percentage of a contractually agreed fixed basis of assessment.

Moreover, each member of the Executive Board has entered into a two-year restrictive covenant. During this term reasonable compensation in the form of an annual gross salary (fixed salary) within the meaning of Section 90a HGB shall be paid. Payments shall be made monthly. The compensation shall be credited against any retirement payments owed by Fraport AG inasmuch as the compensation together with the retirement payments and other generated income exceed 100 percent of the last fixed salary received.

No other benefits in the case of their terminating their employment have been promised to Executive Board members.

Executive Board Remuneration in 2010

The following remuneration was paid to the members of the Executive Board: — GRAPHIC 1

LTIP is carried at fair value as of January 1, 2010 (time of offer).

The bonus includes the payments on account for the fiscal year 2010 and the addition to the bonus provision in 2010. Additional expenses resulting from not enough bonus provision being set aside in fiscal year 2009 are reported in the changes to provision. The Supervisory Board will decide on the final bonus for 2010 in fiscal year 2011.

The following remuneration was paid to the members of the Executive Board in 2009: — GRAPHIC 2

Prior year components with long-term incentive effects are divided among Executive Board members as follows: — GRAPHIC 3

The expenses resulted from the stock options recognized as expenses in accordance with IFRS 2. These are the third, fourth and fifth tranche from MSOP 2005 that remain in the portfolio.

EXECUTIVE BOARD REMUNERATION IN 2010

	Non-performance-related components		Performance-related components			
			without long-term incentive effect		with long-term incentive effect	
in € '000	Fixed salary	In kind and other	Bonus 2010	Bonus (change in provisions)	LTIP	Total
Dr. Stefan Schulte	415.0	18.7	605.3	0.1	285.1	1,324.2
Herbert Mai	300.0	26.4	427.2	0.0	217.0	970.6
Peter Schmitz	300.0	28.4	427.2	0.0	217.0	972.6
Dr. Matthias Zieschang	320.0	32.6	470.0	0.0	217.0	1,039.6
Total	**1,335.0**	**106.1**	**1,929.7**	**0.1**	**936.1**	**4,307.0**

GRAPHIC 1

EXECUTIVE BOARD REMUNERATION IN 2009

	Non-performance-related components		Performance-related components				
			without long-term incentive effect				
in € '000	Fixed salary	In kind and other	Bonus 2009	Bonus (change in provisions)	Total remu-neration	Fair Value of options issued for 2009	Total
Dr. Stefan Schulte Chairman from 1.9.2009	336.7	36.4	478.1	0.9	852.1	145.4	997.5
Herbert Mai	236.7	29.0	336.1	0.6	602.4	128.3	730.7
Peter Schmitz from 1.9.2009	83.3	7.0	93.7	0.0	184.0	59.9	243.9
Dr. Matthias Zieschang	275.0	37.0	309.4	0.0	621.4	128.3	749.7
Prof. Dr. Wilhelm Bender Chairman until 31.8.2009	233.3	43.3	331.3	0.9	608.8	171.0	779.8
Total	**1,165.0**	**152.7**	**1,548.6**	**2.4**	**2,868.7**	**632.9**	**3,501.6**

GRAPHIC 2

LONG-TERM INCENTIVE ELEMENTS (PREVIOUS YEARS)

	MSOP 2005 1st tranche (2005) Number	MSOP 2005 2nd tranche (2006) Number	MSOP 2005 3th tranche (2007) Number	MSOP 2005 4th tranche (2008) Number	MSOP 2005 5th tranche (2009) Number	Portfolio total Number	Expenses in 2010 in € '000
Dr. Stefan Schulte Chairman from 1.9.2009	15,000	15,000	17,000	17,000	17,000	81,000	169.3
Herbert Mai	15,000	15,000	15,000	15,000	15,000	75,000	149.3
Peter Schmitz from 1.9.2009	0	0	0	0	7,000	7,000	20.6
Dr. Matthias Zieschang	0	0	15,000	15,000	15,000	45,000	149.3
Total	**30,000**	**30,000**	**47,000**	**47,000**	**54,000**	**208,000**	**488.5**

GRAPHIC 3

Pension Obligations

There are also future pension obligations totaling €26,703 thousand, of which €20,632 thousand are alloted to the pension obligations owed to former Executive Board members and their dependants. Current pension payments amount to €1,511.6 thousand in 2010.

Pension obligations to currently active Executive Board members are as follows:

PENSION OBLIGATIONS

€ '000	Obligation Dec. 31, 2010	Obligation Dec. 31, 2009	Change 2010
Dr. Stefan Schulte	2,226	1,673	553
Herbert Mai	1,936	1,763	173
Peter Schmitz	1,199	987	212
Dr. Matthias Zieschang	708	462	246
Total	**6,069**	**4,885**	**1,184**

GRAPHIC 4

Transactions with Fraport AG stocks and options by members of the Executive Board and their spouses as well as first-degree relatives in fiscal year 2010 were published according to Section 15a WpHG.

Other Agreements

Each member of the Executive Board has entered into an obligation to purchase shares in Fraport AG amounting to at least half a year's fixed gross salary (cumulative cost at the time of purchase) and hold them for the duration of their contract of employment. Already existing portfolios containing Fraport AG shares are taken into account. The obligation to purchase and hold shares is reduced pro rata if the employment contract has a term of less than five years. If the Executive Board member is reappointed, the equivalent value of the shares they are obliged to hold is increased to at least a full year's gross salary.

Herbert Mai's appointment to the Executive Board was extended until September 30, 2012.

Prof. Dr. Bender continues to render consultation services to Fraport AG even after his departure from the Company. The consultation agreement, which ends on August 31, 2011, was extended for another two years and now ends on August 31, 2013.

For this and other tasks, Fraport AG shall supply Prof. Dr. Bender with offices, office equipment, supplies and an assistant until August 31, 2013. Prof. Dr. Bender shall not receive a salary from Fraport AG for his activities. Until August 31, 2011, travel expenses shall be reimbursed upon authorization and approval of the trip according to the applicable Company guidelines. After this time travel expenses will not be reimbursed.

His employment agreement contains a two-year restrictive covenant, which commences after the agreement ends. In return, Fraport AG must pay Prof. Dr. Bender €175 thousand in compensation within the meaning of Section 90a HGB for 2010.

He also receives pension payments of €238.2 thousand. In accordance with the terms and conditions of the employment contract, the before-mentioned compensation is credited against pension payments, if this compensation plus other income generated exceeds 100 percent of the last fixed annual gross salary.

Prof. Dr. Bender will adhere to the restrictive covenant for a further two years after the conclusion of the two years following the end of his employment, until August 31, 2013. During this period, he waives away to receive compensation from Fraport AG.

Other Services

The Executive Board members have as other benefits the option of private use of a Company vehicle with a driver, private use of a Company cell phone, a D&O liability insurance with a deductible pursuant to Section 93 (2) sentence 3 AktG, accident insurance and a lifetime entitlement to use the VIP service of Fraport AG as well as access to a parking spot at Frankfurt Airport. Fraport AG reimburses travel costs for Company trips and other business expenses in line with regulations in general use at Fraport AG.

Supervisory Board Remuneration in 2010

The remuneration of the Supervisory Board was adjusted by the shareholders at the Annual General Meeting held on May 27, 2009, and is laid down in Section 12 of the Statutes of Fraport AG. According to this, every member of the Supervisory Board shall receive €15,000 for each full-year, the Chairman and the Chairman of the finance and audit committee shall receive twice that amount, the Deputy Chairman and the Chairmen of committees shall each receive one and a half times this amount. For their membership in a committee Supervisory Board members receive an additional, fixed fee of €3,750 for each full year. This amount does not increase by being a member of several committees. In addition to this, every member receives €400

for each meeting and the expenses they incur are refunded. Members of the finance and audit committee, on the other hand, receive €800 for every meeting they attend.

All active members of the Supervisory Board received an aggregate remuneration of €519,175 in 2010.

Total Supervisory Board remuneration in 2010 breaks down as follows:

TOTAL SUPERVISORY BOARD REMUNERATION IN 2010

Supervisory Board Member	Remuneration 2010 in €
Former State Minister Karlheinz Weimar	37,750.00
Gerold Schaub	31,450.00
Ismail Aydin	22,350.00
Dr. Manfred Bischoff	21,550.00
State Minister Jörg-Uwe Hahn	31,450.00
Erdal Kina	22,350.00
Lothar Klemm	28,350.00
Stefan H. Lauer (starting August 18, 2010)	7,050.00
Wolfgang Mayrhuber (until June 30, 2010)	7,900.00
Klaus-Peter Müller	16,600.00
Arno Prangenberg	26,350.00
Matthias von Randow (until July 2, 2010)	12,575.00
Gabriele Rieken	24,350.00
Petra Rossbrey	26,350.00
Mayor Dr. h. c. Petra Roth	24,750.00
State Secretary Prof. Klaus-Dieter Scheurle (starting August 30, 2010)	6,200.00
Hans-Jürgen Schmidt	25,550.00
Werner Schmidt	22,350.00
Lutz Sikorski	22,350.00
Edgar Stejskal	28,750.00
Christian Strenger	42,550.00
Peter Wichtel	30,250.00

GRAPHIC 5

Remuneration of the Economic Advisory Board in 2010

Every member of the Economic Advisory Board receives a remuneration of €5,000 for every year of membership, with the Chairman receiving twice that amount. Travel expenses are reimbursed. In fiscal year 2010, remuneration of the Economic Advisory Board amounted to €77,500.

Shares held by Members of Governing Corporate Bodies

Pursuant to Section 15a WpHG Fraport promptly discloses transactions executed by senior executives and persons closely related to them regarding Fraport shares and options.

The Executive Board members received shares of stock as a remuneration component in 2010 in the following amounts: Dr. Schulte 2,420 shares = €92,970.50, Mr. Mai 1,491 shares = €57,285.17, Dr. Zieschang 1,342 shares = €51,562.50, Mr. Schmitz 407 shares = €15,625 and the previous member of the Executive Board, Prof. Dr. Bender, received 1,204 shares = €46,252.50. Contractual provisions were adhered to.

The shares held by all Executive and Supervisory Board members account for less than 1 percent of all Fraport outstanding shares.

Group management report

GROUP MANAGEMENT REPORT

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THE FRAPORT GROUP

Operating activities and organization

The Fraport Group is a leading international airport operating company and owns and operates one of the world's most important air traffic hubs at Frankfurt Airport. The service range offered by the Fraport Group comprises all services surrounding flight and terminal operations. Together with partners, Fraport is developing Frankfurt Airport into "Frankfurt Airport City", an outstanding mobility, shopping and real estate location. Fraport is active on four continents by means of investments. The parent company is headquartered in Frankfurt am Main.

The Group Executive Board, comprising the members Dr. Stefan Schulte (Chairman), Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang, is responsible for Fraport Group's entire strategy and operations. The Group's organization is divided into strategic business units, service units and central units, which are each assigned to a member of the Executive Board. For the purpose of reporting and managing the Group's results, the units are compiled in the four segments Aviation, Retail & Estate, Ground Handling and External Activities & Services. — GRAPHIC 6

The **Aviation** segment subsumes the strategic business units "Traffic and Terminal Management, Airport Expansion, Corporate Safety and Security" and "Airport Security Management". The strategic business unit "Retail and Properties", which mainly handles retailing activities, parking facility management as well as renting and marketing real estate at the Frankfurt location, is assigned to the **Retail & Real Estate** segment. The **Ground Handling** segment combines the strategic business unit "Ground Services" and the investments involved in these operations at the Frankfurt site. The "Global Investments and Management" central unit, which is responsible for airport services and airport management for Group investments that are not integrated into the business processes at the Frankfurt location, is assigned to the **External Activities & Services** segment. The service units "Facility Management" and "Information and Telecommunication", including their subsidiaries, also belong to this segment. Since January 1, 2011, this segment also includes the newly created service unit "Corporate Infrastructure Management".

Group strategy

The Fraport Group's strategy is focused on the long-term development and market trends in global air traffic. In fiscal year 2010, air traffic recovered significantly from the losses incurred during the crisis in 2009. The Airports Council International (ACI) and the International Air Transport Association (IATA) are expecting global air traffic to continue growing dynamically in the coming years. Through the creation of new capacities at Frankfurt Airport ideal conditions for accommodating such increase in traffic at the Frankfurt site will be provided. Taking

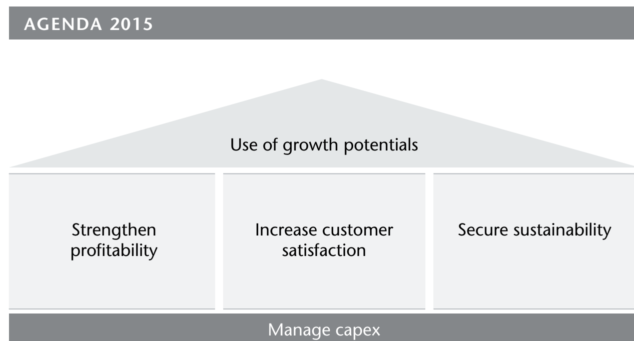
ORGANIZATIONAL STRUCTURE

	Dr. Stefan Schulte Chairman of the Executive Board	Herbert Mai Executive Director Labor Relations	Dr. Matthias Zieschang Executive Director Controlling and Finance	Peter Schmitz Executive Director Operations
Segment responsibility	Aviation	Retail & Real Estate	External Activities & Services	Ground Handling
Strategic business unit	_Traffic and Terminal Management, Airport Expansion, Corporate Safety and Security	_Retail and Properties		_Airport Security Management _Ground Services
Service unit			_Information and Telecommunication	_Facility Management _Corporate Infrastructure Management
Central unit	_Legal Affairs _Internal Auditing _Corporate Development _Corporate Communications	_Sustainability Management and Corporate Compliance _Human Resources	_Global Investments and Management _Controlling _Finance and Investor Relations _Accounting _Central Purchasing, Construction Contracts	_Passenger Expercience

— GRAPHIC 6

these anticipated future market developments into account Fraport described the challenges it faces in **Agenda 2015**, Agenda 2015 consists of five areas of activity.

AGENDA 2015



GRAPHIC 7

1. The foundation: Manage capex

The foundation of the future development of the Fraport Group and therefore the central element of Agenda 2015 is the expansion and modernization of Frankfurt Airport. At the core of the investment program, which has a planned volume of around € 7 billion between 2007 and 2015, is the opening of the new Northwest Landing Runway end of October 2011. The following investments were also expedited in 2010:

_ Construction of Pier A-Plus, providing capacity for 6 million passengers per year
_ Redesigning Pier B: Implementing the European Union (EU) directive on the separation of arrivals and departures and adapting the terminal to cater for the increased capacities created by Airbus A380
_ Planning the relocation of Pier C for the purpose of increasing existing capacities (building and apron)
_ Construction of additional apron positions in the South of the airport.

2. Strengthen profitability

Additional expenses from depreciation and interest expenses are being incurred by the investment program. As as a result, revenue and operating profit have to be increased. Topics in this context include, among others:

_ Sustained traffic growth originating from the new landing runway
_ Concluding agreements with airlines for the gradual increase of airport fees until 2015
_ Concluding a new ground handling services agreement with Deutsche Lufthansa
_ Optimizing internal processes (streamlining the organization, implementing a corporate infrastructure management)
_ Consistent cost control (project “Fitness@Fraport.2011”: increasing the effectiveness and efficiency of the company organization)

3. Increase customer satisfaction

Fraport sees the long-term increase of customer satisfaction as a challenge for all Group units. Frankfurt Airport and the entire Fraport Group will benefit from passengers considering Group airports to be their airports of choice. This applies to departures and arrivals alike as well as transfers and passengers who use our retail areas. Satisfied passengers are a prerequisite to fully exhaust the business potentials.

The results of customer surveys such as “Skytrax” underscore that the quality improvement measures enacted in the past years at the Frankfurt site have been very positively received by passengers. To continue this trend in the coming years, Fraport launched the service program “Great to have you here!” in 2010. The objective of this program is to further optimize the services for our passengers.

4. Secure sustainability

Fraport understands sustainability as responsibly developing the concept for its future, consistently reconciling economic, environmental and social goals with the Company’s long-term interests. By creating the central unit “Sustainability Management and Corporate Compliance” in the past fiscal year, Fraport is aiming to fully account for a sustainable business policy. Next to the before mentioned areas profitability and customer satisfaction the following topics are being focused on with regard to the Company’s sustainability goals:

_ Air traffic safety
_ Noise protection
_ Climate protection
_ Appeal as an employer

5. Use of growth potentials!

Frankfurt Airport already enjoys a very good competitive position today. With the completion of the planned expansion program, especially the opening of the new landing runway, the existing air traffic handling capacities will be significantly increased to accomodate the demand. This provides Frankfurt with the

opportunity of further expanding its position as the leading global air traffic hub. Sales activities focus on destinations in Asia's growth regions as well as in North and South American and African traffic to ensure quick and profitable utilization of the new capacities.

Additionally Fraport sees three essential future growth drivers for the Group:

First growth driver: Retail business

The extension and modernization of the shopping and catering space in terminals continues to be the central element of the growth plans for the retail business. In addition, intelligent passenger traffic flow management aims to ensure that these new facilities can be optimally used by passengers. The Company aim is to increase net retail revenue per passenger from around € 3 in fiscal year 2010 to roughly € 4 per passenger in the medium-term. With more than 10,000 sqm shopping and catering space, Pier A-Plus, which will start operation in 2012, will be a major contributor to this goal.

Second growth driver: External business

In addition to Frankfurt, Fraport operates four other international airports with a 50 percent share or more. Fraport is also involved in airports as minority owner and / or through management contracts. The expected positive development of the existing portfolio will continue to increase the external business' profit contributions to Group profit over the next years. In addition, the Company is focusing on further expanding its external business.

Third growth driver: Airport City

Around the world, hub airports are developing into airport cities. Fraport recognized this trend at an early stage and identified sites that were worth consideration for real estate development. Depending on each project, Fraport decides if and to which extent the Group will participate in its development. Current examples of Airport City are:

_ Mönchhof site
_ Gateway Gardens
_ The Squaire
_ CargoCity South

Value Management

To increase the Company's value sustainably, Fraport plans and manages the Group's development according to the principles of value management. The central figure used to guide this strategy is reflected in the Fraport Value Added figure, which is calculated as the difference from the Company's EBIT and capital costs (Fraport assets x weighted average cost of capital):

CALCULATING VALUE ADDED

EBIT − Fraport assets x Weighted average cost of capital = Value added

(Fraport assets x Weighted average cost of capital: COST OF CAPITAL)

GRAPHIC 8

Components for calculating Fraport Value Added

1. Weighted average cost of capital

Fraport calculates the weighted average cost of capital (WACC) from the sum of return on equity expected from investors and the return expected by creditors on the share of interest-bearing debt in total capital according to the Capital Asset Pricing Model (CAPM). Given the continuously changing economic environment, interest rate levels and / or Fraport's risk and financing structure, Fraport regularly reviews and if necessary adjusts its WACC. In line with these reviews Fraport's WACC before taxes was determined at 9.5 percent as of January 1, 2009, and according to the regularly review was kept at this level in 2010.

2. Fraport assets

Fraport assets are defined as the average of the Company's interest-bearing capital required for operations, which is calculated as follows:

CALCULATING FRAPORT ASSETS

	Goodwill
+	Other intangible assets at cost/2
+	Investments in airport operating projects at cost/2
+	Property, plant and equipment at cost/2
+	Inventories
+	Trade accounts receivable
−	Construction in progress at cost/2
−	Current trade accounts payable
=	Fraport assets

GRAPHIC 9

To avoid value creation coming solely from depreciation in calculating its value added figure, Fraport's depreciable assets are generally recognized at half of their historical acquisition / manufacturing costs (at cost / 2) and not at residual carrying amounts. Goodwill is an exception in this context and is recognized at its corresponding carrying amount in accordance with IFRS regulations. Contrary to the calculation of Fraport Value Added at the Group and segment level, calculating this figure for the External Activities & Services segment is expanded to include the results of associated companies and other investments assigned to the segment as well as the investments' corresponding assets. These measures allow Fraport to include its minority owned investments into the Group's value management.

Return on Fraport assets (ROFRA)

Fraport has expanded its Group and segment value added items with the Return on Fraport assets (ROFRA) control factor to simplify comparisons between business units of varying size. ROFRA is determined by relating EBIT to Fraport assets and shows whether the divisions create value (ROFRA > WACC) or not (ROFRA < WACC).

Development of Value added in 2010

After the crisis year 2009, the Fraport Group's value added figure became positive again in 2010, totaling € 49.0 million. The reason for this increase were EBIT, which rose disproportionately to capital costs by € 130.0 million to € 430.9 million (+43.2 percent). The ongoing investing activities, on the other hand, resulted in Fraport assets rising by 5.2 percent from € 3,820.2 million to € 4,019.7 million and capital costs before taxes by 5.2 percent from € 362.9 million to € 381.9 million.

GRAPHIC 10

While the value added in the Aviation segment improved slightly by € 3.5 million despite increased capital costs before taxes, it dropped in the Retail & Real Estate segment by € 6.9 million due to capital costs rising higher than EBIT. The positive development of EBIT is reflected in a considerable rise of the Ground Handling segment's value added (+€ 49.4 million) as capital costs in this segment remained almost the same. A write-down on ground handling services recognized in 2009 reduced the value added in the previous year by € 20.0 million. The value added of the External Activities & Services segment rose steeply by € 65.0 million as capital costs dropped. This increase is mainly due to positive business developments of the investments in Antalya and Lima.

With a ROFRA of 10.7 percent, Fraport Group exceeded in 2010 Fraport's WACC of 9.5 percent, meaning it created value. For a detailed explanation of the Fraport Group's and its segments' business development, please see the results of operations section as well as segment reporting starting on page 58.

Statement on Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB)

Acting also for the Supervisory Board, the Executive Board issues a statement on Corporate Governance in accordance with Section 289a HGB. The statement is published on the corporate website www.fraport.com within the Corporate Governance category under Investor Relations.

Remuneration of the Executive Board and Supervisory Board

The German Act on the Appropriateness of Management Board Remuneration (VorstAG) set tighter restrictions for Executive Board remuneration when it came into effect on August 5, 2009. Remuneration should be in proportion to the tasks of the position and the Company's situation and in line with a transpar-

DEVELOPMENT OF VALUE ADDED IN 2010

€ million	Fraport Group 2010	Fraport Group 2009 adjusted	Aviation 2010	Aviation 2009 adjusted	Retail & Real Estate 2010	Retail & Real Estate 2009 adjusted	Ground Handling 2010	Ground Handling 2009 adjusted	External Activities & Services[1] 2010	External Activities & Services[1] 2009 adjusted
EBIT	430.9	300.9	56.4	41.2	227.9	225.0	11.0	–40.1	141.4	78.4
Fraport assets	4,019.7	3,820.2	1,343.0	1,220.3	1,355.7	1,252.8	478.1	459.7	978.0	998.7
Capital costs before taxes	381.9	362.9	127.6	115.9	128.8	119.0	45.4	43.7	92.9	94.9
Value added before taxes	49.0	–62.0	–71.2	–74.7	99.1	106.0	–34.4	–83.8	48.5	–16.5
ROFRA	10.7%	7.9%	4.2%	3.4%	16.8%	18.0%	2.3%	–8.7%	14.5%	7.9%

[1] EBIT and Fraport assets adjusted for associated and other investments.
Due to these adjustments differences might occur when summing up on Group level.

GRAPHIC 10

ent and sustainable corporate governance approach which focuses on the long-term. Fraport's Supervisory Board determines the remuneration for Executive Board members based on the recommendations put forward by the Executive Committee.

The Executive Board members' contracts were revised accordingly on January 1, 2010. Remuneration comprises the following components:

_ Fixed component (fixed salary and compensation in kind)
_ Performance-related component excluding long-term incentives (bonuses)
_ Performance-related component with long-term incentive (long-term strategy award and long-term incentive program)

In addition to these components, remuneration also includes stock options with long-term incentives issued in the previous years under the still valid stock options plan (see note 47 in the notes to the financial statements). Stock options were last issued for the year 2009. No further options were issued for 2010. In addition, Executive Board members received endowments to pension benefit payments. Details on Executive Board remuneration are available in note 54 in the notes to the financial statements and the corporate governance report. The members of the Supervisory Board receive only a fixed remuneration. For details, see also note 54 in the notes to the financial statements or the corporate governance report.

Notes pursuant to Section 315 (4) HGB

Fraport AG's capital stock consists of 91,915,588 no par value bearer shares amounting to € 919,155,880.00 (as of December 31, 2010). The capital stock less 77,365 treasury shares was recognized at € 918,382,230 (91,838,223 no par value shares) in the trade balance sheet on December 31, 2010. There are no different share classes.

The total voting rights held by the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH in Fraport AG calculated in accordance with Section 22 (2) of the German Securities Trading Act (WpHG) amounted to 51.62 percent as of December 31, 2010. At that time, they were attributed as follows: State of Hesse 31.50 percent and Stadtwerke Frankfurt am Main Holding GmbH 20.12 percent. The voting rights in Fraport AG owned by the City of Frankfurt am Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary.

According to the last official report in accordance with the WpHG or disclosures from individual shareholders, the remaining voting rights in Fraport AG were assigned as follows (as of December 31, 2010): Artio Global Investors Inc. 10.33 percent, Deutsche Lufthansa AG 9.92 percent and Taube Hodson Stonex Partners LLP 3.58 percent. The relative ownership interest was adjusted to the current total number of shares existing as of the balance sheet date, and may therefore differ from the figures given at the time of reporting or from shareholders' own disclosures.

The appointment and dismissal of Executive Board members is carried out in compliance with the relevant provisions of the German Stock Corporation Act (AktG) (Sections 84, 85). Pursuant to Section 179 (1) sentence 2 AktG in conjunction with Section 11 (3) of the Company Statutes, the Supervisory Board is entitled to amend the wording of the Company Statutes only. Other amendments to the Company Statutes require the resolution of the Annual General Meeting, which, according to Section 18 (1) of the Company Statutes, must be passed by a simple majority of the votes cast and shareholders represented at the time of the resolution. If, by way of exception, law requires a higher controlling interest (e.g. when changing the purpose of

a company as stated in the Company Statutes, Section 179 [2] sentence 2 AktG, or when issuing contingent capital, Section 193 [1] sentence 1 AktG), the resolution of the Annual General Meeting has to be passed by a three-quarter majority of the represented shareholders.

Pursuant to Sections 202 et seq. AktG, the Executive Board was authorized, by resolution of the Annual General Meeting held on June 1, 2005, to increase the capital stock once or several times by up to € 9.5 million until May 31, 2010, upon the approval of the Supervisory Board. The statutory subscription rights of the shareholders could be excluded. In 2010, a total of € 568,590 of the authorized capital was used for issuing shares within the scope of the employee investment plan. At the Annual General Meeting on May 27, 2009, the existing authorized capital was cancelled and a new authorized capital of € 5.5 million created. The new authorized capital entitles the Executive Board, with the approval of the Supervisory Board, to increase the company's capital stock once or several times by up to € 5.5 million until May 26, 2014, by issuing new shares in return for cash. Therefore, authorized capital amounted to € 4.9 million as of December 31, 2010. This sum can be used for the purpose of issuing shares to the employees of the Company and selected affiliated companies. For further details see note 33 in the notes to the financial statements.

A contingent capital increase of € 13.9 million was approved under Sections 192 et seq. AktG at the Annual General Meeting held on March 14, 2001. The purpose of the contingent capital was expanded at the Annual General Meeting on June 1, 2005. The contingent capital increase also serves to fulfill subscription rights under the adopted Fraport Management Stock Options Plan 2005 (MSOP 2005). The Executive Board and Supervisory Board were authorized to issue up to 1,515,000 stock options to beneficiaries entitled to subscribe until August 31, 2009, in accordance with the conditions regulating the allocation of stock options. Some of the shares which were issued as part of performance-related remuneration to members of the Executive Board are subject to a vesting period of 12 or 24 months.

The contingent capital totaled € 5.7 million as of December 31, 2010 (originally € 13.9 million). No options were exercised in 2010 as the exercise limit was not reached.

The Executive Board is entitled, upon resolution of the Annual General Meeting 2009, to purchase treasury shares of up to a total of 3 percent of the capital stock available at the time of the Annual General Meeting 2009. The Executive Board may only use treasury shares for fulfilling subscription rights under the MSOP 2005, while the Supervisory Board may use them as a share-based portion of the Executive Board's remuneration. No treasury shares were purchased in 2010 based on these granted authorizations.

The provisions set out under Section 315 (4) HGB are rules usually applied by similar listed companies and are not intended to hinder any takeover attempts.

Report on the relationships to affiliated companies

Due to the interest of 31.50 percent (2009: 31.52 percent) held by the State of Hesse and 20.12 percent (2009: 20.13 percent) held by Stadtwerke Frankfurt am Main Holding GmbH as well as the consortium agreement concluded between these shareholders on April 18 / 23, 2001, Fraport AG is a dependent public enterprise. No control or profit transfer agreements exist.

The Executive Board of Fraport AG therefore compiles a report on the relationships to affiliated companies in accordance with Section 312 AktG. At the end of the report, the Executive Board made the following statement: "The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. No action was taken or not taken at the behest or in the interests of the State of Hesse and the municipal authority Frankfurt am Main, and companies affiliated with them in the year under review."

BUSINESS DEVELOPMENT 2010

Significant events and operational highlights

New schedule of airport charges at Frankfurt Airport effective
After Fraport reached an agreement with airline representatives in December 2009 and February 2010 on the development of airport charges at Frankfurt Airport for 2010 to 2015 which was approved by the Hessian Ministry of Economics, Transportation, Urban and Regional Development, the first two stages of the new schedule of airport charges took effect in the course of the last financial year. Charges were raised on July 1, 2010, by an average of 4 percent, and increased again on October 1, 2010, by another 3 percent. The agreement concluded in December

2009 foresees an additional 3 percent adjustment on April 1, 2011, and a 2.5 percent increase on October 1, 2011. Additionally, an agreement for airport charges for the years 2012 to 2015 was reached in February 2010. The contract is based on anticipated traffic development at Frankfurt Airport and stipulates an annual fee increase of 2.9 percent for the years 2012 to 2015. If the actual passenger development exceeds or falls below forecast figures, the contract provides for a bonus-malus approach.

Eruption of the Icelandic volcano Eyjafjallajökull in April

The eruption of the Icelandic volcano Eyjafjallajökull in April 2010 and the resulting ash cloud caused an almost complete suspension of flights in European airspace. The airspace above Frankfurt Airport was also affected by the closure. As a consequence the Airport registered approximately 1 million less passengers respectively an up to 2 percent smaller increase in passenger numbers in the full year.

Takeover of operations at Pulkovo Airport, St. Petersburg

At the end of April 2010, the Northern Capital Gateway Consortium, in which Fraport holds a 35.5 percent stake via an associated company, took over operations at St. Petersburg's Pulkovo Airport. The 30-year operating concession agreement particularly provides for the construction of a new passenger terminal, expansion of apron areas, and modernization of other airport infrastructure. In 2010, the passenger numbers at Pulkovo Airport increased by roughly 25 percent to about 8.4 million.

Contract for passenger screening security services at Terminal 1, Concourse C

In October 2010, FraSec GmbH was awarded the contract for passenger screening security services under Section 5 of the German Aviation Security Act at Frankfurt Airport's Terminal 1, Concourse C. The awarded contract will run for a period of six years. The contract became effective January 1, 2011.

Promulgation of the German Aviation Tax Act

At the end of October 2010, the Bundestag, the national Parliament of Germany, approved the Accompanying Budget Law and in this context resolved to levy an aviation tax on airlines for all passengers departing from airports in Germany as of January 1, 2011. The payable amount depends on the distance traveled: € 8 for domestic and short distance flights, € 25 for medium distance flights and € 45 for long distance flights. Transfers landing in Germany as well as airfreight and airmail are exempted from the tax. The extent of the tax's impact on Fraport AG's anticipated passenger growth in the coming years remains to be seen.

New ground handling contract with Deutsche Lufthansa in Frankfurt

Fraport and Deutsche Lufthansa agreed to a new ground handling contract in Frankfurt in December 2010. The contract, which became effective January 1, 2011, has a term of eight years and covers the loading and unloading of Deutsche Lufthansa passenger and cargo planes, as well as baggage transport, bus transfers and additional services.

Development of economic conditions

The global economy

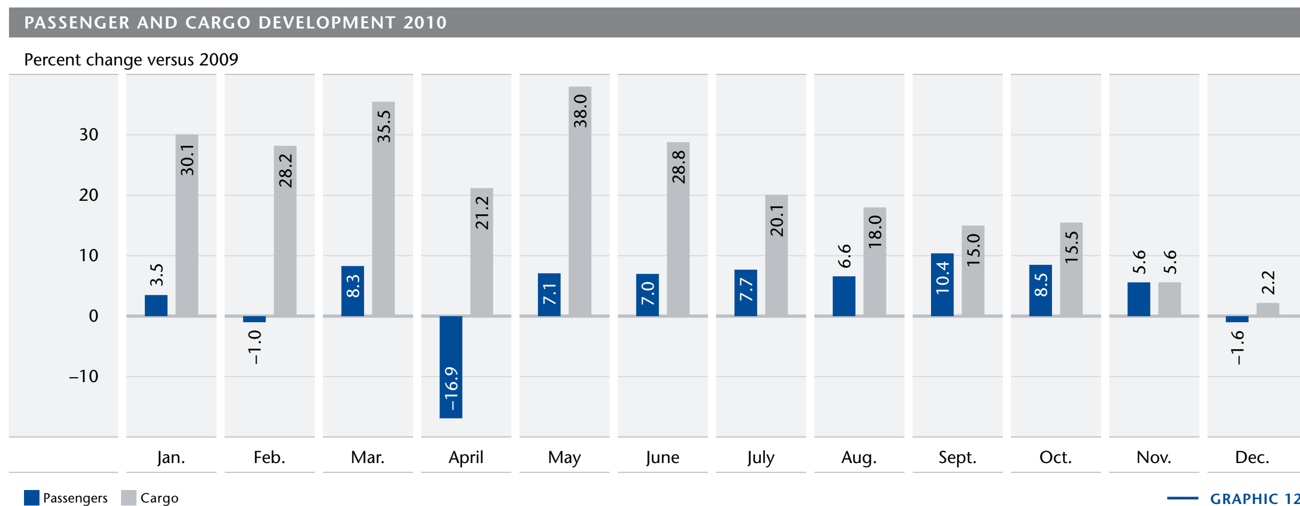
Last year, the global economy recovered considerably from its slump in 2009 (about –0.6 percent) and recorded around 5 percent growth. However, the economies of individual countries developed very differently. While the countries in the Euro zone recorded a moderate average growth rate of 1.8 percent, growth in Asia – particularly China, India and Japan – as well as Latin America and Africa was much stronger. Global trade grew by 12.0 percent, almost offsetting its slump in the previous year. Not even the significant price hikes in the commodities markets, especially crude oil, could change this fact (average price per barrel in 2010: around US $ 80; in 2009: around US $ 62).

GROSS DOMESTIC PRODUCT (GDP) / WORLD TRADE

Real changes compared to the previous year in %	2010	2009
Germany	3.6	–4.7
Euro zone	1.8	–4.1
United Kingdom	1.7	–4.9
USA	2.8	–2.6
Japan	4.3	–6.3
Russia	3.7	–7.9
China	10.3	9.2
India	9.7	5.7
World	5.0	–0.6
World trade	**12.0**	**–10.7**

According to different national and international sources: International Monetary Fund (IMF, January 25, 2011), Organisation for Economic Co-operation and Development (OECD, November, 2010), Deutsche Bank (February 3, 2011), DekaBank (February 8, 2011), German Federal Statistical Office (Januar 12, 2011), Institute for Economic Research (ifo, 14. Dezember 2010)

GRAPHIC 11



The economy in Germany

The German economy increased by 3.6 percent in 2010 – the strongest growth since the reunification. German exports and imports were the driving force behind this economic recovery (about + 14 percent and + 13 percent respectively). Higher investments in equipment and construction as well as rising private spending in the second half of 2010 provided a solid basis for growth.

Development of air traffic

The positive economic situation was also reflected in the traffic figures seen at airports around the world. According to initial estimates from the ACI (ACI, January 31, 2011), passenger volume at European airports in 2010 went up by 3.7 percent, which was nevertheless still slightly below the absolute pre-crisis volume. The world-wide figure rose steeply by 6.2 percent. Airfreight over-compensated for the serious slump in the crisis year 2009 with growth of 19.0 percent in Europe and 16.8 percent globally. The figures from the German Airport Association (ADV, monthly report December 2010) showed passenger traffic at German airports increasing by 4.7 percent, still slightly down on the pre-crisis level. While cargo (airfreight and airmail) rose by 21.4 percent movements dropped by 0.3 percent.

Development at Frankfurt site

The number of **passengers** increased to over 53 million (+ 4.1 percent) in the fiscal year 2010, up 2.1 million over crisis-hit 2009. The rapid economic recovery, as reflected in a substantial increase in private travelers, was the primary factor in this positive development. Despite this increase, 2010 was a year with several adverse events. Adverse weather conditions at the beginning and end of the year, a strike by Deutsche Lufthansa pilots in February, and the ash cloud in April led to approximately 22,000 canceled flights – that's around 15,000 more than the long-term yearly average, and resulted in a loss of approximately 1.4 million passengers. Consistently, passenger volume continued to remain under the peak years of 2007 and 2008, which showed passenger volumes of 54.2 million and 53.5 million respectively. — GRAPHIC 12

Despite these cancelations, all types of regionally observed traffic developed positively. While **domestic travel** (+ 4.6 percent) benefited particularly from a boost in demand for flights from and to Berlin and Hamburg, **European travel** (+ 3.5 percent) was aided by an increase in flights to and from Eastern Europe. **Intercontinental traffic** enjoyed the highest level of growth in 2010, with a 4.7 percent increase. In particular the markets in Asia (+ 7.3 percent), Latin America (+ 7.2 percent), and Africa (+ 5.6 percent) showed a positive development. The number of **private passengers** rose to approximately 30.0 million, respectively by 2.5 pecentage points to 57 percent. The proportion of **transfer passengers** (around 52 percent) was about the same as in the previous year. Within Europe, Frankfurt Airport and its 53 million passengers continue to hold 3rd place, after London Heathrow (65.9 million, – 0.2 percent) and Paris Charles de Gaulle (58.2 million, + 0.5 percent). Source: ACI, January 31, 2011

Despite the adverse events during the reporting year, **cargo transport** (airfreight and airmail) reached a historic high of roughly 2.3 million tons, an increase of 20.5 percent over the previous year. This strong growth can be attributed primarily to the increase in exports and imports to and from Germany, which in Frankfurt were reflected in particular in an increase in freight from connections with Asia and North America (+25.9 percent and +21.8 percent respectively). While pure airfreight handling increased by 21.6 percent to roughly 2.2 million tons, airmail decreased by 4.4 percent in comparison with the previous year, to 76,200 tons. — GRAPHIC 12

At 464,400, the number of **flight movements** was only slightly (+0.3 percent) over the number for 2009, the result of cancelations. Heavier and larger aircraft in 2010 boosted the **maximum take-off weights** by approximately 2.9 percent to just under 28.0 million tons.

Development of investment airports

Antalya Airport (AYT) in Turkey saw passenger figures surge in 2010 by 18.5 percent to 22.1 million (previous year figure adjusted to include the second international terminal). This noticeable growth was in particular due to an increasing number of tourists from Antalya's key source markets Germany, Russia and the United Kingdom, leading to an increase of 18.4 percent in the volume-intense international traffic. Lower-priced flights within Turkey spurred a 19.4 percent domestic growth.

Passenger figures at **Lima Airport (LIM)** increased in 2010 by 17.0 percent to 10.3 million. While domestic traffic benefited especially from additional connections (+29.8 percent), restrictions accessing the Incan site of Machu Picchu led to a slower increase in international traffic (+6.5 percent). Cargo handling was 17.0 percent over that of the previous year, at approximately 270,000 tons.

Despite the economic upturn, passenger volume at **Varna Airport (VAR)** remained at the low levels of the previous year, increasing only 0.6 percent to 1.2 million in 2010. However, passenger figures at **Burgas Airport (BOJ)** jumped 11.1 percent to 1.9 million. The rise at Burgas was particularly due to an increased number of travelers from Russia, Israel and Scandinavia.

The continued economic recovery in India was also reflected in air traffic figures for **Delhi Airport (DEL)**. With 13.0 percent

FULLY AND/OR PROPORTIONATELY CONSOLIDATED AIRPORTS

		Passengers[1]		Cargo (airfreight and airmail in m. t.)		Movements	
	Share of the airport in %	2010	Change over 2009 in %	2010	Change over 2009 in %	2010	Change over 2009 in %
Frankfurt	100.00	53,009,221	4.1	2,275,107	20.5	464,432	0.3
Antalya[2]	51.00/50.00	22,144,161	18.5	n.a.	n.a.	147,197	17.2
Lima	70.01	10,278,493	17.0	271,794	17.0	120,496	14.8
Burgas	60.00	1,894,109	11.1	5,654	108.7	15,837	1.3
Varna	60.00	1,227,442	0.6	77	–10.7	12,577	–1.0
Group		**88,553,426**	**8.9**	**2,552,632**	**20.2**	**760,539**	**5.3**

[1] Commercial traffic only, in + out + transit
[2] Previous year figures adjusted due to takeover of second international terminal as of September 24, 2009

— GRAPHIC 13

MINORITY OWNED AIRPORTS AND/OR AIRPORTS UNDER MANAGEMENT CONTRACTS[2]

		Passengers[1]		Cargo (airfreight and airmail in m. t.)		Movements	
	Share of the airport in %	2010	Change over 2009 in %	2010	Change over 2009 in %	2010	Change over 2009 in %
Delhi	10.00	28,531,607	13.0	595,518	25.8	266,481	8.8
Xi'an	24.50	18,010,379	17.7	158,054	24.6	161,273	12.2
Cairo	0.00	16,135,898	12.2	310,899	8.8	154,832	8.8
St. Petersburg[3]	35.50	8,443,753	24.9	n.a.	n.a.	101,498	15.9
Hanover	30.00	5,060,956	1.8	15,829	38.9	75,833	–2.4
Total		**76,182,593**	**14.3**	**1,080,300**	**20.4**	**759,917**	**9.2**

[1] Commercial traffic only, in + out + transit
[2] Figures for the airports in Riyadh, Jeddah and Dakar were not available until the editorial deadline.
[3] Since April 29, 2010, 35.5 percent Fraport share in the operating concession. In the May to December period approximately 6.5 million passengers and 75,000 movements were recorded.

— GRAPHIC 14

increase in passenger figures and a 25.8 percent rise in cargo tonnage, both traffic categories saw a clearly positive development in 2010. Major factors driving passenger demand included international tourist traffic and domestic low-cost traffic.

With 17.7 percent passenger growth, **Xi'an Airport (XIY)** in China was the third fastest growing airport among the ten leading airports in terms of passenger numbers in the country. Reasons for the continuing increase in air traffic included China's growing gross domestic product, and measures to enhance the airport's hub function.

At **Pulkovo Airport (LED)** in St. Petersburg, Russia, the passenger count increased in 2010 by about 25 percent to roughly 8.4 million. The airport benefited in particular from the economic recovery and the introduction of new air routes. Since Fraport took over LED's operational business, the airport counted approximately 6.5 million passengers in the period from May to December. Compared to the previous year, this represents an increase of roughly 1.3 million or 25 percent.

Hanover Airport (HAJ) welcomed approximately 5.1 million passengers in 2010, an increase of 1.8 percent over the previous year. High passenger volume during the summer months in particular allowed the airport to compensate for negative effects of the volcanic ash cloud and the harsh winter. Cargo transport also enjoyed positive development: about 16,000 tons of airmail and airfreight were transported, an increase of nearly 5,000 tons or 38.9 percent.

RESULTS OF OPERATIONS

Adjusting revenue and earnings

Because of the first-time compulsory application of IFRIC 12: Accounting of service concession arrangements (see note 4 in the notes to the financial statements), the previous year figures were adjusted. A reconciliation statement of consolidated values is contained in note 4 in the notes to the financial statements. For ease of comparison, earnings and expense items in the previous year were also adjusted for the following extraordinary effects. — GRAPHIC 15

Revenue and earnings development

In fiscal year 2010, Fraport Group achieved € 2,194.6 million in **revenue**. This represents a year-on-year increase of € 184.3 million or 9.2 percent, which was realized despite the negative impact of the volcanic ash cloud and the strong winter. After adjusting for the consolidation effect from the sold Hahn Airport investment in the previous year, revenue rose by € 190.1 million or 9.5 percent. The External Activities & Services segment made a substantial contribution to revenue (+€ 96.1 million). It mainly benefited from the investments in Antalya and Lima. In addition to growing air traffic in 2010, Antalya Airport benefited from the first-time full-year consolidation of its second international terminal (in 2009: as of September 24). The Aviation, Retail & Real Estate and Ground Handling segments contributed € 88.2 million to revenue growth, primarily due to the positive air traffic development in Frankfurt. The Aviation segment also benefited from the increases in airport fees on July 1 and October 1, 2010. **Other income** amounted to € 89.4 million, € 4.1 million or 4.8 percent up year-on-year. This slight in-

ADJUSTING REVENUE AND EARNINGS

€ million	Segment	Revenue	Total revenue	Personnel expenses	Non-staff costs	EBITDA	EBIT
2009 (adjusted)							
Revenue and earnings figures		**2,010.3**	**2,095.6**	**866.9**	**659.0**	**569.7**	**300.9**
Adjustments:							
Adjustment for the figures of the sold Hahn investment until deconsolidation on February 28, 2009	External Activities & Services	–5.8	–6.6	–2.9	–5.2	1.5	3.4
Adjustment for the booked accounts receivable to compensate losses in connection with the sold Hahn investment	External Activities & Services	–	–5.6	–	–	–5.6	–5.6
Adjusted revenue and earnings		**2,004.5**	**2,083.4**	**864.0**	**653.8**	**565.6**	**298.7**

— GRAPHIC 15

crease mainly resulted from releasing provisions, among others in the Aviation segment. In the previous year, the accounts receivable booked to compensate losses in connection with the sold Hahn investment increased other income by € 5.6 million. **Total revenue** rose € 188.4 million or 9.0 percent to € 2,284.0 million. Adjusted for the one-off effects from the sold Hahn investment, total revenue was up € 200.6 million or 9.6 percent.

Personnel expenses amounted to € 880.4 million, up € 13.5 million or 1.6 percent year-on-year. The adjusted increase was at € 16.4 million or 1.9 percent. The rise was among others due to higher personnel requirements in the Ground Handling segment caused by the increased traffic volume and additions to personnel obligations. **Non-staff costs** (cost of materials and other operating expenses) went up by 5.2 percent from € 659.0 million to € 693.0 million. After deducting the expenses from the Hahn investment, the figure increased by € 39.2 million or 6.0 percent. Additional non-staff costs, inter alia, were created by higher costs for winter services and energy supplies. With € 1,573.4 million, **total operating expenses** rose € 47.5 million or 3.1 percent year-on-year. On an adjusted basis, this represented an increase of € 55.6 million (+3.7 percent).

Because of a markedly disproportionate lower increase in costs than the rise in revenue, **Group EBITDA** climbed by 24.7 percent from € 569.7 million to € 710.6 million. The adjusted growth was at € 145.0 million or 25.6 percent. The **EBITDA margin** improved correspondingly significantly from 28.3 percent to 32.4 percent. The noticeable improvement of the margin and EBITDA was primarily attributable to the Antalya investment. Higher **depreciation and amortization** on property, plant and equipment and the first-time full-year consolidation of the second international terminal in Antalya resulted in a rise in depreciation and amortization and a slightly lower increase in **Group EBIT**. € 430.9 million represented an increase of € 130.0 million or 43.2 percent in a year-on-year comparison. In the previous year, a write-down on ground services (segment Ground Handling) reduced Group EBIT by € 20.0 million. Adjusted for the Hahn investment, Group EBIT rose by € 132.2 million or 44.3 percent in 2010.

The **financial result** deteriorated noticeably, falling from – € 106.4 million to – € 152.2 million (– € 45.8 million). Reasons for the deterioration included among others higher interest expenses of € 42.2 million from a rise in net financial debt, as well as the valuation of derivatives (– € 12.3 million) and unrealized currency translation losses (– € 9.7 million). Influenced by higher Group liquidity, interest income in 2010 exceeded the previous year's level despite the positive one-off effect from the advanced partial payment to Celanese AG / Ticona GmbH in the previous year. The write-down on financial assets recorded in 2009 had resulted from a revision of The Squaire GmbH & Co. KG (former: Airrail KG) expected business development. Without the capitalization of borrowing costs, interest expenses in 2010 would have been € 57.4 million higher (2009: € 42.5 million).

As a result of the tax audit for the years 1999 to 2002, Fraport had to make a tax back payment of about € 20 million. The remaining provisions of around € 80 million were released to income, reducing income tax expenses and the **tax rate** in 2010. Due to this one-off effect, the tax rate amounted to 2.6 percent, considerably lower than the previous year's figure of 21.9 percent. Adjusted for this effect the tax rate would have been at around 31.5 percent. **Group result** therefore came to € 271.5 million, up € 119.5 million or 78.6 percent year-on-year. **Basic earnings per share** rose correspondingly from € 1.60 to € 2.86.

KEY REVENUE AND EARNINGS FIGURES

€ million	2010	2009 adjusted	Change	Change in %
Revenue	2,194.6	2,010.3	184.3	9.2
Other revenue	89.4	85.3	4.1	4.8
Total revenue	2,284.0	2,095.6	188.4	9.0
Personnel expenses	880.4	866.9	13.5	1.6
Non-staff costs	693.0	659.0	34.0	5.2
Total operating costs	1,573.4	1,525.9	47.5	3.1
EBITDA	710.6	569.7	140.9	24.7
EBITDA margin	32.4 %	28.3 %	4.1 PP[1]	–
Depreciation and amortization	279.7	268.8	10.9	4.1
EBIT	430,9	300.9	130.0	43.2
Financial result	–152.2	–106.4	–45.8	–
EBT	278.7	194.5	84.2	43.3
Group result	271.5	152.0	119.5	78.6
Profit attributable to shareholders' of Fraport AG	262.9	146.4	116.5	79.6
Basic earnings per share	2.86	1.60	1.26	78.8

[1] Percentage Points

GRAPHIC 16

SEGMENT REPORTING

Adjusting segment reporting

Because of the first-time application of IFRIC 12 and reallocation measures, which mainly affected the airport clinic and fire stations at Frankfurt Airport, the segments revenue and earnings for the previous year were adjusted. A reconciliation statement is included in note 43 in the notes to the financial statements.

Aviation

AVIATION

€ million	2010	2009 adjusted	Change	Change in %
Revenue	693.9	685.1	8.8	1.3
EBITDA	131.6	117.3	14.3	12.2
EBITDA margin	19.0 %	17.1 %	1.9 PP	–
EBIT	56.4	41.2	15.2	36.9
Employees	6,074	6,337	– 263	– 4.2

GRAPHIC 17

Revenue of the Aviation segment amounted to € 693.9 million, € 8.8 million or 1.3 percent up year-on-year, mainly due to a steep rise in air traffic at Frankfurt Airport. The increases in airport fees on July 1 and October 1, 2010, also raised revenue. However, the new awarding of the contract for passenger screening security services in Frankfurt's Terminal 2 to a competitor as of January 1, 2010, had a negative impact on segement revenue.

The resulting lower costs lessened the negative revenue effect on segment EBITDA, which went up 12.2 percent from € 117.3 million to € 131.6 million. A constantly high volume of depreciation and amortization resulted in a segment EBIT of € 56.4 million, an increase of € 15.2 million or 36.9 percent year-on-year.

Retail & Real Estate

RETAIL & REAL ESTATE

€ million	2010	2009 adjusted	Change	Change in %
Revenue	403.1	362.4	40.7	11.2
EBITDA	294.7	282.9	11.8	4.2
EBITDA margin	73.1 %	78.1 %	– 5 PP	–
EBIT	227.9	225.0	2.9	1.3
Employees	606	603	3	0.5

GRAPHIC 18

Revenue in the Retail & Real Estate segment increased disproportionately higher than passenger volume, by 11.2 percent to € 403.1 million (+ € 40.7 million). Apart from the positive development of the retail business, higher proceeds from the parking business resulted in a rise in revenue. Increased demand for supply services and the sale of a logistics building created growth in the Real Estate business. The key performance indicator "net retail revenue per passenger" totaled € 3.02, rising above the € 3 mark for the first time in one full year (2009: € 2.86). Expenses went up due to factors such as higher energy costs and construction costs accrued until the sale of the logistics building, which were recognized as cost of materials.

Because of the positive revenue development, segment EBITDA rose from € 282.9 million to € 294.7 million (+4.2 percent). The EBITDA margin slipped from 78.1 percent to 73.1 percent. Reasons included among others additional energy services. Higher depreciation and amortization due to new and modernized assets resulted in a segment EBIT of € 227.9 million (+1.3 percent).

Ground Handling

GROUND HANDLING

€ million	2010	2009 adjusted	Change	Change in %
Revenue	658.6	619.9	38.7	6.2
EBITDA	44.1	14.1	30.0	>100
EBITDA margin	6.7%	2.3%	4.4 PP	–
EBIT	11.0	–40.1	51.1	–
Employees	8,564	8,254	310	3.8

GRAPHIC 19

Growing traffic at FRA also increased revenue in the Ground Handling segment. With € 658.6 million, segment revenue increased by € 38.7 million or 6.2 percent year-on-year. In addition to the rise in passenger figures and maximum take-off weights, the positive development of the airfreight business particularly contributed to revenue growth (+€ 20.0 million). In contrast, changes in billing for aircraft cabin cleaning services effective as of January 1, 2010, depressed segment revenue by € 12.6 million. Since January 1, 2010, our associated investment ASG has been charging the aircraft cabin cleaning services directly to Deutsche Lufthansa AG and not via the Fraport AG parent company. However, due to concurrent cost reductions the negative effect had no impact on the segment EBITDA.

Overall, the traffic-related increase in operating expenses was disproportionately lower than the rise in revenue. One of the factors that increased costs in 2010 was additions to personnel obligations.

Due to the disproportionately low development of costs, segment EBITDA rose steeply by € 30.0 million from € 14.1 million to € 44.1 million. Also due to the write-down on ground services recognized in 2009 of € 20.0 million, segment EBIT went up by € 51.1 million to € 11.0 million.

External Activities & Services

EXTERNAL ACTIVITIES & SERVICES

€ million	2010	2009 adjusted	Change	Change in %
Revenue	439.0	342.9	96.1	28.0
EBITDA	240.2	155.4	84.8	54.6
EBITDA margin	54.7%	45.3%	9.4 PP	–
EBIT	135.6	74.8	60.8	81.3
Employees	4,548	4,776	–228	–4.8

GRAPHIC 20

In 2010, revenue in the External Activities & Services segment increased considerably by 28.0 percent from € 342.9 million to € 439.0 million. Adjusted for the divestment of Hahn Airport in 2009, revenue went up by € 101.9 million or 30.2 percent on the previous year (due to inter-segment allocation, the figures of Hahn Airport differ marginally from the Group figures on page 58). The positive development of the investments in Antalya (+€ 54.8 million) and Lima (+€ 19.2 million) was the main driver for segment revenue. In addition to growing air traffic in 2010, Antalya Airport benefited from the first-time full-year consolidation of its second international terminal (in 2009: as of September 24). Within the segment, operating expenses rose by 2.1 percent, disproportionately low compared to revenue, due to increased expenses for maintenance work and traffic-related concession charges. Adjusted for Hahn Airport, expenses went up by 3.9 percent.

Despite the accounts receivable booked in 2009 to offset losses in connection with the sold Hahn investment of € 5.6 million, segment EBITDA climbed from € 155.4 million to € 240.2 million, a growth rate of 54.6 percent. Adjusted for the one-off effects of Hahn Airport, EBITDA went up € 88.1 million or 57.9 percent. Despite higher depreciation and amortization due to the first-time full-year consolidation of the second international terminal at Antalya Airport, segment EBIT reached € 135.6 million, an increase of € 60.8 million or 81.3 percent compared to the previous year. After adjusting for the one-off effects of the Hahn Airport, EBIT improved by € 62.2 million or 84.7 percent. The segment's figures do not include the results from associated companies and income from investments which are recognized in the financial result.

Key investments

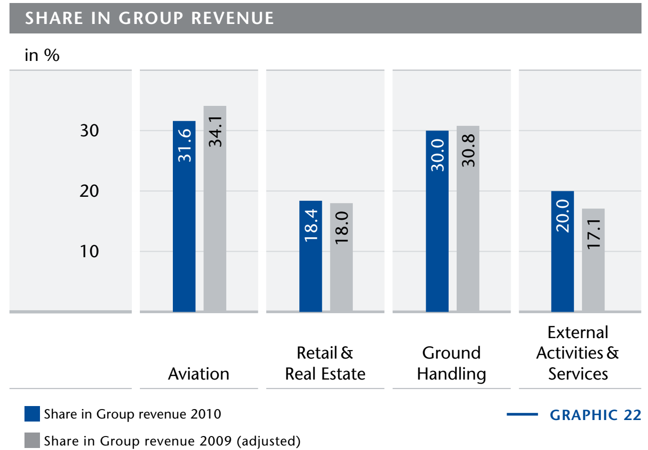
The **pre-consolidation** business development for Fraport's key investments outside Frankfurt were as follows (previous year figures adjusted to IFRIC 12, see note 4 in the notes to the financial statements):

The **Antalya** investment achieved € 266.9 million in revenue in the past fiscal year. Compared with the previous year, this corresponds to an increase of € 109.6 million or 69.7 percent. Apart from growing traffic, the contractually agreed first-time full-year consolidation of the second international terminal, which was previously managed by a different operator and included in the new Fraport concession in September 2009, had a positive impact. EBITDA and EBIT developed clearly positively, rising by € 147.6 million and € 105.8 million respectively. The higher growth of EBITDA compared to revenue is due to the application of IFRIC 12.

The investment in **Lima** also profited from increasing air traffic. Revenue amounted to € 135.4 million, up € 19.2 million or 16.5 percent year-on-year, also due to currency translation effects. EBITDA and EBIT also developed positively, going up € 7.7 million each.

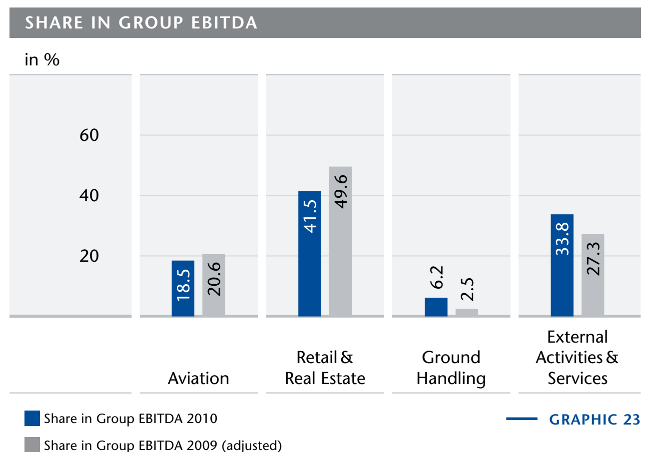
Revenue of the investment **Fraport Twin Star Airport Management AD** rose by 13.6 percent from € 35.4 million to € 40.2 million as a result of, among other things, higher retail income and proceeds from airport fees. While EBITDA of € 21.1 million achieved 11.1 percent growth, EBIT came to € 13.9 million, 16.8 percent above the previous year's value. GRAPHIC 21

SHARE IN GROUP REVENUE



GRAPHIC 22

SHARE IN GROUP EBITDA



GRAPHIC 23

PRE-CONSOLIDATION DEVELOPMENT IN KEY INVESTMENTS

€ million	Fraport share	Revenue 2010	Revenue 2009 adjusted	Revenue Change in %	EBITDA 2010	EBITDA 2009 adjusted	EBITDA Change in %	EBIT 2010	EBIT 2009 adjusted	EBIT Change in %
Antalya [1]	51 % / 50 %	266.9	157.3	69.7	216.9	69.3	>100	122.8	17.0	>100
Lima [2]	70.01 %	135.4	116.2	16.5	49.1	41.4	18.6	37.6	29.9	25.8
Twin Star	60 %	40.2	35.4	13.6	21.1	19.0	11.1	13.9	11.9	16.8

[1] Since September 24, 2009 including second international terminal. Proportionate consolidation with 51 percent voting interest and 50 percent equity share since January 5, 2009. Values correspond to 100 percent figures before proportionate consolidation.
[2] Figures in accordance with IFRS, local GAAP figures might differ.

GRAPHIC 21

Segment share in Group revenue and EBITDA

Due to the clearly positive revenue and earnings development, the External Activities & Services segment considerably increased its share in Group revenue and Group EBITDA in 2010. Despite the also positive business development the Aviation and Ground Handling segments were not able to raise their shares in Group revenue in a year-on-year comparison. With a share of 31.6 percent, the Aviation segment once again remained the revenue driver of Fraport Group in 2010. Apart from the External Activities & Services segment, Ground Handling recorded an increased share in Group EBITDA. With 41.5 percent, Retail & Real Estate continued to contribute the largest share in Group EBITDA in 2010.

The tables show each segment's share in Group revenue and Group EBITDA: —— GRAPHIC 22, 23

ASSET AND FINANCIAL SITUATION

Adjusting asset and financial sitituation

Because of the first-time application of IFRIC 12 the previous year values have been adjusted. A reconciliation statement is included in note 4 in the notes to the financial statements.

Capital expenditures

Fraport Group invested a total of € 1,033.9 million in fiscal year 2010 – a decrease of roughly € 405 million compared to the investment volume of € 1,438.3 million recorded in the previous year. The decrease was mainly due to financial asset management carrying out fewer investments and the further shares in the company operating the Antalya concession acquired by the Group being recognized in 2009.

In the reporting period, investments again focused on **Frankfurt Airport** (around € 775 million) and especially the expansion of the site. Within the measures for the expansion and modernization of the existing terminals and facilities ("FRA North"), investments particularly concentrated on the construction of Pier A-Plus and compatibility with the A380.

The Fraport Group's **equity investments** amounted to approximately € 35 million with the majority relating to the Twin Star investment in Bulgaria. Almost € 225 million were invested in non-current **financial assets**. Focus was on the acquisition of cash investments (especially securities and promissory note loans). In 2010, € 57.4 million interest expenses related to construction work were capitalized in connection with the investments (2009: € 42.5 million). The **investment ratio** was 24.4 percentage points below 2009's figure, totaling 47.1 percent at the end of the year.

A detailed list of investments is included in the consolidated statement of changes in non-current assets in the consolidated financial statements.

Asset and capital structure

In 2010, Fraport Group's **total assets** increased by € 305.3 million to € 9,170.5 million (+3.4 percent). This increase was especially due to a rise in non-current assets and shareholders' equity.

Non-current assets amounted to € 6,777.0 million, € 424.0 million or 6.7 percent up year-on-year. The rise in "Property, plant and equipment" resulted mainly from ongoing capital expenditure at Frankfurt Airport, whereas the finance required for capital expenditure, which was obtained by liquidating securities, led to a decrease in "Other financial assets". "Other receivables and financial assets" dropped and in turn **current assets** went down from € 2,512.2 million to € 2,393.5 million (–4.7 percent). This decrease was also due to the finance requirements for construction work.

After taking into account Group profit, **shareholders' equity**, including profit earmarked for distribution, amounted to € 2,739.3 million (+7.1 percent). The **equity ratio** (equity less non-controlling interests and profit earmarked for distribution) rose 1.0 percentage point to 28.4 percent year-on-year.

Non-current liabilities rose from € 5,575.4 million to € 5,608.4 million (+0.6 percent), due to an increase in non-current financial liabilities and other liabilities. Financial liabilities increased, inter alia, because of Frankfurt Airport as well as the Antalya investment, while the rise in other liabilities resulted mainly from a loss in the fair value of derivatives. The reversal of provisions relating to the tax audit of the years 1999 to 2002 is reflected in the decrease of "Income tax provisions". **Current liabilities** amounted to € 822.8 million, € 90.8 million higher than in 2009 (+12.4 percent), due to a rise in trade accounts payable, current financial liabilities and other liabilities.

Fraport Group's **gross debt** amounted to € 4,408.4 million as of the balance sheet date, increasing by € 162.6 million or 3.8 percent. After deducting the **Group's liquidity** in the amount of € 2,384.0 million, **net debt** reached € 2,024.4 million as of December 31, 2010, exceeding the level of December 31, 2009, by € 409.9 million or 25.4 percent. The **gearing ratio** thus reached 77.8 percent (adjusted value on December 31, 2009: 66.5 percent).

Contingent liabilities do currently not reflect any major impact on future net assets. —— GRAPHIC 24

Cash flow statement

The positive operating development of Fraport Group is also reflected in **cash flow from operating activities**, which rose by 33.1 percent from € 426.5 million to € 567.5 million in 2010. An increase in profit for the year and decrease in income tax payments were mainly responsible for this rise despite higher interest expenses.

Cash flow used in investing activities was down noticeably by € 2,924.6 million or 85.9 percent to € 481.9 million. This was primarily due to time deposits made in 2009 with a remaining term of more than three months of € 1,698.4 million, which increased cash outflow in the previous year. Furthermore, financial investments within the scope of asset management and the advanced partial payment made to Celanese AG / Ticona GmbH increased cash outflow in 2009. In 2010, proceeds from the disposal of non-current and current financial assets led to a cash inflow of € 484.0 million.

Free cash flow remained negative at –€ 291.1 million due to the ongoing investing activities (2009: –€ 711.4 million).

Cash flow from financing activities slumped year-on-year from € 1,929.4 million to € 17.3 million (–99.1 percent). The low cash inflow was mainly due to fewer long-term borrowing, which in 2009 increased cash inflow in connection with the reserve financing of expansion and modernization measures at Frankfurt Airport.

The positive cash flow from operating activities as well as proceeds from the disposal of non-current and current financial assets resulted in **cash and cash equivalents** rising from € 73.9 million to € 99.1 million (+34.1 percent). Fraport's Group **liquidity** amounted to € 2,384.0 million, taking into account investments carried out by asset management. On December 31, 2010, bank deposits of € 112.4 million were subject to drawing restrictions. —— GRAPHIC 25

Finance management

Fraport's finance management operates in line with its strategic goals of securing liquidity, limiting financial risks, improving profitability and ensuring flexibility. Especially with the capital-intensive investment program at the Frankfurt site, the top prioritized goal is **securing liquidity**. It is secured, on the basis of the Group's solid equity base, through both internal financing via the operating cash flow and through external financing measures in the form of debt. As a result of these measures, Fraport reported total liquidity of € 2,384.0 million as of December 31, 2010, which is available – in addition to each generated operating cash flow – to finance forthcoming investments. In addition,

ASSET AND CAPITAL STRUCTURE

		1	2	3	4	5
Assets	Dec. 31, 2010	73.9 %	26.1 %			
	Dec. 31, 2009 adjusted	71.7 %	28.3 %			
Liabilities & Equity	Dec. 31, 2010			29.9 %	61.1 %	9.0 %
	Dec. 31, 2009 adjusted			28.9 %	62.9 %	8.2 %

1 Non-current assets **2** Current assets **3** Shareholders' equity[1] **4** Non-current liabilities **5** Current liabilities

[1] Shareholders' equity including non-controlling interests and profit earmarked for distribution

—— GRAPHIC 24

the single entity Fraport AG had approximately € 450 million in unused short-term credit lines as of the reporting date.

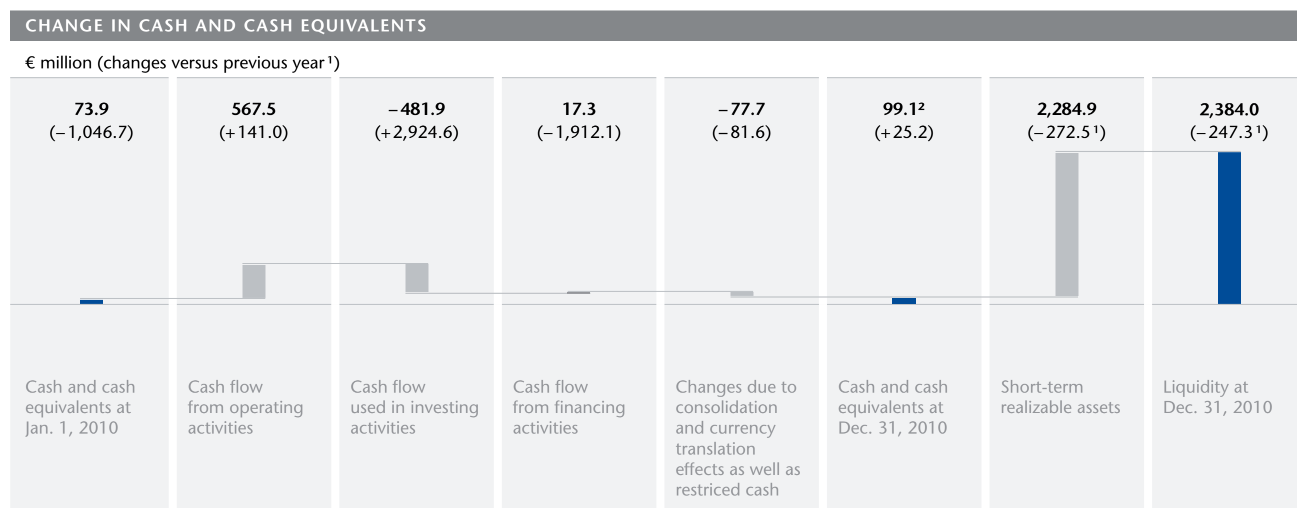
The average remaining term of debt in the amount of € 4,408.4 million, consisting of a broadly diversified portfolio of financing sources, was just under eight years on the balance sheet date.

Most of the debt was held through various promissory notes issued by Fraport AG with a total nominal volume of € 1,123 million, and through long-term subsidized loans from the infrastructure banks European Investment Bank (EIB) and Wirtschafts- und Infrastrukturbank Hessen (WIBank) (former: Landestreuhandstelle Hessen [LTH]) with a total nominal volume of € 980 million. The margin of the subsidized loans is significantly below the applicable market spreads for 2009. With a nominal volume of € 800 million, a bond issued by Fraport AG constituted another significant source of financing. Additional financing with a nominal volume of € 150 million was obtained through a private placement in combination with the bond issued and based on the same documentation. Bilateral bank loans with a nominal volume of around € 857 million constituted another significant source of financing on December 31, 2010. The key features of the financing instruments in terms of the type, maturity, currency and interest structure are presented in the table: GRAPHIC 26

The contract documentation for all financial liabilities of Fraport AG includes two non-financial covenants consisting of a negative pledge and a declaration of equal rank (pari passu). In addition, the subsidized loans include contractually stipulated, commonly accepted credit clauses regarding changes in the shareholder structure and control of the company. If these have a proven effect on the borrowing capacity of Fraport AG, the creditors have the right to redeem the loans early.

Mainly as part of project financing the subsidiaries have liabilities to banks as well as a bond issue with a total nominal volume of € 471.7 million. Liabilities to banks of € 348.3 million are denominated in € and are mainly subject to ongoing repayment during the term of maturity. Most of the remaining terms extend until 2019. Interest rates are largely based on the 6-month EURIBOR plus a commensurate margin for project financing. The bond issue (USD 164.9 million) was issued by Lima Airport Partners (LAP) in 2007 with a term of 15 years. It is denominated in USD, subject to ongoing repayment during the term of maturity, and has a fixed interest coupon of 6.88 percent p.a. Financial liabilities for independent project financing without any recourse against Fraport AG include clauses stipulating that certain debt service coverage ratios and control indicators for debt ratio and credit periods must be complied with. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and / or to the early redeem of loans. There are currently no indications of any failure to comply with essential borrowing terms and conditions.

With regard to the goal of **limiting financial risks,** liquidity reserves for the expansion of capacities were invested in the past year so that no defaults were incurred despite the volatile mar-



[1] Previous year value of short-term realizable assets adjusted to new definition, including restricted cash
[2] Difference to financial position due to cash and cash equivalents with a duration of more than three months and restricted cash

GRAPHIC 25

FINANCIAL DEBT STRUCTURE

Source of Financing	Year of Issue	Nominal volume in € million	Maturity	Repayment	Interest	Interest rate
		463	2015	End of term	Variable	6-month EURIBOR + margin
	2008	257	2017	End of term	Variable	6-month EURIBOR + margin
		256	2014	End of term	Mainly variable	6-month EURIBOR + margin
		87	2017	End of term	Mainly variable	6-month EURIBOR + margin
	2009	25	2019	End of term	Variable	6-month EURIBOR + margin
Promissory notes	2010	35	2020	End of term	Variable	6-month EURIBOR + margin
Subsidized loans EIB / WIBank	2009	980	2016 – 2019	Ongoing repayment during the term of maturity	Variable	6-month EURIBOR + margin
Bond issue	2009	800	2019	End of term	Fixed	5.25 % p.a.
Private placement	2009	150	2029	End of term	Fixed	5.875 % p.a.
Bilateral loans	Various	Around 857 (mainly denominated in €)	2011 – 2028	Mainly end of term	Mainly variable	6-month EURIBOR + margin

GRAPHIC 26

ket environment. This was primarily achieved by permanently monitoring the risk parameters such as the development of ratings, CDS and prices and also by monitoring debtors on an ongoing basis in the context of risk controlling.

For **profitability**, Fraport is striving to minimize interest expenses and transactions fees for loans and optimize returns on financial investments while taking into consideration the goal of “limiting financial risks”. With an average return of around 2 percent, returns were kept at the same level as in the previous year.

The additional goal of **flexibility** is ensured through unused credit lines and liquid funds. As Fraport has not been engaging in any financing activities up to now that would have required an external rating, the Group does not require an external rating at present. Whether this will continue depends largely on the market environment and other acquisitions. If need be, Fraport will make a decision at short notice.

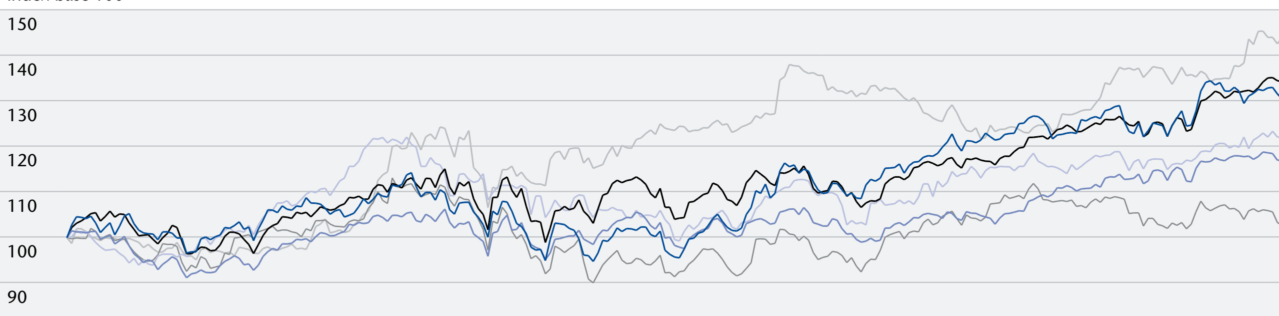
THE FRAPORT SHARE AND INVESTOR RELATIONS

Share development 2010

At a share price of € 47.16, the Fraport Share closed the year 2010, 30.0 percent over the previous year’s closing price of € 36.28. Including the dividend of € 1.15 per share, Fraport shareholders achieved an annual performance of 33.2 percent (2009: 21.1 percent). The Fraport Share thus developed more favorably than the benchmark index DAX (+16.1 percent) in the previous year but slightly weaker than the MDAX, which rose by 34.9 percent.

While the Fraport Share closed the end of the first quarter at +7.5 percent on account of the overall positive market environment, it dropped by 10.3 percent in the second quarter, mainly due to the effects of the volcanic ash cloud, the announcement of an aviation tax and the economic uncertainties following a weakening of the euro. However, in the third quarter, the Fraport Share recovered significantly by +27.6 percent. This was attributable, in particular, to the positive development in passenger numbers in Frankfurt, Antalya and Lima, the increase in the EBITDA forecast for all of 2010 with publication of the half-year financial figures and the speedy progress in construction

DEVELOPMENT OF THE FRAPORT SHARE 2010 COMPARED TO THE MARKET AND COMPETITORS



Source: Bloomberg — GRAPHIC 27

KEY FIGURES AND DATA ABOUT THE FRAPORT SHARE

		2010	2009 adjusted
Fraport capital stock (in accordance with IFRS)	€ million	918.4	917.7
Total number of shares on December 31	number	91,915,588	91,858,729
Number of floating shares[1] on December 31	number	91,838,223	91,774,500
Number of floating shares (weigthed average of period under review)	number	91,808,388	91,710,554
Absolute share of capital stock	per share in €	10.00	10.00
Year-end price	€	47.16	36.28
Highest price[2]	€	48.78	38.80
Lowest price[3]	€	34.40	22.46
Annual performance (including dividend)	%	33.2	21.1
Beta relative to the MDAX		0.82	0.99
Market capitalization	€ million	4,335	3,333
Average trading volume per day	number	160,634	163,070
Earnings per share (basic)	€	2.86	1.60
Earnings per share (diluted)	€	2.85	1.59
Price-earnings ratio		16.5	22.7
Dividend per share[4]	€	1.25	1.15
Total dividend payment[4]	€ million	115.6	106.2
Dividend yield on December 31[4]	%	2.7	3.2

ISIN	DE 000 577 330 3
Security identification number (WKN)	577330
Reuters ticker code	FRAG.DE
Bloomberg ticker code	FRA GR

[1] Total number of shares on the balance sheet date less treasury shares
[2] Closing price on December 6, 2010 and September 16, 2009 respectively
[3] Closing price on June 8, 2010 and March 9, 2009 respectively
[4] Proposed dividend (2010)

— GRAPHIC 28

at the Frankfurt site. Also due to the early onset of winter, the Fraport Share rose by 5.7 percent in the fourth quarter, a little weaker than the benchmark indices DAX and MDAX, both of which saw double-figure growth rates.

The shares of Fraport AG's competitors performed as follows in the past year: Aéroports de Paris up 3.7 percent, Zurich Airport up 22.7 percent and Vienna Airport up 47.2 percent.

— GRAPHIC 27

The Fraport Share's average daily trading volume amounted to 160,634 shares, which represented a slight decrease of –1.5 percent against the previous year figure of 163,070. On the reporting date, Fraport AG's market capitalization totaled about € 4.3 billion (2009: € 3.3 billion).

The table shows the key figures of the Fraport Share in the past fiscal year: —— GRAPHIC 28

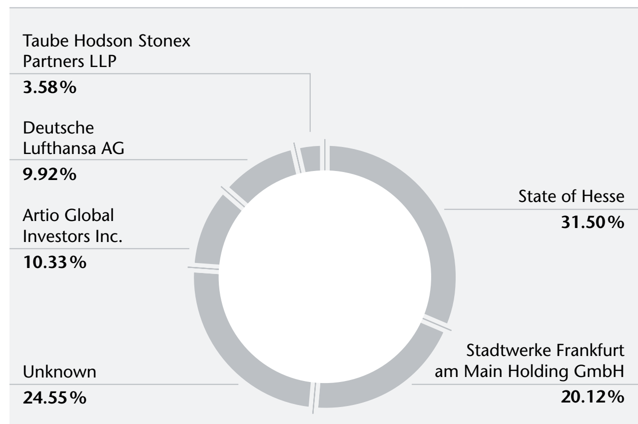
Shareholder structure

Changes in Fraport's shareholder structure in 2010 were as follows:

In accordance with Section 21 (1) WpHG, Deutsche Lufthansa AG informed us on June 25, 2010, that it continued to hold 9.92 percent of voting rights in Fraport AG as on June 23, 2010, but that 7.09 percent of these voting rights were now attributable to Deutsche Lufthansa AG pursuant to Section 22 (1) sentence 1 no. 1 WpHG. Those attributable voting rights were held via the following companies controlled by Deutsche Lufthansa AG, whose shares in voting rights of Fraport AG exceeded the thresholds of 3 percent and 5 percent on June 23, 2010, amounting to 5.66 percent on that day: Lufthansa Pension Beteiligungs GmbH, Lufthansa Pension GmbH & Co. KG, Lufthansa Malta Pension Holding Ltd. and Malta Pension Investments. The remaining 2.83 percent of the voting rights were still attributable to the Deutsche Lufthansa AG parent company.

As of December 31, 2010, the shareholder structure of Fraport AG was as follows: —— GRAPHIC 29

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2010 [1]



[1] The relative ownership interest of the individual shareholders was adjusted to the current total number of shares as at December 31, 2010 and therefore may differ from the figures given at the time of reporting an excess / shortfall of the threshold.

—— GRAPHIC 29

Dividend distribution

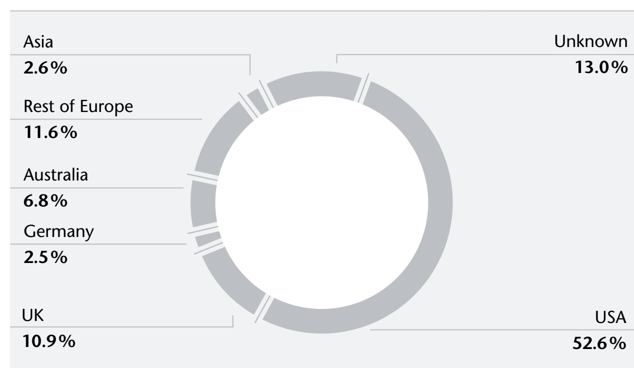
For fiscal year 2010 and the generally positive performance of earnings the Supervisory Board and Executive Board of Fraport AG will propose a dividend of € 1.25 per share to the Annual General Meeting 2011. Compared with the previous year, this represents an increase of € 0.10 or 8.7 percent per share. The dividend payout ratio would then equate to 48.5 percent of the parent company / single entity (Fraport AG) profit for the year of € 238.5 million, and 44.0 percent of Group profit for the year of € 262.9 million attributable to the shareholders of Fraport AG. The comparative figures for the previous year were 60.4 percent and 70.8 percent respectively.

Investor Relations

The Fraport Investor Relations Strategy, which is based on an open and future-oriented financial communication, was positively received by capital market participants in the past fiscal year. Reliability, transparency, interactivity and consistency are the objectives of the IR strategy. They were consistently implemented in about 430 one-on-ones at roadshows, conferences and at Fraport AG. The Annual General Meeting as well as four conference calls on the publication dates focused on institutional investors, capital market analysts and private investors.

The Fraport Investor Relations department will continue to concentrate on sustained and timely IR communications and providing up-to-date information on the IR website **www.meet-ir.com** in fiscal year 2011.

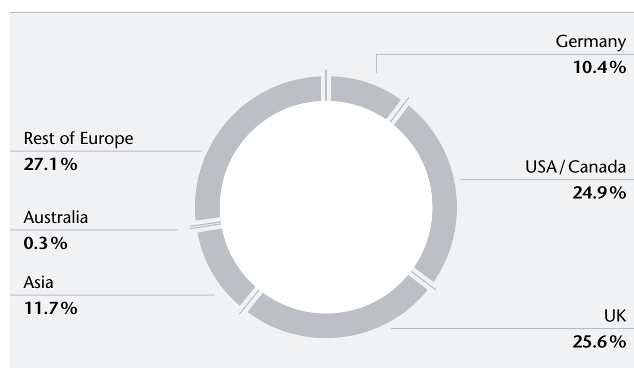
FREE FLOAT OF INSTITUTIONAL INVESTORS[1]



[1] According to countries and regions, without the shares of the State of Hesse, Stadtwerke Frankfurt am Main Holding GmbH and Deutsche Lufthansa AG
Source: Own estimates and shareholders' disclosures respectively

GRAPHIC 30

IR ONE-ON-ONES ACCORDING TO COMPANY HEADQUARTERS [1]



[1] IR one-on-ones on roadshows and conferences

GRAPHIC 31

NON-FINANCIAL PERFORMANCE INDICATORS

Employment structure

The average number of employees (excluding apprentices and employees relieved from normal duties) totaled 19,792 for the Fraport Group this past year. This represented a decrease of 178 compared to 2009's figure. On the balance sheet date, 19,739 people were employed at the Fraport Group, 492 more than in 2009. The decrease in average number of employees was mainly due to a decline in employees at the investments Fraport Security Services (FraSec), Twin Star and Antalya, the increase observed on the balance sheet date was mainly due to a higher need for staff by the subsidiaries Fraport Cargo Services (FCS) and Airport Personal Service (APS). The percentage of women employed in 2010 was 23.2 percent (2009: 23.1 percent).

The following table shows the number of employees per segment and site:

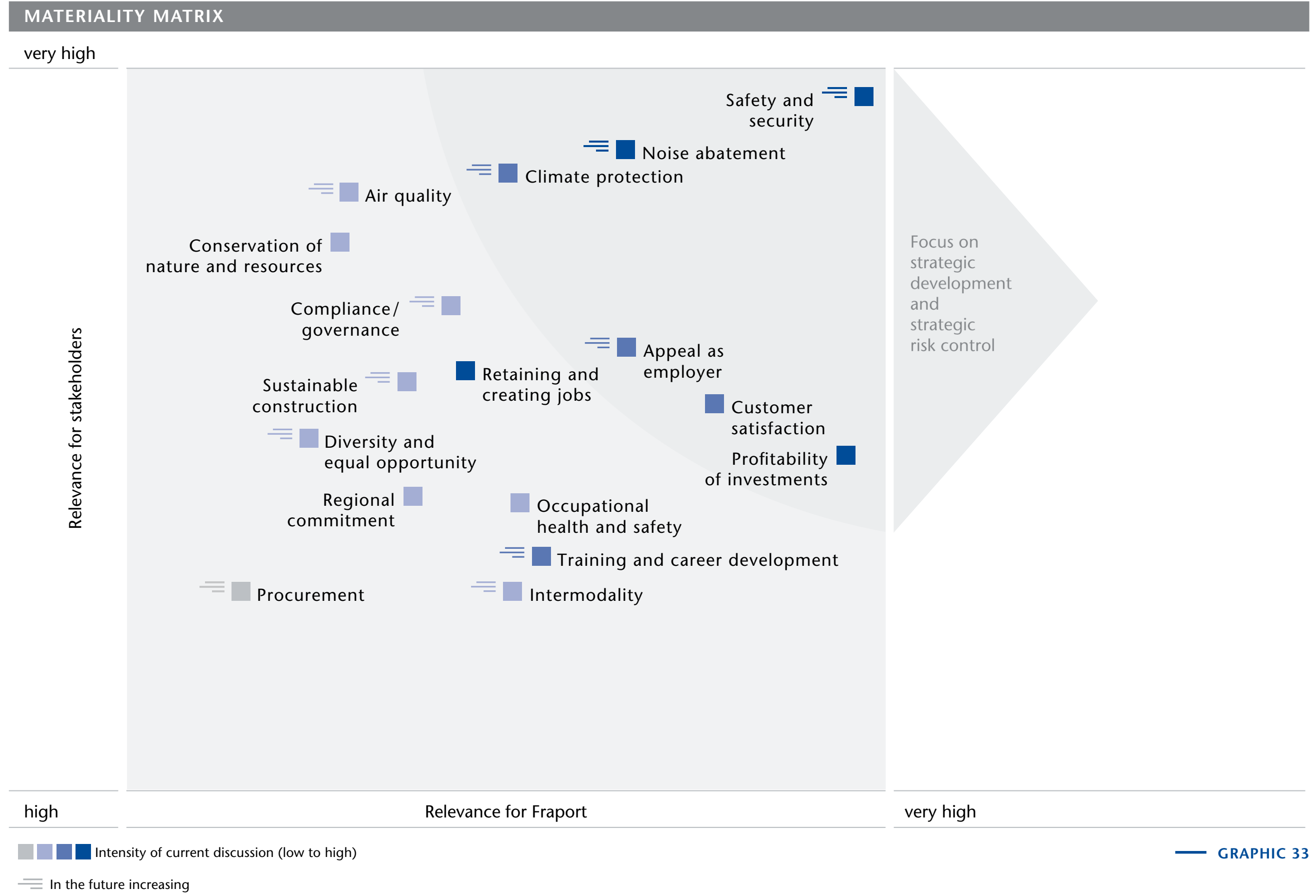
EMPLOYMENT STRUCTURE

Average number of employees	2010	2009 adjusted	Change	Change in %
Segment Aviation	6,074	6,337	– 263	– 4.2
Segment Retail & Real Estate	606	603	3	0.5
Segment Ground Handling	8,564	8,254	310	3.8
Segment External Activities & Services	4,548	4,776	– 228	– 4.8
Group total	**19,792**	**19,970**	**– 178**	**– 0.9**
in Frankfurt	17,479	17,441	38	0.2
in Investments	8,670	8,664	6	0.1

GRAPHIC 32

The number of employees in the Retail & Real Estate segment remained at 606 nearly the same as the year before, while the number of employees in the Aviation segment decreased by 263, mainly a result of the new awarding of security services in Frankfurt Airport's Terminal 2 to a competitor by the German Federal Ministry of the Interior, reducing employees at the subsidiary FraSec. In the Ground Handling segment, the number of employees increased by 310 to handle increased volume. Subsidiaries APS and FCS in particular increased their staff. A drop in employees in the External Activities & Services segment by 228 mainly resulted from the investments Twin Star and Antalya.

MATERIALITY MATRIX



GRAPHIC 33

Fraport AG, which was once again the largest single entity in the Fraport Group during fiscal year 2010 with 11,122 employees, continued to secure its future need for young employees with a constant number of apprentices, roughly 300. The percentage of women employed in Fraport AG in 2010 was 18.8 percent (2009: 18.7 percent). The percentage of disabled persons in Fraport AG was at 10.7 percent, exceeding the legal minimum of 6 percent. The percentage of foreign employees was at 16.0 percent in 2010, slightly below the figure for 2009 (16.4 percent). Further information on the employment structure can be found in the Sustainability Report "Connecting Sustainably", and on the Group home page www.fraport.com.

Sustainability

As a Company geared to sustainability, Fraport sets itself clear objectives for strategically important issues and defines the measures required to achieve them. These have been summarized for the first time in a sustainability program and were adopted by the Executive Board in 2011. The sustainability program is based on the "Materiality Matrix". GRAPHIC 33

The Materiality Matrix structures and evaluates relevant sustainability issues for Fraport and its stakeholders, also indicating how much importance is currently attributed to this topic. Safety in air traffic, noise abatement, climate protection, appeal as an employer, customer satisfaction and profitability of investments are priority issues in the matrix.

More detailed information on the issue of sustainability is included in the sustainability report entitled "Connecting Sustainabil-

ity" and may also be found on the Company's website by going to www.fraport.com.

Supplemental company benefits

In addition to the agreed salary, the civil service collective pay agreement stipulates a company pension as compulsory insurance. This company pension is provided by Zusatzversorgungskasse Wiesbaden (ZVK), Wiesbaden, and is largely financed by the employer. It compliments the benefits of the statutory pension insurance. Additionly, Fraport AG offers its employees a voluntary supplemental insurance based on deferred compensation. Employees exempt from the collective pay agreement receive the ZKV company pension plus a supplemental pension based on a company-based direct pension scheme.

Since Fraport AG's initial public offering (IPO) in 2001, employees have also had the option of subscribing for shares or an annual one-off payment under an employee investment plan. Fraport AG buys back the shares for this program, making partial use of the authorized capital after a capital increase in return for cash contributions, and then passes them on to its employees. In 2010, a total of 6,376 employees participated in the offered share model and subscribed for 56,859 new shares. With about 57 percent of employees taking part, participation was slightly higher than in the previous year (2009: 55 percent). Since the launch of the employee investment program, a total of 1,300,316 shares have been issued to employees. The issue price for the shares, which was calculated from the average XETRA closing price in the period from April 29 to May 12, 2010, minus an allowance of € 1.00, amounted to € 37.28 in 2010.

Apart from Fraport AG, seven subsidiaries participated in the employee investment plan and offered their employees Fraport Shares at a preferential price. Depending on location, employees of the Group companies also receive various supplemental company benefits, ranging from the employee investment program to job tickets.

Idea and innovation management

Ideas and innovations are essential to Fraport maintaining its competitive edge as an internationally active airport operator. A total of 754 ideas were submitted at Fraport in 2010 as part of idea management activities. Based on these ideas, the company achieved financial advantages – less costs – of around € 820,000 in total in the past year.

The Company consistently promotes and utilizes its employees' potential for ideas and innovations. Innovation management quickly picks up on and analyzes current trends to develop attractive services and process optimizations. It was able to set trends in seven new and comprehensive subjects in 2010. Focus was on issues such as developing and utilizing mobility concepts and new technological developments.

After the analysis phase, the implementation of the projects was tested in the business units. In line with the meaning of "open innovation", Fraport also networks with chosen companies in its own value added chain as well as "best practice" companies in other sectors.

OPPORTUNITY AND RISK REPORT

Fraport Group has a comprehensive risk management system. It ensures that significant risks are identified, constantly monitored and, as far as possible, limited to an acceptable level.

Risk policy principles

Fraport actively seeks out opportunities and seizes them whenever the potential benefits of doing so are in an acceptable balance to the risks involved. Controlled risk exposure is the primary objective of Fraport's risk management system.

This objective is the basis for the following risk policy principles:

_ The risk strategy is coordinated with the corporate strategy and is required to be consistent with it, as the strategy specifies to what extent the Company's operations are exposed to risks.
_ Risk management is integrated into ongoing business processes.
_ Risks are managed primarily by the organizational units which operate locally.
_ The aim of the risk management process is to ensure that significant risks are identified, constantly monitored and limited to an acceptable level.
_ Actively and openly communicating risks is a major success factor in the risk management system.
_ All of Fraport's employees are expected to actively participate in risk management in their area of responsibility.

The risk management system

The Executive Board of Fraport has approved the risk management system of Fraport, its risk policy principles and the risk strategy for Group. The Executive Board appoints the members of the Risk Management Committee (RMC), approves the rules of procedure for the RMC and is the addressee for the quarterly reporting of relevance to the Group and ad hoc reports in the risk management system.

The RMC is the top body in the risk management system below the Executive Board. It is made up of division managers from the Company's units. It is responsible for implementing the central risk management system, developing it in line with business processes and reporting to the Executive Board. The RMC set up a committee office to provide support in executing its tasks.

Risks are managed primarily by the business, service and central units which operate locally, as well as by the investments. Division managers are responsible for the accuracy of the information received from their divisions, which is processed in the risk management system. They are obliged to constantly monitor and control risk areas and to submit a report to the RMC about all risks in their particular area of responsibility on a quarterly basis.

Besides regular quarterly reporting, material new risks must be reported to the RMC office on an ad hoc basis immediately. By agreement with the RMC management, significant changes to the overall risk situation of the entire Company resulting from new material risks are reported to the Executive Board.

This process ensures the early detection of risks that could jeopardize Fraport Group as an ongoing concern.

Integrated component of Fraport's risk management system is assessing financial risks with a risk management process that monitors and manages the representation of financial instruments overall and particularly hedging transactions in accounting. This process is described in the financial risks section ("Risk management report"). At Fraport, this process represents a subsection of the accounting-related internal control system.

The risk management system is documented in writing in a separate guideline. It conforms to the requirements of Section 91 (2) AktG. The proper operation of the risk management system is verified regularly by the Internal Auditing department.

Risk transfer by concluding insurance contracts is controlled by the subsidiary Airport Assekuranz Vermittlungs-GmbH.

Evaluation of risks

Risk evaluation determines the scope of the risks which have been identified, i.e., it makes an assessment of the extent to which the individual risks may jeopardize the Fraport Group in achieving its corporate objectives. The magnitude of the risk and the probability of its occurrence are determined in this context. The risk evaluation is always conservative, i.e., the greatest possible damage is ascertained (worst-case scenario).

The RMC collects the risk reports from the divisions and evaluates the risk situation Fraport faces at Company level on the basis of a "risk map". Risks are reported to the Executive Board when they are classified as "material" according to systematic evaluation standards used throughout the Group. Risks which jeopardize the Company as an ongoing concern or risks that exceed defined thresholds in the potential damage they may cause and in the probability of their occurrence are considered to be material. A distinction is made here between gross assessment and net assessment – after appropriate countermeasures have been taken into account.

Risk management with investments

The guideline for the Fraport risk management system also includes rules for Fraport investments, which are incorporated in the risk management system to a varying extent depending on their importance. The separate guideline used for investments specifies the organizational structure and process of the risk management system and commits the investments to ongoing reporting about risks.

Accounting-related internal control system in accordance with Section 315 (2) No. 5 HGB

The Fraport accounting system consists of methods for recording and processing business transactions and records as proof of existing assets and liabilities. It also encompasses processes for recording required information for consolidation in the separate financial statements from the parent company and subsidiaries and disclosure in the Group notes and Group management report. The Company applies principles, processes and measures aimed at safeguarding the effectiveness and compliance of the Group's accounting system, which Fraport designed to conform to what are known as COSO standards, in an effort to ensure that the recognition, measurement and proof of assets and liabilities is in line with the legal guidelines and the defined legally not obligated principles of compliant accounting.

Group accounting at Fraport is organized on a local basis. The consolidation of the local individual financial statements from parent companies and subsidiaries (trade balance sheet I) to the corporate accounting and measurement standards income statement (trade balance sheet II) is done locally at the respective companies. To ensure consistent Group-wide accounting and measurement, Fraport has developed a guideline on IFRS accounting principles, on the basis of which the companies included in the Group financial statements conduct the consolidation from trade balance sheet I to trade balance sheet II. The efficiency and correctness of the Group accounting process is confirmed by the companies included in the consolidated financial statements in the framework of an internal completeness statement.

The SAP BPC system is used primarily for the accounting-related Group reporting process between the companies included in the consolidated financial statements and Fraport AG. The accounts to be consolidated are recognized in this system, as is required information for accrued and deferred taxes and for the Group notes. Access authorization on the level of the consolidated companies is awarded and administered by Fraport on the basis of a user authorization concept. Group reporting in SAP BPC is adapted regularly to the changes in legal accounting policies by Group Accounting. A Group chart of accounts in the SAP BPC system is set up and administrated by Group Accounting.

Accounting-related internal controls are, as far as possible, carried out within the SAP BPC system. Manual application and monitoring controls, especially regarding completeness and quality of the reported data, are carried out in the context of the operating accounting process in Group Accounting.

Quality management is ensured by Fraport Group Accounting for complex accounting issues or basic questions, also at local companies included in the consolidated financial statements.

The consolidated financial statements are prepared by Fraport Group Accounting. The reporting process for the financial statements of Fraport is laid down in a schedule detailing each individual step, including deadlines and responsibilities. Group Accounting monitors progress, reporting deadlines and the completeness of the Group reporting process.

In the run-up to the preparation of the consolidated financial statements, a Group questionnaire is sent to all consolidated companies in order to identify any issues relevant to the accounting process in due time. The consolidated companies are also questioned about any events after the balance sheet date, so that these can be recorded in detail.

Liabilities, expenses and income are consolidated and information relevant to segment reporting processed in the SAP BPC system. Prior to consolidating liabilities, internal balances are reconciled. Acquisition accounting, the elimination of intercompany profits and losses and the preparation of the cash flow statement as well as the statement of changes in equity are carried out manually with the help of the system. Acquisition accounting is entered in SAP BPC after the system supported manual implementation. Deferred and accrued taxes are calculated and recognized by the Group Accounting in coordination with the Group tax department.

Group guidelines, which are available to all consolidated companies, ensure that consolidation processes and the reconciliation of internal balances are carried out properly.

Assets and liabilities from the acquisition or sale of shares in companies are generally measured on the basis of external value analyses prepared by experts (e.g. calculation of acquisition costs or purchase price allocation).

The Group notes are created by Group Accounting as part of the Group financial reporting process. Disclosures in the Group notes are verified by the relevant departments of the Group, where required.

The Finance and Investor Relations department is generally responsible for preparing the Group management report in which the information provided by the relevant departments is compiled. Consolidated information is verified by the relevant departments of the Group.

The parent company Fraport AG prepares its own individual financial statements in accordance with German commercial and stock market regulations. Fraport AG has developed an HGB accounting guideline to ensure that its own individual financial statements are prepared properly and in accordance with German commercial law. In 2010, this accounting guideline was brought in line with the provisions of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

Accounting at the parent company Fraport AG is kept largely local through sub-ledgers (for creditors, debtors, asset accounting, treasury, accounts of local departments). During the preparation

of the financial statements, the Accounting division (Group Accounting) creates any closing entries in the general ledger which cannot be entered by local departments. It also controls important local accounting processes.

Important operational processes in the local departments and Group Accounting have been standardized so that all processes are carried out in the same way (e.g., policies, process descriptions, manuals or guidelines).

The effectiveness and compliance of the accounting processes in the local departments is verified by the responsible departments, who issue an internal declaration of completeness.

Fraport AG uses the SAP R3 system for preparing its accounts. Internal controls of the accounting processes are carried out where possible with the help of the SAP R3 system. Manual application and monitoring controls are carried out during the operational accounting processes in the local departments and also during the preparation of the financial statements by Group Accounting.

Functions in the departments involved in the accounting process are separated on a system, personnel and organizational level. The SAP authorization concept is used for issuing and administering access authorizations for accounting-related systems.

The aim of the controls carried out during the accounting process is to ensure that assets and liabilities and items in the income statement are measured and recognized completely and correctly, as well as ascertaining their actual existence and ownership.

During the preparation of the financial statements by Group Accounting, subsequent and mainly manual controls are carried out for the purpose of ensuring the completeness and correctness of items recognized in sub-ledgers.

Preventative, system-aided controls and a system of checks and balances are implemented as subsequent controls of closing entries in order to achieve the purposes of the monitoring mentioned.

In order to ensure that all financial statements are complete, Fraport has implemented a contract management process that evaluates contracts recognized in the financial statements to obtain a complete and correct view of all facts relevant to the accounting process. In addition, Fraport's risk management system is classed as part of the accounting system to ensure that issues identified during the risk management process are assessed for their effect on the financial statements and reported, if applicable. The contract management and risk management processes are both regulated in a separate guideline.

A special process monitors risks from the recognition of financial instruments, particularly hedging transactions.

The reporting process for the financial statements of Fraport AG is laid down in a schedule detailing each individual step, including deadlines and responsibilities. Group Accounting monitors the progress and schedule system-assisted.

The preparation of the individual financial statements, including the measurement of liabilities, i.e., write-downs on receivables and the reconciliation of liabilities through the verification of balances on the asset-side are major steps of the reporting process. The asset accounts of individual departments include depreciations and impairment losses on property, plant and equipment. The Treasury department is responsible for the operational processes of its own sub-ledger (including cash pooling) and for providing the information required for recognizing financial instruments in the general ledger.

Once the individual financial statements have been prepared, Fraport's Group Accounting then carries out the necessary closing entries and also implements subsequent manual controls, mainly for other provisions and personnel provisions, financial assets and instruments, equity and deferred expenses and revenue. The Tax department calculates and recognizes income tax and manually controls and applies these taxes.

During the preparation of the annual financial statements, Fraport regularly uses external service providers for measuring provisions, mainly personnel provisions, and financial instruments and assets.

The Internal Auditing department regularly assesses major subprocesses of the accounting process, including internal controls.

Business risks

An explanation is following of the risks that might have a material impact on the business operations of Fraport.

General economic risks

Economic fluctuations can have a considerable impact on the economic development of air traffic in general and also that of Fraport. According to calculations made by a number of economic institutes (see sources listed under "Development of economic conditions"), the world economy and German economy (real GDP) both rose unexpectedly steeply in 2010, by around 5 percent and 3.6 percent respectively, after the slump in 2009 (world: –0.6 percent; Germany: –4.7 percent). The ACI reported in initial estimates that passenger volumes at European airports rose by 3.7 percent in the full year 2010, but still remained under the absolute pre-crisis level. Passenger volumes worldwide rose 6.2 percent. Airfreight rose by approximately 19 percent in Europe and 16.8 percent globally, more than making up for the sharp losses in 2009. Figures from the German Airports Association (ADV) quote an increase of approximately 4.7 percent in the number of passengers at German airports, still slightly lower than the level prior to the crisis. Cargo volume increased by 21.4 percent, while flight movements dropped by 0.3 percent.

Since 2004, the surge in prices for oil and thus kerosene has led to ticket price surcharges and corresponding price increases in cargo that will not necessarily be reduced even if energy prices fall. With the onset of the economic downturn, a significant moderation of price development was recorded in crude oil markets, which reversed in 2010 with the economic recovery and increased demand for raw materials (price of crude oil was on average around US $ 100 in 2008, US $ 62 in 2009 and US $ 80 in 2010). Crude oil prices jumped again at the end of 2010/ beginning of 2011 to roughly US $ 92, also on account of the season. With the continued uncertainty as to variability, Fraport expects crude oil prices in 2011 to be between US $ 90 and 100. The expected positive national and global economic development – combined with a general increase in demand for raw materials and rising tariff income – could also lead to an increase in inflation rates, even to higher tax rates. In this way, positive effects of the economic growth felt by air traffic might be offset by these developments, at least in part.

In times of crisis and war, Fraport faces the direct threat of flight cancellations and route shutdowns. Limiting risk to demand is only possible to a certain extent. As an international air traffic hub, Frankfurt Airport benefited in the past from the fact that airlines concentrate their business on hubs in times of crisis. This explains why Fraport has been able to compensate for the effects of crises within a relatively short period of time up to now. Frankfurt Airport was also more successful in managing the most recent crisis in 2008/2009 than its main competitors. Structural changes in business travel (e.g., reduction in the number of business trips or use of economy class instead of business class) could have a direct or indirect impact on Fraport's business, however. Exchange rate fluctuations, unemployment and changes in consumer behavior which influence passengers' shopping habits can impact Fraport's earnings development, particularly in the retail business. The buildings and space Fraport currently lets are mainly used by airlines or companies whose business largely depends on the development of air traffic at Frankfurt Airport. This section of the real estate business is therefore not directly tied to general real estate developments. If Fraport develops and markets commercial areas more intensively in the future, as planned, the management of these areas will be based more closely on the general market conditions.

In the medium-term, Fraport is currently anticipating that the general economic situation will continue to recover during 2011. Global economic growth of around 4 percent and the expected 2 to 2.5 percent recovery of the German economy should however be able to offset the effects of the slump. Route shutdowns and the reduced frequency of flights will continue to be gradually and selectively reversed over time. This will account for the continued resurgence in demand.

Insecurities remain however concerning the debt crisis in the European Monetary Union (e.g., Greece, Ireland, Portugal and Spain) as well as the financial and economic stability of the US economy. These latent economic risks may become manifest, hindering development in air traffic, which in turn would have a negative effect on the net assets, financial position and results of operations of Fraport. As a result, the Company permanently monitors demand development, allowing it to introduce countermeasures if required.

Market risks

The business relationship with Fraport's main customer Deutsche Lufthansa AG and its Star Alliance partners makes a substantial contribution to revenue development. A deterioration of this business relationship would have significant adverse impacts on Fraport. The low-cost segment continues to increase the competitive and cost pressure on traditional carriers and their hub systems in continental traffic. On the other hand, Deutsche Lufthansa successfully stimulated European traffic in Frankfurt with its in-

expensive special offers. If these special fares were to be limited or cancelled, however, passenger traffic could suffer.

After rebounding from the crisis, domestic traffic in Frankfurt is likely to suffer from the increasing number of intercontinental direct flights again in the medium-term, which would reduce the number of transfers. Due to the new EU emissions regulations and ecologic standards, there is a risk that airlines will increasingly use alternative locations and routes outside of the EU and therefore away from Frankfurt in the medium-term. Fraport also sees medium-term risks in the form of more stringent security requirements.

Moreover, the creation of new hub systems in the Middle East may lead to a shift in the global flows of transfer passengers. This risk would increase even further, if the airport expansion was to be delayed any more. The capacity bottleneck in Frankfurt is a major reason why Frankfurt is unable to participate in air traffic growth periods to the maximum possible extent. Some airlines remain in a difficult financial situation. Acute weaknesses could force individual airlines to partly or completely discontinue their flight operations or to merge with others and in doing so realign their flight offers to other airports.

The slots that would then be freed up at the Frankfurt site could however be made available to other potential customers who Fraport is unable to offer free capacity to at the present time.

The EU Commission is basically sticking to its planned liberalization of ground handling services that it announced in 2002. From December 4, 2009 to February 17, 2010, the EU Commission conducted a public consultation session on the possible amendment of the ground handling services directive. By this the EU Commission is attempting to gain an impression of the views of all stakeholders on the status quo and identify any possible desired changes to ground handling services. Based on the results, which were published in early September 2010, decisions will be made on the necessity for regulatory measures and therefore possible revisions to the existing EU guideline. The EU commissioner responsible has announced that the current guideline will be amended by June 2011. It is currently difficult to predict when the next step in the deregulation process will be made.

Last year we reported that a significant financial impact for Fraport could occur in connection with the implementation of the amendments to the Aircraft Noise Act at the Frankfurt site. The designation of a noise protection area by the state of Hesse is still underway.

Risks in connection with the expansion of the airport

The construction of the Northwest Landing Runway, which began at the start of 2009, and the planned third passenger terminal represent the opportunity for Frankfurt Airport to maintain and bolster its status as an international hub airport in the future. The expansion of the airport is one of the main prerequisites for Fraport's participation in the long-term growth of global air traffic.

The expansion plans continue to meet with considerable opposition from various stakeholders in the region. However, on August 21, 2009, the Administrative Court of Hesse in Kassel rejected in several rulings test cases against the planned expansion. Previously, the court rejected the motions for prohibiting immediate enforceability of the zoning approval with rulings dated January 2, 2009, and January 15, 2009, after which Fraport started work on the Northwest Landing Runway at the beginning of 2009. However, a portion of the test cases which focused on fighting individual night flight regulations were successful, particularly the authorization of an average of 17 flights in the so-called "mediation night" (11 p.m. to 5 a.m.). It was stated that the special considerations for avoiding noise disturbance during the night were only delivered on insufficiently. An appeal has been made to the Federal Administrative Court against the decisions, both with regards to the approval of the zoning resolution and over doubts about the legality of the night flight regulations. The Court will make the final ruling.

Given the framework agreement signed with Celanese AG / Ticona GmbH in June 2007, under which Celanese AG / Ticona GmbH obligated itself irrevocably to close the Ticona GmbH production plant in Kelsterbach by June 30, 2011, or by December 31, 2011, at the latest, Celanese AG / Ticona GmbH withdrew any complaints and action against the existence and expansion of Frankfurt Airport in the summer of 2007. This eliminated a major risk that the planned start of operations on the Northwest Landing Runway could be delayed.

The total amount of capital expenditure already capitalized and ordered goods in connection with the airport expansion rose to € 1,699.1 million as of December 31, 2010. The total amount of capitalized interest relating to the expansion investment totaled € 162.0 million on the balance sheet date. If the airport expansion was not feasible or significantly delayed due to the remaining legal risks, most of the capital expenditure already capitalized could be significantly impaired.

Financial risks

"Risk management report" according to Section 315 (2) No. 2 HGB

With regard to its balance sheet accounts and planned transactions, Fraport is subject in particular to credit risks, interest rate and foreign exchange risks as well as other price risks. Fraport covers interest and foreign exchange rate risks to a large extent by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount, and / or by using derivative financial instruments to hedge business transactions. The scope, responsibilities and controls for the use of derivatives are specified in binding internal guidelines. The existence of a risk which needs to be hedged is the prerequisite for using derivatives. To monitor the risk situation, simulations are regularly carried out by Risk Controlling using various worst-case and market scenarios. The Executive Board is regularly informed about the results. The Treasury department is responsible for efficient market risk management. Generally, only risks which affect the Company's cash flow are managed. There can only be open derivative positions in connection with hedging transactions in which the hedged items are cancelled or have not been carried out contrary to planning. Interest rate derivatives are used exclusively to optimize loan terms and to limit risks of changes in interest rates in the context of financing strategies. Derivatives are not used for trading or speculative purposes.

Interest rate risks arise in particular from the capital requirements for the planned capacity expansion and from variable-interest rate financial liabilities. Within the scope of our interest rate risk management policy, Fraport has used and continues to use interest rate derivatives to hedge the interest rate risk in view of the medium-term capital requirements and to take advantage of the interest rates prevailing on the market at that given time. Following the commitment to these interest rate hedging positions, there is the risk that the market interest rate level will decrease with a negative fair value of the interest rate hedging instruments as a result.

Foreign currency risks arise in particular from revenue planned in foreign currencies that is not covered by expenses in matching currencies. Fraport hedges such risk exposure by entering into currency forward transactions.

Credit risks arise mainly from primary financial assets and the positive fair values of derivative financial instruments. Fraport responds to this risk exposure by only closing investments and derivative transactions with credit institutions in the EU or a country within the OECD with an irreproachable credit standing (at least A– from Standard & Poor's or A3 from Moody's) or with deposit guarantee institutions. The issuers' and issues credit ratings of banks and financial assets are regularly monitored, as are their CDS-spreads.

Other price risks result from the fair value measurement of financial assets. Most of the assets are assumed to be subject to temporary market fluctuations reversing automatically by the end of the products' maturities, since a repayment in the full nominal amount invested is expected.

Regarding risks arising from financial instruments and the scope of risks from open risk positions in the context of financial instruments, please see note 42 and 49 in the notes to the financial statements.

Other financial risks

Risks for Fraport's net assets, financial position and results of operations may arise from the current financial market situation and its effects on the overall economy and particularly on liquidity and future bank lending practices. As a countermeasure, Fraport has as part of its "pre-financing strategy"already secured a major portion of the planned borrowing for future capital expenditures through external financing in the last few years, most recently in the third quarter of 2009.

On the back of the banking crisis, there is also a deferred default risk from commercial banks, corporates and other counterparties which hold Fraport's deposits or in which Fraport holds shares. These risks have been reduced by the measures introduced by the EU for stabilizing the capital markets. By the same time, Fraport has initiated various additional measures to curb risks. One measure introduced was a monitoring process for keeping track of the current situation on capital markets. On top of that, financial assets were regrouped under risk considerations.

The difficult economic situation of some airlines might lead to defaults. Fraport deals with this risk as far as possible through active receivables management and by recognizing allowances.

Legal risks

Manila project

The investment in Manila, the capital of the Philippines, to build and operate an airport terminal (NAIA IPT3 project) was written-off completely in the financial statements for the year ending on December 31, 2002. The major ongoing risks and legal disputes in connection with the project are outlined below.

As already reported in the previous years, Fraport applied at the International Centre for Settlement of Investment Disputes (ICSID) to revoke the arbitral award from August 16, 2007, in which the ICSID arbitration court expressed by majority vote that it was not within its jurisdiction to rule on Fraport's right to damages or compensation from the Republic of the Philippines on the basis of the German-Philippine investment protection treaty. Verbal negotiations took place at the annulment proceedings from August 24, 2009, until August 26, 2009, in Washington D. C. The ICSID convention only revokes the arbitral award in very few cases. On December 23, 2010, the ad hoc committee ruled to grant Fraport's motion of annulment and revoke the arbitral award from August 16, 2007. Fraport is now permitted to assert its right to damages or compensation before a different ICSID arbitration court.

In the suit brought by the Philippine government against Philippine International Air Terminals Co., Inc. (PIATCO) in 2004 for expropriating the terminal, the parties exchanged pleadings with appraisals of the terminal in November / December 2010.

At the beginning of 2003, the shareholders and directors of PIATCO decided – against the votes of Fraport and the PIATCO directors it appointed – to prepare legal action for damages against Fraport and its directors because of alleged improper and harmful action. Fraport refutes these allegations. It is also disputed whether these resolutions are legally valid. As yet, PIATCO has not further pursued the claims asserted.

As already reported, a Philippine law firm as well as a former Philippine minister have brought legal action for damages amounting in each case to PHP 100 million (about € 1.6 million) against Fraport, two former board members and two Philippine lawyers of Fraport because of alleged defamation. Motions to seize Fraport assets on the Philippines were initially granted. As already reported, to avoid the seizure, Fraport deposited guarantees as collateral, upon which the responsible court revoked the seizure. All attempts by the plaintiffs to have this decision overturned have been unsuccessful. The main suit is still pending, but in one of the two suits the claim has been rejected to the extent that it was directed against the Philippine lawyers of Fraport. For the same reason, the plaintiffs filed a complaint leading to public charges in three proceedings. The court has already rejected all three charges, in one of these three cases in the court of appeal. These decisions were contested by the respective complainants in first, second and third instance; no final decision has yet been made on corresponding legal action. A fourth suit is still in the preliminary proceedings. Fraport refutes these allegations.

As we already reported in previous years, various criminal proceedings and investigations have also been initiated against former board members and employees of Fraport in the Philippines, in which Fraport, in the majority of the cases, is not a directly involved or affected party. On January 21, 2011, the Philippine Department of Justice ordered an arraignment in the suit against a number of individuals from the Fraport Group due to a suspected violation of the so-called "Anti-Dummy Law", which has not yet occurred. The outcome of these proceedings and investigations could question the legality of Fraport's investment on the Philippines and could, in the case of a conviction, serve as the basis for proceedings to seize Fraport assets in the Philippines. With reference to the allegations made in the proceedings, that the Company is aware of, Fraport is still of the opinion that these allegations are false.

In addition, cases relating to the NAIA IPT 3 project are pending in Germany.

Other legal risks

There is the risk of tax back payments in connection with tax audits that are still to be carried out as well as ongoing actions.

Risks from capital expenditure projects

Fraport's capital expenditure program is subject to a range of risks. Increases in construction costs, suppliers going out of business, changes to planning figures, or weather-related delays could all lead to extra costs.

Due to the increasing market and competitive pressures, future capital costs from the investment programs may only be partially covered by recoverable fees.

Risks attributable to investments and projects

Both investment companies and Fraport are subject to general economic and company-specific risks as well as industry-specific market risks. In addition, there are general political risks at individual locations outside Germany. (Following economic figures refer to IMF, October 2010)

After the crisis in 2009, Bulgaria is once again enjoying continued growth. A growth in GDP of around 3 percent is expected in 2011, and in the medium-term a positive trend is also in sight. This provides a solid basis for air traffic growth in the tourist destinations in Bulgaria to continue. In fact, tour operators also expect that the shift of tourist flows away from North Africa will result in a small additional increase in the number of passengers. Should a trend away from low-cost tourism emerge due

to global economic recovery, there is a relatively minor risk that favorably-priced holiday destinations such as Burgas and Varna would lose tourism revenue to more expensive holiday destinations in southern Spain, Portugal and southern France.

The majority of air passengers in Burgas and Varna are from Russia, Germany, the UK and other European destinations as well as Israel. Consequently, air traffic development in Bulgaria is dependent on the general European economic development. In 2012, over two million passengers are projected for Burgas Airport. Due to the recent deregulation of ground handling services in the EU and the requirements of the Bulgarian Civil Aviation Act, once Burgas Airport has reached this threshold it will have to allow in a second ground handling service provider. This increased competition could lead to a decline in earnings from ground handling services in Burgas. In Varna, it is not expected that the two million passenger mark will be met in the coming years.

Fraport Twin Star is subject to the Bulgarian economic, legal and political conditions and is dependent on the reliability of the grantor state and local authorities. The risk of political and / or economic instability in Bulgaria, a relatively stable EU member state, is classified as low. The same applies to the overall risk of adverse changes in the regulatory or legal framework for public-private partnerships in Bulgaria.

At the Jorge Chavez Group airport in Lima, Peru, a major pillar of passenger growth comprises the increasing number of domestic passengers, which is closely linked with economic prosperity in Peru. The entry of low-cost carriers into the Peruvian market intensified this trend. Especially for the less wealthy people, only the combination of these two components make aircraft travel possible. Should economic growth slow down again as it did in 2009 however, this would have an impact on the consumer behavior of citizens and hence on domestic air traffic.

In particular, the Peruvian economy is at risk should commodity prices fall and exports drop, as Peru is still significantly dependent on its raw material reserves. The IMF, in addition to other sources, estimates that the economy of Peru will grow constantly in the coming years at about 6 percent. Depending on the outcome of the April 2011 presidential elections in Peru, the risk of economic and political instability exists with the possible consequence of increased terrorist activity. This risk is however generally considered very low.

In Turkey, GDP has more than tripled since 2000. Real GDP growth from 2002 to 2008 was at an average of 5.9 percent annually. In addition to strong domestic demand and rising exports, the favorable demographic structure and the geographical position of Turkey form the foundation for future growth. Despite a number of critical matters, the current government has proven to be reliable and has ensured the high domestic political stability in the past years. More recently, Turkey's aspirations to further strengthen its position in the Islamic world have been a source of great concern in the Western world. Despite this, the pro-Western orientation of Turkey and its position as a strategically important partner for the EU are unquestionable. Domestically, the primary topics remain the unresolved Kurdish issue and the role of Islam in politics and society.

The financial and economic crisis has not shaken the confidence of international investors in the stable growth trend in Turkey, as the country was largely spared by the most recent crisis. It is expected that Turkey will continue to provide a stable environment for economic development. State finances are relatively sound, and the business-friendly tax system sets an incentive for investment. By contrast, Turkey also suffers from a high level of bureaucracy, a rudimentary social system, an under-funded education sector and a lack of infrastructure in remote regions. One of the main foundations of the Turkish economy is tourism, which has continuously expanded in recent years. Turkey has already become a serious competitor to traditional holiday destinations in the Mediterranean or the Canary Islands. The situation in North Africa in January and February 2011 might mark a potential shift in destinations. Turkey might benefit from these additional holiday travelers in 2011. At present, there are no signs that the constant growth trend at Antalya Airport will falter, assuming external circumstances remain unchanged. In view of isolated terrorist attacks against military and police establishments, mainly in individual neighborhoods of Istanbul, security measures throughout the country remain at a high level. Consequently, a latent risk of terrorist activity still exists in all parts of Turkey.

Risks in connection with our airport operating projects, which are generally long-term, arise primarily from an estimation of future development of air traffic. A lack of growth or downturn in air traffic could have a negative effect on the earnings development of concessionary companies, which could also result in risks to project financing. Additional risks, such as delays in connection with the construction of airport infrastructure, which usually adheres to a contractually stipulated schedule, may also occur through this.

Other risks

Fraport intends to continue applying the growth in global air traffic to create sustainable and attractive jobs at all Group sites. Fraport is aware that the current demographic shift will intensify the competition for high quality professionals and managers, particularly in Frankfurt. To this end, Fraport will make every effort to maintain a reputation as a responsible, attractive and competitive employer.

Fraport believes that the qualification, commitment and work satisfaction of its employees is a key factor in the success of the Group. Fraport combines attractive company benefits with opportunities for employees to participate in the success of the Group, and top it off with a range of measures for balancing the work/life mix. Fraport's goal is to attract new employees and retain existing ones on a long-term basis. This purpose is also served by airport-specific and universal qualification programs for its employees and managers, trainee programs and short and medium-term assignments at Fraport's foreign sites.

Fraport invests in the safety, health, and wellness of its employees. Training and sensitizing the managers play a key role in ensuring Fraport's sustained success in reducing and minimizing employment-related and health risks.

In-depth employee surveys are conducted once a year in all investments with a substantial workforce. They provide Fraport with important insights and opportunities to improve the working environment on all levels. The results of the survey are reported widely and in a transparent fashion. Numerous conclusions drawn from the results analysis are extrapolated together with employees themselves, and converted into measures for sustained improvement of work processes and satisfaction.

There is a risk of significant increases in contributions to the pay-as-you-go Company pension plan covering Fraport employees as a result of turnover-induced changes in the number of employees at Fraport.

Operations in Frankfurt and the other Group airports may by affected by local events such as accidents, attacks with a terrorist intent, fires or technical malfunctions as well as events that influence the operation of the national and international air traffic (such as natural disasters, extreme weather events and epidemics). Fraport's insurance policy covers the standard risks faced by airport companies. It especially includes occurrences of damage that result in the loss or damage of assets, including any consequential business interruption costs as well as claims for damages by third parties arising from Fraport's corporate liability risks. Since January 2003, the risk in connection with liability claims by third parties attributable to war and terrorist attacks has been covered by private insurance companies up to a maximum of US $ 1 billion. This also applies to Fraport's majority-owned investments in Germany and abroad which are covered by the Fraport corporate liability insurance policy. The Company is also covered against risks of environmental damage from accidents for up to € 32 million.

All of the IT systems of critical importance to the Company are always installed in duplicate and are optionally housed at separate locations. It goes without saying that residual risks resulting from the architecture and operation of the IT facilities cannot be completely eliminated.

Due to the ongoing development of new technologies and the expansion program, there is an underlying risk potential for IT systems. Fraport takes account of this situation by implementing an active IT security management. The requirements for IT security are specified in the IT security policy and security guidelines which must be followed throughout the Group. Compliance with these guidelines is verified regularly. Insurance cover is obtained for damage claims relating to residual risks wherever possible and appropriate.

Overall risk evaluation

The overall evaluation of the risk situation revealed that the continued existence of Fraport is not at risk as far as its assets and liquidity are concerned and that no risks which might jeopardize the Company's existence are apparent for the foreseeable future. However, if the airport expansion was not feasible or considerably delayed due to the remaining legal risks, most of the capital expenditure already capitalized would be impaired and Frankfurt would be weakened in its market position as an international hub in the long-term.

Business opportunities

Opportunities from the development of the general economic situation

After the dramatic slump following the global financial and economic crisis, air traffic rebounded to previous rates of growth in 2010. International traffic, in particular, showed high growth rates. Despite the negative effects of the volcano eruption in Iceland which led to the partial closure of European airspace, heavy demand for flights kept up throughout the year. Many airports, including Frankfurt Airport, marked new record levels of passenger and cargo figures in some months. At present, the German economy is growing stronger than it has been in thirty years and current forecasts predict it will continue its positive course in 2011. General economic conditions are viewed as very positive for a continued upward trend in air traffic at Frankfurt Airport.

Largely independent of the economic situation, the international integration of the globalized world economy continues to increase. There is no foreseeable change in the trend of working with global purchasing, production and sales networks. Fraport is also continuing to see the trend that global companies are increasing their workforce worldwide and that many of these employees are commuting between their home countries and workplaces around the world. Global air traffic provides the key infrastructure required for continuing the internationalization process.

This trend is supported by the dynamic development of numerous emerging nations (e.g., the BRIC countries – Brazil, Russia, India and China), in which new boom markets are being established. The rise in the standard of living in these countries is key to the growth of air travel, not at least because transport infrastructure is often underdeveloped in these areas. Compared to Central Europe and North America, economic development in these countries was far less impacted by the last financial and global economic crises, if at all.

Experience with the growth cycles of the past has shown Fraport that market fluctuations can interrupt the upward development of world air travel in general, but not halt it sustainably and send it downward.

Opportunities in corporate strategy

With the completion of the planned expansion program, the capacities at the Frankfurt site will increase significantly. Qualified growth is essential if these new capacities are to be utilized rapidly and in a way which fully exploits their intrinsic value. Dynamic development in passenger numbers forms the basis for positive development at the site – something that is made possible by the new Northwest Landing Runway and the step-by-step expansion of the terminal infrastructure. Our sales activities therefore continue to focus on destinations in the Asian growth region, Latin America and Africa. On top of that, Fraport has identified three main growth drivers for the future:

Airport-Retail

Extending and modernizing retail space in the terminals continues to be an integral part of Fraport's growth plans for retail business. Accordingly, the opening of the new Pier A-Plus in 2012 will create more than 10,000 square meters of additional shopping and catering space. Intelligent passenger traffic flow management also aims to ensure that passengers will be able to ulitlize these newly created facilities.

External business

After successfully streamlining its portfolio, the External Activities & Services segment is well positioned. Fraport's know-how is now represented on four continents. In addition to Frankfurt, Fraport owns and / or runs four other airports with a 50 percent share or more. The Group rounds out its portfolio with minority shares and / or management contracts in numerous airports. The profit contribution of external business to the overall profit of Fraport is set to continue to rise in the next few years on the back of positive development in the existing investment portfolio. In addition, the clear goal is to expand the external business.

Airport City

Around the world, hub airports are developing into airport cities. Fraport recognized this trend at an early stage and identified sites that were worth consideration for real estate development. For instance, Fraport is intensively developing and marketing high-quality commercial space in direct proximity to Frankfurt Airport. A second project involves a demand-driven expansion of CargoCity South to meet the high demand for additional logistics space at the Frankfurt site. Depending on each project, Fraport decides if and to which extent the Group will participate in its development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

OUTLOOK

The Group's outlook is based on the assumption that the global economy and international air traffic will not be influenced by external shocks like terrorist attacks, wars, epidemics, volcano eruptions or new turbulences on the capital markets.

Outlook 2011

Development of the economic environment

Banks and leading national and international economic research institutes are currently forecasting growth of around 4 percent for the global economy in 2011. Major risks particularly include the European government debt crisis which could have a negative impact on the refinancing options offered by banks and therefore the economy as a whole. While the Asian emerging nations, the Middle East, Africa and parts of Latin America are still expected to grow at above average rates, countries within the Euro zone are expected to grow by a mere 1.2 percent to 1.7 percent on average. The German GDP should rise more steeply by around 2 percent to 2.5 percent. The US economic performance is currently expected to increase by roughly 2.5 percent to 3 percent. Driven by the emerging nations, world trade in 2011 should go up again significantly by approximately 7 percent to 8 percent and as a result push up prices on the commodities / energy markets (rise of the average price per barrel of crude oil from around US $ 80 in 2010 to about US $ 90 to US $ 100 in 2011). Sources: IMF (January 25, 2011), OECD (November 2010), Deutsche Bank (January 6 / February 3, 2011), DekaBank (February 8, 2011)

General legal environment for German aviation

At the beginning of 2007, the EU Commission launched a legislative initiative to create a uniform legal framework for airport fees in EU air traffic. The directive came into effect in March 2009 and is to be implemented in national law until March 2011. The resulting effects for Fraport cannot be determined at present as the directive is currently still going through the implementation process.

In 2007, the EU Commission published a note on the current implementation of the directive on the liberalization of ground handling services at European airports. The EU Parliament reacted on that with an initiative report, demanding not to liberalize the market further unless an impact assessment was done. The study commissioned by the EU Commission on this behalf was published in April 2009. In addition, the Commission carried out a public online consultation from December 2009 to February 2010. The Commission announced a new draft amendment of the directive by mid 2011 as part of an airport package, which is said to also address the issues "Amendment of the Slot Directive" and "Capacity". As Fraport does not know at present how this situation will develop, the resulting effects of this development cannot yet be fully ascertained.

In July 2008, the EU Parliament approved the inclusion of air traffic in EU emissions trading. This means that starting in 2012, every flight originating or landing at an EU airport will be included in the EU emissions trading system. The total amount of certificates to be distributed in 2012 will amount to 97 percent of the average amount of emissions from 2004 to 2006. A further reduction to 95 percent is planned for the years 2013 to 2020. In addition, 15 percent of the apportioned emission rights will be assigned through auctions. Currently, each of the member states is working to implement these objectives in their respective national laws. Germany will likely have completed its initial draft in 2011. The inclusion of air traffic in the greenhouse gas emission trading system affects airlines first and foremost. Airports only play a minor role in the emission of greenhouse gases. However, these measures will lead to an additional burden for the entire air traffic industry as from 2012.

In September 2009, the EU Commission formally resolved to include airports and flights / air traffic control as well. The European Aviation Safety Agency will have, as the top European aviation authority, greater influence on airports from 2013 as a result of this resolution. All regional legislation and regulations regarding the operation and approval of airports, air traffic management and air traffic controlling services will therefore be replaced by unified EU legislation and regulations. Due to ongoing legislative proceedings, the resulting effects of this development cannot yet be fully ascertained.

Overall, the emerging changes in Fraport's legal environment could have an impact on the German aviation industry in general and therefore also affect Fraport.

Development of air traffic

According to the forecasts of IATA and ICAO (International Civil Aviation Organization), airlines will see a rise in global passenger volumes of around 5 percent in 2011. Airfreight is expected to increase by slightly more than 5 percent. The ACI also forecasts global passenger volumes at airports to grow by around 5 percent. The airfreight volume is expected to rise slightly less steeply by 4.5 percent after growth catching up tangibly in 2010.
Sources: ICAO (January 11, 2011), IATA (December 2010), ACI (November 2010)

Frankfurt Airport will also benefit from the positive development of global air traffic. In 2011, passenger and cargo volumes are expected to rise significantly. Catch-up growth resulting from flight cancellations in the previous fiscal year and initial positive effects from the start-up of the new landing runway for the 2011 / 12 winter flight schedule will also add to this positive development. In fiscal year 2011, Fraport therefore anticipates passenger numbers to go up between 4 percent and 7 percent. Annual growth in passenger numbers for the period from 2012 until 2015 should reach the same magnitude of between 4 percent and 7 percent. The cargo volume in the next years is also likely to increase considerably with growth rates matching those of the market.

Antalya is expected to continue recording positive growth in 2011 due to Turkey still being an attractively priced holiday destination and the additional demand for domestic flights created by favorable prices. Despite the expected restrictions from the refurbishment of the starting and landing runway, both national and international air traffic in **Lima** is also expected to increase in 2011. The airports in **Varna** and **Burgas** should also profit from the economic recovery. In Varna however, growth will be impacted by the planned closure of the starting and landing runway for three months. Air traffic at the investments in Antalya, Lima, Varna and Burgas is expected to continue increasing in the coming years.

Development of revenue and earnings

On the back of the anticipated growth in air traffic in Frankfurt and the investment airports, Fraport Group's **revenue** is expected to amount to more than € 2.3 billion in fiscal year 2011. Supplemental to the additional income due to traffic volume, the airport fee increases will also have a positive effect. Positive effects will also be generated by higher retail and parking proceeds. Due to the accounting standards applied pursuant to IFRIC 12, the intensified construction activities planned at the majority-owned investments in Lima as well as Varna and Burgas will also increase reported revenue. However, corresponding non-staff costs will offset this effect, resulting in it being neutral with regard to EBITDA overall.

Due to the below-average increase in costs in relation to revenue, **Group EBITDA** for 2011 will grow between 10 percent and 15 percent. Despite higher **depreciation and amortization**, which will result from, among other things, the pro-rata recognition of the new landing runway that will go into operation for the 2011 / 2012 winter flight schedule, **Group EBIT** will rise considerably but come to under € 500 million.

The Fraport Group's **financial results** will see improvement despite the higher level of net debt, on the one hand due to the discontinuation of the negative one-off effects of derivatives being marked-to-market in 2010, and on the other due to increased capitalized interest expenses related to construction work. **Group result** in 2011 will be slightly lower than in the year 2010. Adjusted by the release of provisions in connection with the tax audit for the years 1999 to 2002, however, Group result will be significantly above the level of 2010. In the case of income developing according to plan in 2011 and also due to the long-term positive profit expectations, the Executive Board is planning to keep the **dividend** per share at the same level as in fiscal year 2010. In 2011, Fraport Group's **value added** will reach the same level as in 2010.

Development in the Fraport segments

The positive expectations for air traffic will also be reflected in the segments of Fraport Group in 2011. For this reason, revenue, EBITDA and EBIT are expected to increase **in all four segments**. The **Aviation** segment will benefit not only from the increase in air traffic, but also from the rise in airport fees. The **Retail & Real Estate** segment will generate higher revenue in the retail and parking business resulting from increased traffic volumes and revenue from the sale of properties at the Mönchhof site. Besides the increase in revenue from the new ground handling agreement with Deutsche Lufthansa signed end of 2010, the **Ground Handling** segment will benefit from a more stable cost basis on account of the Pact for the Future 2018. The **External Activities & Services** segment, whose income and expenses are affected by the IFRIC 12 accounting regulation, will benefit in particular from the ongoing positive developments in Antalya and Lima. In contrast, higher staff costs due to the new "Corporate Infrastructure Management" service unit in Frankfurt will have a negative impact. While the **value added** in the segments Retail & Real Estate and External Activities & Services will remain positive, they will continue to be negative in the Aviation and Ground Handling segments.

Development of net assets and financial position

The Fraport Group's **capital expenditures** will continue to be driven by high investments in the expansion and modernization of the Frankfurt site in fiscal year 2011. Investments in property, plant and equipment are expected to amount to around € 900 million. The ongoing capital expenditures will continue to be reflected in the **statement of cash flows** and **financial position** of Fraport Group. While non-current assets will increase on account of the investments in property, plant and equipment, the level of current assets will decline due to the negative **free cash flow**. Both **equity** and **equity ratio** will rise as a result of planned additions to profit reserves in 2011. Overall, the **balance sheet total** at the end of the year will be above the level of 2010. Despite higher equity, the **gearing ratio** will exceed 100 percent. The reason for this will be the disproportionate higher increase in net debt to equity, resulting from negative free cash flow and the correspondingly decrease in Group liquidity.

Preview 2012

On account of the continuously positive growth forecasts, Fraport expects a further increase in **Group revenue** and **EBITDA** in fiscal year 2012. This expected rise is also supported by the gradual increase in start and landing capacities after the opening of the new landing runway in Frankfurt and the adjustment in airport fees at the site. The opening of Pier A-Plus should also have a positive effect on retail proceeds in the fiscal year. Due to the initial depreciation for Pier A-Plus and especially the full year depreciation of the Northwest Landing Runway, this will place a burden on **Group result**. Due to the start-up of the landing runway in 2011 and Pier A-Plus, it will no longer be possible to capitalize interest on debt capital, which was made during the construction period of these assets. The recognition of these interest expenses will have an additional negative impact on Group result in 2012. Overall, Group result is expected to come to the same as in 2011. The Executive Board aims to keep the **dividend** per share at a steady level in fiscal year 2012 if business continues to develop as currently anticipated. The **value added** in 2012 is expected to be lower than in 2011.

The positive growth forecast, the increase in starting and landing capacity and the further adjustment in airport fees will lead to rising revenue and an increase in EBITDA for the **Aviation** segment in 2012. Higher depreciation and amortization on account of the initial depreciation of Pier A-Plus and the full year depreciation of the Northwest Landing Runway will result in a reduction in segment EBIT. The value added is expected to remain negative.

Growing passenger numbers and the opening of Pier A-Plus will lead to a rise in revenue and EBITDA in the **Retail & Real Estate** segment. In spite of higher costs on account of the depreciation of Pier A-Plus it is expected that the segment EBIT will exceed the value of 2011. The value added continues to remain positive.

During fiscal year 2012, the positive development in air traffic relating to the expansion of start and landing capacities in Frankfurt will have positive results for the **Ground Handling** segment. Revenue, EBITDA and EBIT should therefore exceed the figures of the current fiscal year. The value added however will remain negative.

An overall positive development is expected for 2012 in the **External Activities & Services** segment. A favorable development in the investments in Antalya, Lima, Varna and Burgas will increase revenue, EBITDA and EBIT compared to 2011. The value added is expected to remain positive.

The ongoing **capital expenditure** at Frankfurt Airport will continue to impact Fraport Group's **asset and financial situation** in fiscal year 2012. After the start-up of the landing runway in 2011, capital expenditure will shift their focus to modernizing and expanding existing airport facilities in 2012. **Equity** will continue rising in 2012 as a result of planned additions to profit reserves. **Free cash flow** is expected to be negative, resulting in a further decrease of **liquid funds**. The **gearing ratio** in 2012 will be up on the 2011 figure on account of net debt rising disproportionately compared to equity.

General statement on the outlook report

The outlook for the aviation industry continues to remain positive. Fraport will also be able to benefit from this development and expand its business. In addition to the investment airports, Fraport Group will particularly profit from the market growth through the construction work at the Frankfurt site.

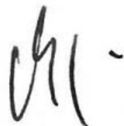
On account of future growth, Fraport expects a significant increase in overall operating profit figures in the coming years. In addition to the quantitative increase, the increase will also be assisted by the rise in airport fees in Frankfurt and the increasing retail revenues related to the opening of the new Pier A-Plus. Positive effects also derive from the Pact for the Future 2018 signed in 2009 which is expected to keep the rise in costs for permanent Fraport AG staff below average in the medium-term.

In spite of increasing depreciation and amortization and a long-term declining financial result, Group result should remain clearly positive in the three-digit million range. Thanks to active finance management, Fraport sees no further risks to the financing of our investing requirements at the Frankfurt site or in our external business despite the temporary increase in net debt.

Please refer to the opportunity and risk report, starting page 71, for information on potential risks to future developments of Fraport Group.

Frankfurt am Main, March 7, 2011
Fraport AG
Frankfurt Airport Services Worldwide
The Executive Board

Dr. Schulte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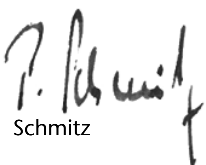
Schmitz

Dr. Zieschang

Where the statements made in this document relate to the future rather than the past, these statements are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are beyond the control of Fraport AG Frankfurt Airport Services Worldwide and which could have the effect that the actual results will differ materially from these statements. These factors include not only the competitive environment in liberalized markets, regulatory changes, the success of business operations, as well as a substantial deterioration of basic economic conditions in the markets in which Fraport AG Frankfurt Airport Services Worldwide and its investments operate. Readers are cautioned not to rely to an inappropriately large extent on statements made about the future.

Consolidated financial statements for the 2010 Fiscal Year

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

€ million	Notes	2010	2009 adjusted
Revenue	(5)	**2,194.6**	**2,010.3**
Change in work-in-process	(6)	0.4	0.9
Other internal work capitalized	(7)	36.9	39.1
Other operating income	(8)	52.1	45.3
Total revenue		**2,284.0**	**2,095.6**
Cost of materials	(9)	– 491.1	– 471.6
Personnel expenses	(10)	– 880.4	– 866.9
Depreciation and amortization	(11)	– 279.7	– 268.8
Other operating expenses	(12)	– 201.9	– 187.4
Operating result		**430.9**	**300.9**
Interest income	(13)	44.8	40.6
Interest expenses	(13)	– 182.5	– 140.3
Result from associated companies	(14)	7.0	4.3
Write-downs on financial assets	(15)	0.0	– 7.2
Income from investments	(16)	0.0	0.1
Other financial result	(17)	– 21.5	– 3.9
Financial result		**– 152.2**	**– 106.4**
EBT (= Result from ordinary operations)		**278.7**	**194.5**
Taxes on income	(18)	– 7.2	– 42.5
Group result		**271.5**	**152.0**
Profit attributable to non-controlling interests		**8.6**	**5.6**
Profit attributable to shareholders' of Fraport AG		**262.9**	**146.4**
Earnings per € 10 share in €	(19)		
basic		2.86	1.60
diluted		2.85	1.59
EBIT (= Operating result)		**430.9**	**300.9**
EBITDA (= EBIT + depreciation and amortization)		**710.6**	**569.7**

GRAPHIC 34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	2010	2009 adjusted
Group profit for the year	**271.5**	**152.0**
Fair value changes of derivatives		
Changes directly recognized in equity	– 54.5	– 41.5
thereof realized gains (+) / losses (–)	– 35.8	– 18.5
	– 18.7	**– 23.0**
Deferred taxes related to those items	5.4	6.8
Fair value changes of financial instruments held for sale		
Changes directly recognized in equity	26.8	10.4
thereof realized gains (+) / losses (–)	– 1.2	0.0
	28.0	**10.4**
Deferred taxes related to those items	– 0.5	0.3
Foreign currency translation of subsidiaries	3.1	– 0.5
Income and expenses from associated companies accounted for using the equity method directly recognized in equity	5.4	– 1.8
Deferred taxes on income and expenses recognized in equity	4.9	7.1
Total income and expenses dirctly recognized in equity	**22.7**	**– 7.8**
Comprehensive income	**294.2**	**144.2**
thereof attributable to non-controlling interests	9.4	7.2
thereof attributable to shareholders' of Fraport AG	284.8	137.0

GRAPHIC 35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ million	Notes	Balance at Dec. 31, 2010	Balance at Dec. 31, 2009 adjusted	Balance at Jan. 1, 2009 adjusted
Non-current assets				
Goodwill	(20)	38.6	40.0	22.7
Investments in airport operating projects	(21)	1,073.4	1,098.4	803.4
Other intangible assets	(22)	32.4	34.0	33.3
Property, plant and equipment	(23)	5,013.3	4,486.4	3,968.6
Investment property	(24)	34.0	34.7	9.0
Investments in associated companies	(25)	97.1	72.9	72.4
Other financial assets	(26)	394.6	474.7	205.4
Other receivables and other assets	(27)	20.9	20.0	42.4
Income tax receivable	(28)	29.6	23.6	26.6
Deferred tax assets	(29)	43.1	68.3	41.5
		6,777.0	**6,353.0**	**5,225.3**
Current assets				
Inventories	(30)	77.9	54.0	47.4
Trade accounts receivable	(31)	178.3	158.4	154.9
Other receivables and other assets	(27)	319.2	492.2	205.1
Income tax receivable	(28)	5.5	5.3	7.8
Cash and cash equivalents	(32)	1,812.6	1,802.3	1,154.8
		2,393.5	**2,512.2**	**1,570.0**
		9,170.5	**8,865.2**	**6,795.3**

GRAPHIC 36

LIABILITIES AND EQUITY

€ million	Notes	Balance at Dec. 31, 2010	Balance at Dec. 31, 2009 adjusted	Balance at Jan. 1, 2009 adjusted
Shareholders' equity				
Issued capital	(33)	918.4	917.7	916.1
Capital reserves	(33)	582.0	578.3	573.1
Revenue reserves	(33)	1,217.7	1,039.2	1,007.9
Issued capital and reserves attributable to equity holders of Fraport AG	(33)	2,718.1	2,535.2	2,497.1
Non-controlling interests presented within equity	(34)	21.2	22.6	50.1
		2,739.3	**2,557.8**	**2,547.2**
Non-current liabilities				
Financial liabilities	(35)	4,256.6	4,126.9	1,685.3
Trade accounts payable	(36)	60.0	114.7	192.9
Other liabilities	(37)	949.2	904.7	731.6
Deferred tax liabilities	(38)	105.5	143.9	127.8
Provisions for pensions and similar obligations	(39)	22.1	20.3	19.0
Provisions for income taxes	(40)	68.0	135.0	170.0
Other provisions	(41)	147.0	129.9	101.0
		5,608.4	**5,575.4**	**3,027.6**
Current liabilities				
Financial liabilities	(35)	151.8	118.9	555.5
Trade accounts payable	(36)	274.6	219.8	393.8
Other liabilities	(37)	180.5	147.7	80.4
Provisions for income taxes	(40)	12.9	6.7	1.9
Other provisions	(41)	203.0	238.9	188.9
		822.8	**732.0**	**1,220.5**
		9,170.5	**8,865.2**	**6,795.3**

GRAPHIC 37

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Notes	2010	2009 adjusted
Profit attributable to shareholders' of Fraport AG		**262.9**	**146.4**
Profit attributable to non-controlling interests		8.6	5.6
Adjustments for:			
Taxes on income	(18)	7.2	42.5
Depreciation and write-downs on financial assets	(11) (15)	279.7	276.0
Interest result	(13)	137.7	99.7
Income from investments	(16)	0.0	– 0.1
Gains / losses from disposals of non-current assets		11.4	11.9
Others		6.0	1.5
Fair value changes in associated companies	(14)	– 7.0	– 4.3
Changes in inventories	(30)	7.4	– 6.6
Changes in receivables and other financial assets	(27)	– 27.7	– 53.0
Changes in liabilities	(36 – 37)	37.8	24.7
Changes in provisions	(38 – 41)	14.1	21.3
Operational activities		**738.1**	**565.6**
Financial activities			
Interest paid		– 128.0	– 65.4
Interest received		26.5	29.9
Dividends received		0.0	0.1
Taxes on income paid		– 69.1	– 103.7
Cash flow from operating activities	(44)	**567.5**	**426.5**
Investments in airport operating projects	(21)	– 73.4	– 53.4
Capital expenditures for other intangible assets	(22)	– 6.0	– 6.1
Capital expenditures for property, plant and equipment	(23)	– 779.1	– 1,051.8
Investment property	(24)	– 0.1	– 26.6
Capital expenditures for associated companies	(25)	– 13.8	– 0.4
Other financial investments (long-term)	(26)	– 200.9	– 352.3
Other financial investments (short-term)		0.0	– 228.6
Change in cash and cash equivalents (with a duration of more than 3 months)	(32)	97.3	– 1,698.4
Acquisition of consolidated companies	(2)	0.3	– 0.5
Disposal of consolidated companies		0.0	– 0.8
Proceeds from disposal of non-current assets		9.8	10.5
Proceeds from disposal of non-current and current financial assets		484.0	1.9
Cash flow used in investing activities	(44)	**– 481.9**	**– 3,406.5**
Dividends paid to shareholders' of Fraport AG	(33)	– 105.5	– 105.4
Dividends paid to non-controlling interests		– 10.1	– 1.2
Capital increase	(33)	4.2	6.8
Cash inflow from long-term financial liabilities	(35)	135.8	2,530.0
Repayment of long-term financial liabilities		– 46.6	– 61.6
Changes in short-term financial liabilities		39.5	– 439.2
Cash flow from financing activities	(44)	**17.3**	**1,929.4**
Consolidation effects on cash and cash equivalents		0.9	– 0.3
Restricted cash	(32)	– 112.4	– 30.0
Change in cash and cash equivalents		**– 8.6**	**– 1,080.9**
Cash and cash equivalents on January 1		73.9	1,120.6
Foreign currency translation effect on cash and cash equivalents		3.8	0.0
Restricted cash previous year		30.0	34.2
Cash and cash equivalents on December 31	(44) (32)	**99.1**	**73.9**

GRAPHIC 38

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Notes	Issued Capital	Capital reserves	Revenue reserves	Foreign currency reserves	Financial instru- ments	Equity at- tributable to share- holders' of Fraport AG	Non-con- trolling interests	Total
Balance at January 1, 2010		**917.7**	**578.3**	**1,102.3**	**– 5.2**	**– 57.9**	**2,535.2**	**22.6**	**2,557.8**
Foreign currency translation differences		–	–	–	7.7	–	7.7	0.8	8.5
Fair value changes of finan- cial assets held for sale		–	–	–	–	27.5	27.5	–	27.5
Fair value changes of deriva- tives		–	–	–	–	– 13.3	– 13.3	–	– 13.3
Net gain (+) / Net costs (–) directly included in equity		0.0	0.0	0.0	7.7	14.2	21.9	0.8	22.7
Issue of shares for employee investment plan		0.6	1.6	–	–	–	2.2	–	2.2
Transfer of treasury shares		0.1	0.1	–	–	–	0.2	–	0.2
Management Stock Options Plan									
Capital increase for exercise of options		–	–	–	–	–	0.0	–	0.0
Value of performed services (fair value)		–	2.0	–	–	–	2.0	–	2.0
Distribution		–	–	– 105.5	–	–	– 105.5	– 10.1	– 115.6
Group profit for the year		–	–	262.9	–	–	262.9	8.6	271.5
Consolidation activity / other changes		–	–	– 0.8	–	–	– 0.8	– 0.7	– 1.5
Balance at December 31, 2010	(33), (34)	**918.4**	**582.0**	**1,258.9**	**2.5**	**– 43.7**	**2,718.1**	**21.2**	**2,739.3**
Balance at January 1, 2009 (adjusted) [1]		**916.1**	**573.1**	**1,063.3**	**– 1.3**	**– 54.1**	**2,497.1**	**50.1**	**2,547.2**
Foreign currency translation differences		–	–	–	– 3.9	–	– 3.9	1.6	– 2.3
Fair value of financial assets held for sale		–	–	–	–	10.7	10.7	–	10.7
Fair value changes of deriva- tives		–	–	–	–	– 16.2	– 16.2	–	– 16.2
Net gain (+) / Net costs (–) directly included in equity		0.0	0.0	0.0	– 3.9	– 5.5	– 9.4	1.6	– 7.8
Deconsolidation of Frankfurt-Hahn		–	–	–	–	–	0.0	– 33.7	– 33.7
Capital increase FPS		–	–	–	–	–	0.0	0.2	0.2
Issue of shares for employee investment plan		1.4	2.4	–	–	–	3.8	–	3.8
Transfer of treasury shares		0.1	0.1	–	–	–	0.2	–	0.2
Management Stock Options Plan									
Capital increase for exercise of options		0.1	0.1	–	–	–	0.2	–	0.2
Value of performed services (fair value)		–	2.6	–	–	–	2.6	–	2.6
Distribution		–	–	– 105.4	–	–	– 105.4	– 1.2	– 106.6
Group profit for the year		–	–	146.4	–	–	146.4	5.6	152.0
Consolidation activity / other changes		–	–	– 2.0	–	1.7	– 0.3	–	– 0.3
Balance at December 31, 2009 (adjusted) [2]	(33), (34)	**917.7**	**578.3**	**1,102.3**	**– 5.2**	**– 57.9**	**2,535.2**	**22.6**	**2,557.8**

[1] Due to the retroactive application of IFRIC 12, revenue reserves were adjusted by – € 10.9 million and non-controlling interests by – € 10.1 million.
[2] Due to the retroactive application of IFRIC 12, revenue reserves were adjusted by – € 14.5 million, foreign currency reserves by + € 1.1 million and non-controlling interests by - € 11.7 million.

GRAPHIC 39

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

€ million	Goodwill	Investments in airport operating projects	Other intangible projects	Lands, land rights and buildings including buildings on leased lands	Technical equipment and machinery	Other equipment, operating and office equipment	Construction in progress
Acquisition / production costs							
Balance at January 1, 2010	**136.6**	**1,215.1**	**124.5**	**4,157.1**	**1,712.3**	**366.0**	**1,594.9**
Changes due to foreign currency translation differences		22.0	0.3			0.6	
Additions		23.2	6.0	184.5	59.6	25.7	511.7
Disposals	–1.4		–13.1	–40.8	–45.1	–27.5	–36.2
Changes in consolidation							
Reclassifications			2.5	106.5	31.6	4.3	–144.9
Balance at December 31, 2010	**135.2**	**1,260.3**	**120.2**	**4,407.3**	**1,758.4**	**369.1**	**1,925.5**
Accumulated depreciation							
Balance at January 1, 2010	**96.6**	**116.7**	**90.5**	**1,777.6**	**1,312.4**	**252.8**	**1.1**
Changes due to foreign currency translation differences		2.7	0.2			0.3	
Impairment losses in accordance with IAS 36							
Additions		67.5	9.4	118.2	55.8	28.8	
Disposals			–12.2	–29.8	–43.6	–26.8	
Changes in consolidation							
Reclassifications			–0.1	–0.1	0.3		
Write-ups							
Balance at December 31, 2010	**96.6**	**186.9**	**87.8**	**1,865.9**	**1,324.9**	**255.1**	**1.1**
Net book values							
Balance at December 31, 2010	**38.6**	**1,073.4**	**32.4**	**2,541.4**	**433.5**	**114.0**	**1,924.4**
Acquisition / production costs							
Balance at January 1, 2009 (adjusted)	**128.2**	**874.7 [3]**	**116.9**	**3,912.8**	**1,719.7**	**388.9**	**1,249.2**
Changes due to foreign currency translation differences		**–9.5**	**–0.1**			–0.3	
Additions	17.3	139.9	7.3	303.0	73.2	20.5	493.2
Disposals	–8.9 [2]		–0.8	–24.1	–28.1	–22.0	–12.4
Changes in consolidation		203.5	–0.7	–144.2	–65.4	–27.2	–5.9
Reclassifications		6.5	1.9	109.6	12.9	6.1	–129.2
Balance at December 31, 2009	**136.6**	**1,215.1**	**124.5**	**4,157.1**	**1,712.3**	**366.0**	**1,594.9**
Accumulated depreciation							
Balance at January 1, 2009 (adjusted)	**105.5**	**71.3 [3]**	**83.6**	**1,739.1**	**1,321.0**	**240.8**	**1.1**
Changes due to foreign currency translation differences		**–1.1**				–0.2	
Impairment losses in accordance with IAS 36					0.2	19.8	
Additions		46.9	7.9	111.3	53.7	28.9	
Disposals	–8.9 [2]	0.0	–0.7	–22.6	–27.0	–21.0	
Changes in consolidation		–0.4	–0.3	–49.1	–34.1	–18.0	
Reclassifications				–1.1	–1.4	2.5	
Write-ups							
Balance at December 31, 2009	**96.6**	**116.7**	**90.5**	**1,777.6**	**1,312.4**	**252.8**	**1.1**
Net book values							
Balance at December 31, 2009 (adjusted)	**40.0**	**1,098.4**	**34.0**	**2,379.5**	**399.9**	**113.2**	**1,593.8**

[1] This refers to joint ventures, associated companies and investments
[2] This refers to the deconsolidation of Frankfurt-Hahn Airport GmbH
[3] Adjusted due to IFRIC 12

Property, plant and equipment (total)	Investment property	Investments in associated companies	Other investments	Available-for-sale securities	At-fair-value securities	Loans to investment [1]	Other loans	Other financial assets (total)
7,830.3	**40.9**	**143.6**	**52.4**	**229.9**	**20.9**	**71.9**	**182.1**	**557.2**
0.6		5.4						0.0
781.5	0.1	22.2		126.1		15.8	59.0	200.9
–149.6		–3.4		–86.5		–0.1	–1.8	–88.4
0.0						0.4		0.4
–2.5	–0.9			–47.9	–20.0	–3.9	–145.0	–216.8
8,460.3	**40.1**	**167.8**	**52.4**	**221.6**	**0.9**	**84.1**	**94.3**	**453.3**
3,343.9	**6.2**	**70.7**	**12.5**	**–9.2**	**0.4**	**68.1**	**10.7**	**82.5**
0.3								0.0
0.0							7.8	7.8
202.8								0.0
–100.2				–1.0				–1.0
0.0								0.0
0.2	–0.1				–0.4	–3.9		–4.3
0.0				–26.3				–26.3
3,447.0	**6.1**	**70.7**	**12.5**	**–36.5**	**0.0**	**64.2**	**18.5**	**58.7**
5,013.3	**34.0**	**97.1**	**39.9**	**258.1**	**0.9**	**19.9**	**75.8**	**394.6**
7,270.6	**18.9**	**143.1**	**53.2**	**101.9**	**50.9**	**69.5**	**16.4**	**291.9**
–0.3		–1.8						0.0
889.9	26.6	5.0		183.1		2.4	166.8	352.3
–86.6	–0.2	–2.7	–0.8	–0.1			–1.1	–2.0
–242.7	–7.8							
–0.6	3.4			–55.0	–30.0			–85.0
7,830.3	**40.9**	**143.6**	**52.4**	**229.9**	**20.9**	**71.9**	**182.1**	**557.2**
3,302.0	**9.9**	**70.7**	**12.5**	**0.6**	**2.4**	**67.5**	**3.5**	**86.5**
–0.2								0.0
20.0							7.2	7.2
193.9	0.1					0.6		0.6
–70.6				–0.1				–0.1
–101.2	–3.8							
0.0					–1.2			–1.2
0.0				–9.7	–0.8			–10.5
3,343.9	**6.2**	**70.7**	**12.5**	**–9.2**	**0.4**	**68.1**	**10.7**	**82.5**
4,486.4	**34.7**	**72.9**	**39.9**	**239.1**	**20.5**	**3.8**	**171.4**	**474.7**

GRAPHIC 40

SEGMENT REPORTING
(Note 43)

SEGMENT REPORTING

€ million		Aviation	Retail & Real Estate	Ground Handling	External Activities & Services	Adjust-ments	Group
Revenue	2010	693.9	403.1	658.6	439.0		2,194.6
	2009	685.1	362.4	619.9	342.9		2,010.3
Other income	2010	35.0	26.3	16.0	12.1		89.4
	2009	34.0	13.2	17.3	20.8		85.3
Third-party revenue	**2010**	**728.9**	**429.4**	**674.6**	**451.1**	–	**2,284.0**
	2009	**719.1**	**375.6**	**637.2**	**363.7**	–	**2,095.6**
Inter-segment revenue	2010	59.0	189.4	22.7	299.3	–570.4	–
	2009	62.6	195.1	20.8	291.6	–570.1	–
Total revenue	2010	787.9	618.8	697.3	750.4	–570.4	2,284.0
	2009	781.7	570.7	658.0	655.3	–570.1	2,095.6
Segment result (EBIT)	**2010**	**56.4**	**227.9**	**11.0**	**135.6**	**0.0**	**430.9**
	2009	**41.2**	**225.0**	**–40.1**	**74.8**	**0.0**	**300.9**
Depreciation and amortization of segment assets	2010	75.2	66.8	33.1	104.6	–	279.7
	2009	76.1	57.9	54.2	80.6	–	268.8
EBITDA	**2010**	**131.6**	**294.7**	**44.1**	**240.2**	–	**710.6**
	2009	**117.3**	**282.9**	**14.1**	**155.4**	–	**569.7**
Share of results from associated companies	2010	0.0	0.3	0.9	5.8	–	7.0
	2009	0.0	0.3	0.4	3.6	–	4.3
Income from investments	2010	0.0	0.0	0.0	0.0	–	0.0
	2009	0.0	0.0	0.1	0.0	–	0.1
Book values of segment assets	2010	4,238.3	2,385.5	719.5	1,749.0	78.2	9,170.5
	2009	3,998.1	2,299.8	737.6	1,732.5	97.2	8,865.2
Segment liabilities	2010	2,490.0	1,739.5	542.5	1,472.8	186.4	6,431.2
	2009	2,380.1	1,584.9	565.7	1,491.1	285.6	6,307.4
Acquisition cost of additions to property, plant and equipment, investments in airport operating projects, goodwill, intangible assets and investment property	2010	476.8	199.0	63.2	71.8	–	810.8
	2009	517.7	285.6	56.1	221.6	–	1,081.0
Other significant non-cash expenses	2010	53.4	42.2	9.5	8.9	–	114.0
	2009	129.5	49.0	16.5	10.7	–	205.7
Investments in associated companies	2010	0.0	0.0	1.9	95.2	–	97.1
	2009	0.0	0.0	1.4	71.5	–	72.9

GRAPHIC 41

GEOGRAPHICAL INFORMATION

€ million		Germany	Rest of Europe	Asia	Rest of World	Adjust-ments	Group
Revenue	2010	1,850.2	47.1	148.7	148.6		2,194.6
	2009	1,737.5	56.0	91.3	125.5		2,010.3
Other income	2010	87.4	0.6	1.2	0.2		89.4
	2009	83.0	0.5	1.6	0.2		85.3
Third-party revenue	**2010**	**1,937.6**	**47.7**	**149.9**	**148.8**	–	**2,284.0**
	2009	**1,820.5**	**56.5**	**92.9**	**125.7**	–	**2,095.6**
Book value of segment assets	2010	7,606.9	204.8	951.5	329.1	78.2	9,170.5
	2009	7,402.5	160.1	888.3	317.1	97.2	8,865.2
Acquisition cost of additions to property, plant and equipment, investments in airport operating projects, goodwill, intangible assets and investment property	2010	782.5	11.2	12.6	4.5	–	810.8
	2009	915.2	9.1	144.3	12.4	–	1,081.0

GRAPHIC 42

Group Notes for the 2010 Fiscal Year

NOTES TO THE CONSOLIDATION AND ACCOUNTING POLICIES

1 _ Basic principles followed in preparation of the consolidated financial statements

Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main (hereinafter referred to as Fraport AG) prepared its consolidated financial statements as of December 31, 2010 in accordance with the standards issued by the International Accounting Standards Board (IASB).

We have applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements and the interpretations about them issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union (EU), in force on the balance sheet date, completely and without any restrictions in recognition, measurement and disclosure in the 2010 consolidated financial statements. Pursuant to Section 315a (1) of the German Commercial Code (HGB), the supplementary disclosures in the notes to the financial statements were provided applying Sections 313, 314 HGB.

As the capital market-oriented parent company of the Fraport Group, Fraport AG must prepare its consolidated financial statements in accordance with IFRS pursuant to Directive (EC) No. 1606/2002 of the European Parliament and the Council dated July 19, 2002 (new version dated April 9, 2008) regarding the application of IFRS.

As in previous years, the income statement has been prepared according to the nature of expense method.

The consolidated financial statements are prepared in euros. All figures are in € million unless stated otherwise.

The business activities and the organization of the Fraport Group are presented in the management report.

The consolidated financial statements of Fraport AG for the 2010 fiscal year were approved for publication by the Executive Board on March 7, 2011.

2 _ Companies included in consolidation and balance sheet date

The consolidated financial statements include Fraport AG as well as all subsidiaries (in full) and joint ventures (on a proportionate basis). Investments in associated companies are accounted for using the equity method in the consolidated financial statements.

Companies whose financial and business policies can be determined by Fraport AG are considered affiliated companies. Inclusion in the consolidated financial statements commences on the date when control is obtained. Joint ventures are directly or indirectly managed by Fraport AG in conjunction with other partners. Companies in which the Fraport Group has invested and where it is able to exercise major influence on financial and business policies are considered associated companies.

The fiscal year of Fraport AG and all consolidated companies is the calendar year.

The consolidated financial statements of Fraport AG are dominated by the parent company. The companies included in the consolidated financial statements changed as follows during the fiscal year 2010: — GRAPHIC 43

The transitional consolidation among the joint ventures and associated companies applies to Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main and the joint venture Gateway Gardens Projektentwicklungs-GmbH, Frankfurt am Main included in its financial statements.

On December 28, 2010, Fraport AG sold its 28.57 percent capital share (nominal value € 20.0 thousand) in the associated company European Center for Aviation Development – ECAD GmbH, Darmstadt to the State of Hesse for a price of € 1. The sale of the company and termination of at-equity valuation had no material impact on the consolidated financial statements of the Fraport Group.

COMPANIES INCLUDED IN CONSOLIDATION

	Germany	Other countries	Total
Fraport AG	1	**0**	**1**
Fully consolidated subsidiaries			
Dec. 31, 2009	19	15	34
Additions	0	0	0
Disposals	0	0	0
Dec. 31, 2010	**19**	**15**	**34**
Joint ventures using proportionate consolidation			
Dec. 31, 2009	5	6	11
Additions	0	0	0
Transitional consolidation	2	0	2
Disposals	0	0	0
Dec. 31, 2010	**7**	**6**	**13**
Companies consolidated excluding associates at Dec. 31, 2009	**25**	**21**	**46**
Companies consolidated excluding associates at Dec. 31, 2010	**27**	**21**	**48**
Investments in associates using the equity method for accounting			
Dec. 31, 2009	5	3	8
Additions	0	0	0
Transitional consolidation	–1	0	–1
Disposals	–1	0	–1
Dec. 31, 2010	**3**	**3**	**6**
Group companies including associates at Dec. 31, 2009	**30**	**24**	**54**
Group companies including associates at Dec. 31, 2010	**30**	**24**	**54**

GRAPHIC 43

CHANGES IN THE COMPANIES INCLUDED IN CONSOLIDATION

	December 31, 2010		December 31, 2009	
€ million	**Additions**	**Disposals**	**Additions**	**Disposals**
Non-current assets	0.0	0.0	215.7	–150.9
Current assets	33.4	0.0	3.6	–11.2
Cash and cash equivalents	1.2	0.0	0.5	–0.8
Non-current liabilities	9.2	0.0	230.6	–127.9
Current liabilities	20.9	0.0	1.7	–35.3

GRAPHIC 44

The companies GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG, Frankfurt am Main, and FSG Flughafen-Service GmbH, Frankfurt am Main, in which Fraport AG holds 40 percent and 33.33 percent respectively, have been included in the consolidated financial statements as affiliated companies. Due to contractual stipulations, Fraport AG has actual control over these companies.

Fraport AG holds a 52 percent capital share in the equity of the company NICE Aircraft Services & Support GmbH, Frankfurt am Main. This company is only consolidated on a proportionate basis, of 52 percent, due to joint management and control, which were contractually agreed.

A complete list of shareholdings for the Fraport Group pursuant to Section 313 (2) of the German Commercial Code (HGB) is found at the end of the consolidated Group notes.

The **changes in the companies included in consolidation** have the following impact on the consolidated financial statements (before consolidation adjustments): GRAPHIC 44

The changes in the companies included in consolidation during the fiscal year mainly relate to the acquisition of additional capital shares in Grundstücksgesellschaft Gateway Gardens GmbH and its inclusion as a joint venture. The changes in the companies included in consolidation during the previous year are mainly due to the acquisition of shares in the airport operator Antalya and the disposal of Hahn airport. These changes in the companies included in consolidation affected the result for the year before consolidation adjustments by generating a profit of around € 9.4 thousand (previous year: a loss of € 12 million).

The **joint ventures** have the following proportionate impact on the consolidated financial position and the consolidated income statement (before consolidation adjustments):

JOINT VENTURES

€ million	2010	2009
Non-current assets	674.5	696.3
Current assets	148.5	34.1
Shareholders' equity	– 50.3	– 74.6
Non-current liabilities	788.5	740.2
Current liabilities	84.8	64.8
Income	192.7	77.7
Expenses	164.0	112.9

GRAPHIC 45

Interests acquired

Grundstücksgesellschaft Gateway Gardens GmbH

Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main, was founded in the year 2004. Fraport AG held 25 percent of the shares in the company for a carrying amount of € 75.0 thousand. As an associated company of Fraport AG, the company was included in the Fraport Group at equity. The purpose of the company is the development and utilization of the "Gateway Gardens" property at Frankfurt am Main Airport.

In October 2010, Fraport AG acquired additional shares in Grundstücksgesellschaft Gateway Gardens GmbH, increasing its total stake in the company from 25 percent to 33.33 percent. The retiring shareholder sold its 25 percent of the shares to the remaining three shareholders according to the company agreement at the nominal value of the pro-rata share capital of € 25.0 thousand each.

Since management and control has only been possible jointly since the transaction date, the company is included in the Fraport Group on a pro-rata basis at 33.33 percent. In the course of this transaction, the company agreement of Grundstücksgesellschaft Gateway Gardens GmbH was amended to stipulate that all important shareholder resolutions must be passed unanimously.

In the course of the acquisition a revaluation of the company was made. The so-called weighted average cost of capital (WACC) approach – a version of the DCF method – was used to determine the company value in the acquisition transaction. Forecasting future cash flows before interest on external capital is the key element of measurement according to the WACC approach.

The fair value of the 25 percent share held immediately prior to acquisition was € 3.5 million. The corresponding profit from the adjustment to fair value came to € 2.4 million.

Both the gain from the revaluation of previously held equity prior to the amalgamation and the gain from the new acquisition at a price below the fair value were recorded under other operating income.

Details on the fair value of acquired assets and liabilities at the time of acquisition:

FAIR VALUE

€ million	Fair value at the time of acquisition
Inventories (buildings and land held for sale)	7.8
Trade accounts receivable	0.5
Cash and cash equivalents	0.3
Non-current provisions	– 1.8
Deferred tax liabilities	– 0.5
Current financial liabilities	– 3.6
Other current liabilities and provisions	– 1.6
Gain from the acquisition for a price below fair value	**1.1**

GRAPHIC 46

The purchase price for the acquired shares was € 25.0 thousand. According to the partnership agreement of the Grundstücksgesellschaft Gateway Gardens GmbH, the shares may only be sold to the other partners at nominal value. For the business combinations, deferred tax liabilities of € 1.5 million were recognized on account of the remeasurement of old shares and the acquisition of new ones.

If the amalgamation had taken place at the beginning of the fiscal year, revenue of € 4.3 million and earnings of € 0.4 million of Gateway Gardens GmbH would have been included in the consolidated financial statements. As from the time of acquisition, the company contributed € 2.6 million to Group revenue.

3_ Consolidation principles

Acquisition accounting of all business combinations uses the purchase method.

All identifiable acquired assets and the acquired liabilities, including contingent liabilities, are recorded at fair value on the acquisition date. The acquisition cost for business combinations corresponds to the fair value of the transferred assets and liabilities. Incidental acquisition costs are recorded as expenses as they are incurred. Adjustments to conditional purchase price payments recorded as liabilities on the acquisition date are recorded through profit or loss in subsequent reporting. Non-controlling shares are valued at fair value or the corresponding proportion of the identifiable net assets of the acquired company. In the case of step-by-step company acquisitions, the shares already held in the acquired company are revalued through profit or loss at fair value on the date that control is obtained.

Goodwill is recorded insofar as the sum of the consideration that is transferred, the amount of all non-controlling shares in the acquired company and the equity that was previously held and revalued on the acquisition date is higher than the balance of the acquired and revalued identifiable assets and liabilities. If the comparison results in a lower amount, a gain on acquisition at a price below the fair value is recorded after the assigned values are reviewed.

Fraport has included its share of the assets, liabilities and shareholders' equity (after consolidation) and the income and expense items of joint ventures using proportionate consolidation in the consolidated financial statements.

Initial measurement of associated companies is carried out at fair value at the time of acquisition, similarly to acquisition accounting for subsidiaries and joint ventures. Subsequent changes in the shareholders' equity of the associated companies and the adjustment of the difference from initial valuation change the amount accounted for at equity.

Intercompany profits and losses on deliveries between companies included in the consolidated financial statements were minimal. Elimination was waived based on immateriality, since the impact on the assets and earnings of the Group would have been negligible.

Loans, receivables and liabilities, contingent liabilities and other financial commitments between companies included in the consolidated financial statements, internal expenses and income as well as income from Group investments are eliminated.

Currency conversion

Annual financial statements of companies outside Germany denominated in foreign currencies are translated on the basis of the functional currency concept in accordance with IAS 21. A distinction has to be made in this context between economically independent and economically dependent companies.

The assets and liabilities of the consolidated companies are translated at the exchange rate on the balance sheet date, and equity at the historical exchange rate, whereas the expenses and income are translated at annual average exchange rates, since the companies are financially, economically and organizationally independent. Foreign currency translation differences are included directly in equity without affecting profit or loss.

The following exchange rates were used for the material currency translation purposes: — GRAPHIC 47

EXCHANGE RATES

in €	Exchange rate on December 31, 2010	Average exchange rate 2010	Exchange rate on December 31, 2009	Average exchange rate 2009
1 US Dollar (USD)	0.7484	0.7543	0.6942	0.7169
1 Turkish New Lira (TRY)	0.4832	0.5009	0.4641	0.4623
1 Yuan Renminbi (CNY)	0.1134	0.1115	0.1017	0.1050
1 Hong Kong Dollar (HKD)	0.0963	0.0971	0.0895	0.0925
1 New Sol (PEN)	0.2666	0.2669	0.2416	0.2387
100 Philippine Peso (PHP)	1.7152	1.6740	1.5036	1.5074

— GRAPHIC 47

Business transactions in foreign currencies are valued at the exchange rate on the date of the business transaction. Measurement of the resulting assets and liabilities that are nominally bound in the foreign currency on the balance sheet date takes place at the exchange rate on the balance sheet date. Translation differences are generally recorded through profit or loss.

4_ Accounting principles

Uniform accounting policies

The financial statements of the Fraport Group are based on accounting policies that are applied consistently throughout the Group.

Recognition of income and expenses

Revenue and other income is recognized in accordance with IAS 18, when the goods have been delivered or the service rendered, when it is reasonably probable that an economic benefit will be received and when this benefit can be quantified reliably. In addition, the significant risks and rewards must have been transferred to the buyer.

Income and expenses from the same transactions and / or events are recognized in the same period.

Traffic fees for the provision of the airport infrastructure are divided into those subject to regulation (according to Section 43a [1] of the German Air Transport Authorization Regulations [LuftVZO]), which include among others landing and take-off charges, parking charges, passenger and security charges, and other fees not subject to authorization, such as ground handling services and ground handling infrastructure.

In addition, the Fraport Group mainly generates revenues from revenue-based payments, renting, car parking and security services.

Income and expenses from the operation of airport infrastructure and the provision of construction and expansion services are generated in the context of our airport operating projects in other countries (see note 51).

Revenue from the operation of airport infrastructure is recognized in accordance with IAS 18 when the services have been rendered, when it is reasonably probable that an economic benefit will be received and when this benefit can be quantified reliably.

Income and expenses from the provision of construction and expansion services are recorded pursuant to IAS 11. The contract costs are expensed as incurred according to IAS 11.32, since the result of production orders cannot be estimated reliably. Revenue from customer-specific contract production is recorded in the amount of the incurred contract costs expected to be recovered.

Judgment and uncertainty of estimates

The presentation of the asset, financial and earnings position in the consolidated financial statements depends on accounting and valuation methods as well as assumptions and estimates. Actual amounts may deviate from the estimates.

The listed material estimates and corresponding assumptions as well as the uncertainties associated with the accounting and valuation methods selected are essential in order to understand the underlying financial reporting risks as well as the impact these estimates, assumptions and uncertainties may have on the consolidated financial statements.

These assumptions and estimates relate, amongst other things, to accounting policies and the measurement of provisions. Material parameters for the measurement of provisions for pensions and similar obligations are the anticipated return on plan assets and the discount factor as well as trend factors of key valuation parameters.

When a purchased company is consolidated for the first time, all identifiable assets, liabilities and contingent liabilities are to be recognized at their fair value at the time of acquisition. One of the main estimates relates to the determination of the fair value of these assets and liabilities at the time of acquisition. The measurement is usually based on independent expert reports. Marketable assets are recognized at market or stock exchange prices. If intangible assets are identified, the fair value is usually measured by an independent external expert using appropriate measurement methods which are primarily based on future expected cash flows. These measurements are considerably influenced by assumptions about the developments of future cash flows as well as the applied discount rates.

The impairment test for goodwill and other assets within the application area of IAS 36 is based on assumptions about future developments. Fraport AG carries out these tests once a year and also when there are reasons to believe that goodwill has been impaired. In the case of cash generating units, the recoverable amount is determined. This corresponds to the higher of fair value less costs to sale and value in use. The measurement of the value in use includes adjustments and estimates regarding the forecasting and discounting of future cash flows. The underlying assumptions could change on account of unforeseeable events and may therefore impact net assets, financial position and results of operations.

In connection with the write-down on items of property, plant and equipment in the Ground Handling segment carried out in the previous year (€20.0 million), it may be possible for the underlying assumptions to change in the future, which would make it necessary to considerably adjust the carrying amount of these assets.

Deferred tax assets are recognized if it is probable that future tax benefits can be realized. The actual tax on earnings in future fiscal years and therefore the actual usability of deferred tax assets could differ from the forecasts at the time the deferred tax assets are recognized.

In addition, material estimates and assumptions are each presented in relation to the accounting and valuation methods for specific end-of-year items listed below.

Goodwill

After the initial recognition of goodwill acquired in the course of a business combination (see note 3), it is measured at acquisition cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in the course of a business combination is assigned to the cash-generating units of the Group on the acquisition date. The companies within the Fraport Group constitute independent cash-generating units to which goodwill is allocated. Goodwill impairment testing is performed by comparing the recoverable amount of a cash-generating unit to its carrying amount including goodwill. The recoverable amount corresponds to the higher of the fair value less selling costs and the value in use. Since net selling prices for the cash-generating units in the Fraport Group cannot be reliably determined, the value in use is used, based on a company valuation model (discounted cash flow method). All goodwill items are tested for impairment at least once a year in accordance with IAS 36.88 – 99. Goodwill is not written up when the reasons for impairment losses are eliminated. Goodwill is not subject to regular amortization.

Investments in airport operating projects

To allow for better transparency, investments in airport operating projects are recognized separately. These consist of concessions for the operation of airports in Varna and Burgas (Bulgaria), Lima (Peru) and Antalya (Turkey) acquired within the scope of service concession agreements (see note 51). The service concession agreements for the airport and / or terminal operating projects fall under IFRIC 12.17 and are recognized according to the intangible asset model, since Fraport receives the right in each

case to charge airport users a fee in exchange for the obligation to pay concession fees and provide construction and expansion services. The obligations to pay concession fees that are not variable but contractually fixed in amount based on the agreements are recorded as financial liabilities. These liabilities are initially recognized at fair value using a risk-adjusted discount rate. Airport operation rights received as consideration are recorded as intangible assets at the same amount and reported under investments in airport operating projects. The rights received as consideration for construction and expansion services are recognized at the cost of production in the period in which the production costs are incurred. Income and expenses from construction and expansion services are generally recorded pursuant to IFRIC 12.14 and in accordance with IAS 11.

The recognized financial liabilities are subsequently measured at amortized cost using the effective interest method. Subsequent measurement of the capitalized rights is at the cost of acquisition or production less cumulative regular amortization over the term of the concessions.

Impairment losses are recognized in accordance with IAS 36, where necessary.

Intangible assets

Acquired intangible assets (IAS 38) are recognized at cost. Their useful life is limited. They are amortized over their useful lives using the straight line method. Impairment losses are recognized in accordance with IAS 36, where necessary. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past.

Property, plant and equipment

Property, plant and equipment (IAS 16) are recognized at cost less straight-line depreciation and any impairment losses under IAS 36, where applicable. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized pursuant to IAS 36, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past. Subsequent acquisition costs are capitalized. Costs of conversion essentially include all direct costs including appropriate overheads. As of January 1, 2009, the borrowing costs of all qualifying assets produced after January 1, 2000 (see IAS 23 “Borrowing Costs”), are recognized.

Within the scope of the acquisition of built-upon land, including buildings and facilities that are in temporary use, the cost of the buildings and facilities is determined using the income capitalization approach at the respective applicable market interest rate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is measured and depreciated separately with regard to its useful life and the appropriate depreciation method.

Government grants and third-party grants related to assets are included in liabilities and are released straight-line over the useful life of the asset for which the grant has been given. Grants related to income are included as other operating income through profit or loss (IAS 20).

Investment property

Investment property (IAS 40) includes property held to earn lease revenue or held for long-term capital appreciation, which is not owner-occupied; it also consists of land held for a currently undetermined future use.

If land as yet held for an undetermined use is now defined as being held for sale and development has begun, it is transferred to inventories; if it is intended for owner-occupation, it is transferred to property, plant and equipment.

Investment property is measured initially at cost. Subsequent measurement is at cost less regular straight-line depreciation and impairment losses under IAS 36, where applicable. As of January 1, 2009, the borrowing costs of all investment property that constitutes qualifying assets produced after January 1, 2000 (see IAS 23 “Borrowing Costs”) are recognized.

Borrowing costs

Effective January 1, 2009, borrowing costs that relate to the acquisition, construction or production of a qualifying asset (IAS 23) are required to be capitalized as part of the cost of such assets. Qualifying assets whose production began after January 1, 2000 are recognized. Due to the scope of Fraport’s capital expenditures, qualifying assets are determined on the basis of planned investment measures. If the volume of the planned measures exceeds € 25 million, and if the construction period is more than one year, all assets produced as part of the measure

are recognized as qualifying assets. Fraport includes interest, financing charges in respect to financing leases and exchange differences in borrowing costs to the extent that they are regarded as an adjustment to interest costs.

Regular depreciation

Depreciation is determined by the straight-line method on the basis of the following useful lives, which apply throughout the Group:

DEPRECIATION

	Years
Other intangible assets	3 – 25
Investments in airport operating projects	17 – 35
Buildings (structural parts)	30 – 80
Technical buildings	20 – 50
Building equipment	12 – 38
Ground equipment	5 – 50
Take-off / landing runways	20
Aprons	50
Taxiways	20
Other technical equipment and machinery	3 – 33
Vehicles	4 – 20
Other equipment, operating and office equipment	3 – 25

The expected useful life of investment property corresponds to the expected useful life of the property which is part of property, plant and equipment.

GRAPHIC 48

Impairment of assets pursuant to IAS 36

Impairment losses on assets are recognized according to IAS 36. Assets are tested for impairment in case of indications of an impairment loss. An impairment loss is recognized for assets when the recoverable amount of the asset has fallen below its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows of funds from the use and subsequent disposal of the asset.

Regardless of indicators for possible impairment losses, assets are subject to an annual impairment test pursuant to IAS 36.

Since it is not generally possible in the Fraport Group to allocate cash flows to individual assets, so-called cash-generating units are recognized. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash in- and outflows that are largely independent of the cash in- and outflows from other assets or groups of assets.

Leasing

Agreements that transfer the right to use a specific asset for a specified period of time in exchange for compensation are deemed to be leases. Fraport is both a lessor and a lessee. A decision whether economic ownership is assigned to the lessor (operating lease) or the lessee (finance lease) is made based on which party bears the risks and opportunities associated with the respective leased asset.

Finance lease

If economic ownership can be attributed to the Fraport Group as lessee, the lease is recognized at the inception of the lease at the present value of the minimum lease payments plus any incidental costs that are paid or at the fair value of the lease object if this value is lower. The asset is depreciated on a linear basis over its useful life or the lease term, if this is shorter. Impairment losses are recorded against the carrying amount of the capitalized leased asset. If economic ownership cannot be attributed to the Fraport Group as the lessor, a receivable equivalent to the present value of the lease payments is recognized.

Operate lease

If economic ownership of the leased assets remains with the lessor and Fraport AG assumes the role of the lessee, lease payments are considered on a linear basis over the lease term. If Fraport assumes the role of the lessor, leased assets are recognized at the cost of acquisition or production and amortized accordingly. Lease revenue is generally recognized on a linear basis over the lease term.

Investments in associated companies

Investments in associated companies are recognized at the pro-rata share of equity including goodwill.

Other financial assets

Other financial assets include securities in non-current assets, loans and other investments. Other financial assets are recognized at fair value at the settlement date, i.e., at the time the asset is created or transferred. Non-current low-interest or interest-free loans are recognized at their present value.

The subsequent measurement of financial assets depends on the respective category according to IAS 39 (see note 42).

Loans are assigned to the "loans and receivables" category. These financial instruments are measured at amortized cost according to the effective interest method.

Other investments are assigned to the “available for sale” category on the balance sheet date. Due to the lack of an active market, and the fact that their fair value cannot be reliably determined, they are measured at cost.

Hybrid financial instruments with inseparable embedded derivatives are designated as at “fair value option”. They are measured at fair value. Gains or losses are recorded through profit or loss.

Other securities are assigned to the “available for sale” category. Subsequent measurement is at fair value, taking into account the effective interest method, and gains or losses are included directly in equity without affecting profit or loss.

Inventories

In addition to finished and unfinished goods and work-in-process, raw materials and supplies, the inventories include the property held for sale within the normal operating cycle.

Finished and unfinished goods and work-in-process, raw materials and supplies are measured at the lower of cost or net realizable value. Cost is generally calculated using the average cost method. Manufacturing cost includes direct costs and production overheads.

Property held for sale within the ordinary course of business is also measured at the lower of cost or net realizable value.

The subsequent cost required for land development is estimated for the entire marketable land area on the basis of specific cost unit rates for individual development measures. Depending on the land sales recognized in the respective fiscal year, the development costs are allocated on a pro-rata basis to the remaining land area to be sold. Net realizable value is the estimated selling price less the costs incurred until the time of sale, discounted over the planned selling period.

The opinion of an external expert regarding the fair value of the land being sold, as well as information about prior land sales, forms the basis for the calculation of the estimated selling price.

As of January 1, 2009 the borrowing costs of all qualifying assets produced after January 1, 2000 (see IAS 23 “Borrowing Costs”) are recognized.

If a write-down made in previous periods is no longer necessary, a write-up is being recognized (IAS 2).

Receivables and other assets

Receivables and other assets mainly consist of trade accounts receivable, receivables from banks, other receivables, derivatives and marketable securities. These assets are recognized at cost, which is usually the same as fair value, at the settlement date, i.e., at the time the asset is created or economic ownership is transferred. Non-current low-interest or non-interest bearing receivables are recognized at their present value at the time of origination or acquisition.

Trade accounts receivable, receivables from banks and all other receivables with fixed or ascertainable payments that are not listed in an active market are assigned to the “loans and receivables” category. Subsequent measurement is carried out at amortized cost, based on the effective interest method. Receivables in foreign currencies are translated at the exchange rate on the balance sheet date.

Securities are assigned to the “available for sale” category. They are measured at fair value according to the effective interest method. Gains or losses are included directly in equity without affecting profit or loss.

Hybrid financial instruments with inseparable embedded derivatives are designated as at “fair value option”. They are measured at fair value. Gains or losses are recorded through profit or loss.

Impairment of financial assets

On each balance sheet date, the carrying amounts of financial assets which are not measured at fair value through profit or loss are assessed to see whether there is any objective evidence (such as considerable financial difficulties of the debtor, highly probable insolvency proceedings against the debtor, a permanent decline of the fair value below amortized cost) that the asset may be impaired.

In general, impairment losses are recognized by reducing the value of the receivable or the financial asset.

The impairment of trade accounts receivable is recognized in an item-by-item allowance account through profit or loss. If there is an indication in subsequent periods that the reasons for an impairment loss no longer exist, a reversal is recognized through profit or loss. If a receivable already impaired is designated as non-recoverable, the asset is derecognized.

Cash and cash equivalents

Cash and cash equivalents basically include cash, cash accounts and short-term cash investments with banks maturing in three months or less. Cash and cash equivalents with a term to maturity of more than three months from the time of acquisition are recorded in this item if their values do not fluctuate significantly and they can be liquidated at any time without the risk of incurring losses. Cash and cash equivalents are recognized at nominal value. Cash in foreign currencies is translated at the exchange rate on the balance sheet date.

Equity instruments

Repurchased treasury shares are deducted from the subscribed capital and the capital reserves (IAS 32).

Recognition of income taxes

Income taxes are recognized using the liability method according to IAS 12. All tax expenses and refunds directly related to income are recorded as income taxes. These also include penalties and interest on arrears from the date it appears probable that a reduction of taxes will be denied.

Ongoing taxes are recognized on the date when the liability for income taxes is incurred.

Deferred taxes are accounted for under IAS 12 using the liability method based on temporary differences. Deferred taxes are recognized for temporary differences between the IFRS balance sheets of the single entities and their tax bases and differences arising from unused loss carry-forwards and consolidation adjustments. The recognition of goodwill that is not deductible for tax purposes does not lead to deferred taxes.

If the carrying amount of an asset in the IFRS financial position exceeds its tax base (e.g., non-current assets depreciated or amortized on a linear basis) and if the difference is temporary, a deferred tax liability is recognized. Under IFRS deferred tax assets are recognized for financial position differences and for the carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred taxes are calculated at future tax rates insofar as these have already been legally established and / or the legislative process is largely completed. Changes in deferred taxes on the balance sheet generally lead to deferred tax income or expense. When transactions resulting in a change to deferred taxes are recorded directly in equity, the change to deferred taxes is also included directly in equity.

Provisions for pensions and similar obligations

The provisions for pensions relate to performance-oriented plans and have been calculated in accordance with IAS 19 under the application of actuarial methods and an interest rate of 4.5 percent (previous year: 5.0 percent). Actuarial gains or losses are recognized through profit or loss. As in the previous year, the calculations did not include salary increases for the active members of the Executive Board. As far as former members of the Executive Board are concerned, pension increase assumptions are based on German legislation about the adjustment of salary and pension payments by the federal and state governments for 2003 / 2004 (BBVAnpG). In the dynamic sampling of the relevant remuneration for employees not subject to collective agreements and managing employees,11.0 percent was included in the calculation as in the previous year. The calculation of provisions for pensions was based on the 2005G mortality tables of Professor Heubeck.

A description of the plan is found in note 54.

Tax provisions

Provisions for current tax are recognized for tax expected to be payable in the year under review and / or previous years taking into account anticipated risks.

Other provisions

Other provisions and accruals are recognized in the amount required to settle the obligations. They are recognized to the extent that there is a current commitment to third parties. In addition, they must be the result of a past event, lead to a future outflow of resources and more likely than not to be needed to settle the obligation (IAS 37).

Non-current provisions with terms of more than one year are discounted at a capital market interest rate with a matching maturity, taking future cost increases into account, provided that the effect of the time value of money is material.

Liabilities

Liabilities are recognized in the amount of the consideration received. Liabilities in foreign currencies are translated at the exchange rate on the balance sheet date. Non-current low-interest or non-interest bearing liabilities are carried at their present value at the time of addition.

Finance lease liabilities are reported at the lower of the present value of the minimum lease payments and the fair value of the leased asset.

Subsequent measurement is based on the effective interest method at amortized cost.

Derivative financial instruments, hedging transactions

The Fraport Group uses derivative financial instruments to hedge existing and future interest and exchange rate risks as well as raw material price risks (diesel). Derivative financial instruments with positive or negative market values are measured at fair value in accordance with IAS 39. Gains or losses on cash flow hedges are recorded in the reserve for financial instruments without affecting profit or loss. Corresponding to this, deferred taxes on the fair value of cash flow hedges are also included directly in shareholders' equity. The effectiveness of the cash flow hedges is assessed on a regular basis. Ineffective cash flow hedges are recorded through profit or loss.

If the criteria for a cash flow hedge are not met, the derivative financial instruments are designated as held for trading. In this case, the changes in the fair value and the related deferred taxes are recognized through profit or loss.

Derivative financial instruments are recognized at the trade date.

Stock options

The subscription rights issued on shares of Fraport AG in connection with the contingent capital have been recognized and measured in accordance with IFRS 2. Performance takes place by issuing shares. The measurement of the share-based payments is based on fair value on the date the option is granted. The cost of the payment is allocated over the period during which employees have an unrestricted claim to the instruments.

Virtual stock options

Virtual stock options are being issued effective January 1, 2010 as part of compensation for the Executive Board and managing employees. This long-term incentive program replaces the prior stock options program (Fraport Management Stock Options Plan 2005). They are paid out in cash immediately at the end of the performance period of four years. The measurement of virtual shares is at fair value under IFRS 2. Up to the end of the performance period, the fair value is determined on each reporting date and on the date of performance, and is recorded in personnel expenses on a pro-rata basis.

Miscellaneous

Fraport AG operates its own electricity supply system.

On July 19, 2007 the Hessian Ministry of Economics, Transport, and Regional Development (HMWVL) confirmed that Fraport AG's electricity supply system complies with the requirements for a spot network in accordance with Section 110 (1) No. 1 of the German Energy Industry Act (EnWG). As the spot network ruling is still valid and the authorities have not revoked it, Fraport AG does not have to comply with extensive regulations under EnWG when preparing the annual financial statements or in its corporate governance.

Any potential future obligation to comply with the EnWG regulations during the preparation of the annual financial statements would result in additional but not significant expenses.

New standards, interpretations and changes

Of the new standards, interpretations and changes, Fraport has first applied those for which application was mandatory, i.e., those applicable to fiscal years beginning on or before January 1, 2010. Fraport did not exercise the option to apply standards, interpretations and changes early.

On January 11, 2008, the IASB published revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". Among other things, the comprehensive changes to these standards affect: the establishment of a choice in the valuation of minority interests (either at fair value including applicable goodwill or at the pro-rata share of identifiable net assets); in case of the step-by-step acquisition of shares, recording differences between the carrying amount and fair value of the shares already held through profit or loss; recognizing incidental acquisition costs as expenses. IFRS 3 also specifies that all consideration including conditional consideration transferred in the course of a merger is measured at fair value on the date of acquisition. Subsequent changes in the fair value of conditional purchase price components classified as debt must be recorded through profit or loss in the period in which the change occurs. Furthermore, changes in the participation rate without a loss of control must be recorded directly in equity without affecting profit or loss and through profit or loss with a loss of control.

IFRS 3 applies prospectively to mergers for which the date of acquisition is on or after the beginning of the first fiscal year starting on or after July 1, 2009. Earlier application is permissible for fiscal years beginning on or after June 30, 2007 insofar as

IFRIC 12 ADJUSTMENTS

€ million	Dec. 31, 2009 adjusted	Dec. 31, 2009 reported	Change
Financial position adjustments			
Investments in airport operating projects	1,098.4	902.3	196.1
Deferred tax assets	68.3	56.2	12.1
Other liabilities			
non-current	904.7	692.1	212.6
current	147.7	131.2	16.5
Deferred tax liabilities	143.9	139.7	4.2
Equity	2,557.8	2,582.9	–25.1

€ million	2009 adjusted	2009 reported	Change
Income statement adjustments			
Revenue	2,010.3	1,972.6	37.7
Cost of materials	–471.6	–450.7	–20.9
Depreciation and amortization	–268.8	–262.5	–6.3
Interest expenses	–140.3	–123.1	–17.2
Income taxes	–42.5	–43.9	1.4
Group result	152.0	157.3	–5.3

GRAPHIC 49

IFRS 3 and IAS 27 are applied simultaneously. The revised versions of IFRS 3 and IAS 27 were accepted into European law by the European Union in June 2009. Within the Fraport Group, the changes to IFRS 3 and IAS 27 were first applied to mergers on or after January 1, 2010 (see note 2 “Interests acquired”).

On July 31, 2008, the IASB published amendments to IAS 39 in the document “Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement”. This document specifies the conditions under which hedging transactions can be used to hedge inflation risk as an underlying transaction as well as the use of options as hedging instruments to hedge one-sided risks. Application of the changes to IAS 39 is mandatory for fiscal years beginning on or after July 1, 2009. Earlier application is permitted. The changes to these standards have not resulted in a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On November 30, 2006 the IFRIC published the interpretation IFRIC 12 “Service Concession Arrangements”. IFRIC 12 deals with accounting for service concession agreements by companies that build or improve infrastructure facilities and operate or maintain them for a period of time for the purpose of rendering public services for government bodies. IFRIC 12 is effective for fiscal years beginning on or after January 1, 2008, and is generally to be applied retroactively. However, the application date for IFRIC 12 proposed by the IASB was changed by EU Directive 254/2009 of March 26, 2009. IFRIC 12 must be applied at the latest to the first fiscal year beginning after March 29, 2009. As a result, existing service concession arrangements in the Fraport Group for the airport operating projects in Peru, Bulgaria and Turkey have been reported according to IFRIC 12 since January 1, 2010. They are recognized according to the transition rules of IFRIC 12, retroactive to the beginning of the term for the respective service concession arrangement (see note 51) under the application of IAS 8. The following table shows the effects of the first-time application of IFRIC 12 on the consolidated financial position and consolidated income statement: GRAPHIC 49

Please see note 19 for the impact on earnings per share.

In the consolidated financial statements, the previous year figures adjusted for the effects of the first-time application of IFRIC 12 are reported under the column heading “Adjusted”.

The interpretation IFRIC 15 “Agreements for the Construction of Real Estate” was published on July 3, 2008. IFRIC 15 defines criteria for the application of IAS 11 “Construction Contracts” or IAS 18 “Revenue” by a company involved in the construction of real estate. The interpretation applies to fiscal years beginning on or after January 1, 2010. The application of this interpretation does not have a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

The objective of IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" of July 3, 2008 is to clarify circumstances in IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments" related to accounting for hedges of foreign currency risks within a company and its foreign subsidiaries. The interpretation is effective for fiscal years beginning on or after October 1, 2008. In accordance with EU Directive 460 / 2009 of June 5, 2009 on the adoption of IFRIC 16, it is mandatory to apply this interpretation at the latest to the first fiscal year beginning after June 30, 2009. The application of the revised interpretation did not have any impact on the asset, financial and earnings position of the Fraport Group.

IFRIC 17 "Distributions of Non-Cash Assets to Owners" was published on November 27, 2008. It deals with the valuation of non-cash assets distributed to owners as dividends. IFRIC 17 applies to fiscal years beginning on or after July 1, 2009. Earlier application is permitted. The application of the revised interpretation did not have any impact on the asset, financial and earnings position of the Fraport Group.

The IFRIC published IFRIC 18 "Transfers of Assets from Customers" on January 29, 2009. The interpretation applies for agreements in which an entity receives an asset from a customer that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 must be applied prospectively to transfers of assets from customers received on or after July 1, 2009. Early application is permitted under certain circumstances. In accordance with EU Directive 1164 / 2009 of December 1, 2009, it is mandatory to apply IFRIC 18 to the first fiscal year beginning after October 31, 2009. The application of IFRIC 18 did not have a material impact on the asset, financial and earnings position of the Fraport Group.

The IASB published the revised IAS 32 "Financial Instruments: Presentation" on October 8, 2009. The amendment provides rules on the classification of rights issues in currencies other than the functional currency. The changes must be applied to fiscal years beginning on or after February 1, 2010. Earlier application is permitted. The changes to the IAS will have no material impact on the asset, financial and earnings position of the Fraport Group.

Within the scope of the first IFRS improvement project of the IASB from May 2008, there is still a change for which application is only binding for fiscal years beginning on or after July 1, 2009. The change relates to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and clarifies that, in cases where a company plans the partial sale of shares in a subsidiary and loses control over said company as a result of said transaction, all assets and liabilities of the subsidiary must be classified as held for sale according to IFRS 5, provided that the requirements of IFRS 5 are met, regardless of the disposition of a minority interest after the sale. The application of the change did not have a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On April 16, 2009 the IASB published the so-called "Improvements to IFRS" collective standard for minor changes to IFRS. The majority of the changes must be applied retrospectively for the first time for fiscal years beginning on or after January 1, 2010. Earlier application is permitted. The application of the change had no material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On June 18, 2009, the IASB published amendments to IFRS 2 "Share-Based Payments" which clarify the accounting methods for intercompany cash-settled share-based payment transactions. The amendments apply to reporting periods beginning on or after January 1, 2010. Earlier application is permitted. The application of the change did not have an impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On November 4, 2009 the IASB published the revised IAS 24 "Related Party Disclosures". The changes focus on simplifying the disclosure requirements for companies controlled or significantly influenced by the state (state-controlled entities). The definition of related party was also completely revised. The revised IAS 24 must be applied for the first time to fiscal years beginning on or after January 1, 2011. Earlier application is permitted. The Fraport Group will adjust the scope of its disclosures on related parties to comply with the new version of IAS 24. The future application of the standard will have no impact on the reporting of the asset, financial and earnings position of the Fraport Group.

The IASB published an amendment to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" on November 26, 2009. The amendment becomes relevant when a benefit plan includes a minimum funding requirement and the company is making voluntary prepaid contributions. In such a case, the benefit from these prepayments is recognized as an asset. The amendment of IFRIC 14 applies to reporting periods beginning on or after January 1, 2011. Earlier application is permitted. The future application of

the interpretation will have no material impact on the asset, financial and earnings position of the Fraport Group.

On November 26, 2009 the IFRIC published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". The interpretation becomes relevant when a company settles a financial liability by issuing shares or other equity instruments. IFRIC 19 applies to fiscal years beginning on or after July 1, 2010. Earlier application is permitted. The future application of the interpretation will have no material impact on the asset, financial and earnings position of the Fraport Group.

On May 6, 2010 the IASB published the "Improvements to IFRS 2008-2010". Through the Annual Improvements Project 2008-2010, minor changes are being made to a total of six standards and one interpretation. The changes apply to fiscal years beginning on or after January 1, 2011. Changes to IFRS 3 and IAS 27 apply effective July 1, 2010. Earlier application is permitted. The future application of the changes will not have a material impact on the asset, financial and earnings position of the Fraport Group. The European Union accepted the changes into EU law on February 19, 2011.

Standards, interpretations and amendments that have been published but not have been accepted into European law by the EU Commission yet

On November 12, 2009 the IASB published changes to IFRS 9 "Financial Instruments: Classification and Measurement". The new standard is part of a project for replacing the existing standard IAS 39. IFRS 9 fundamentally changes the rules on classifying and measuring financial instruments. According to the IASB, the changes must be applied to fiscal years beginning on or after January 1, 2013. Earlier application is permitted.

On October 28, 2010 the IASB published changes to IFRS 9 "Financial Instruments: Classification and Measurement". The amendments relate to rules for the classification and measurement of financial liabilities as well the derecognition of financial assets and liabilities. IFRS 9 (2010) applies to fiscal years beginning on or after January 1, 2013. The impact of the future application of IFRS 9 on the reporting of the asset, financial and earnings position of the Fraport Group is currently being examined.

On October 7, 2010 the IASB published changes to IAS 7 "Financial Instruments: Disclosures". The changes relate to expanded disclosure requirements in the context of transferring financial assets and are intended to allow financial statement users to better understand the impact of risks remaining with the company. Application of the changes to IFRS 7 is mandatory for fiscal years beginning on or after July 1, 2011. Early application is permitted. Comparative figures are not required in the first year of application. The future application of IFRS 7 will not have a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On December 20, 2010 the IASB published changes to IAS 12 "Income Taxes". This is an amendment in regards to calculating deferred taxes on investment property recognized at fair value. The change also includes SIC 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets". The changes must be applied retrospectively to fiscal years beginning on or after January 1, 2012. Earlier application is permitted. In the Fraport Group, investment property is recognized according to the acquisition cost model (IAS 40.56). The changes to IAS 12 will have no impact on the asset, financial and earnings position of the Fraport Group.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5_ Revenue

REVENUE

€ million	2010	2009 adjusted
Aviation		
Airport fees	562.9	527.1
Security services	90.3	117.2
Other revenue	40.7	40.8
	693.9	**685.1**
Retail & Real Estate		
Real estate	170.5	152.9
Retail	150.3	137.4
Parking	70.9	62.2
Other revenue	11.4	9.9
	403.1	**362.4**
Ground Handling		
Ground Handling services	420.3	390.6
Infrastructure fees	225.3	217.4
Other revenue	13.0	11.9
	658.6	**619.9**
External Activities & Services	**439.0**	**342.9**
Total	**2,194.6**	**2,010.3**

GRAPHIC 50

For information on revenue and changes to the segment structure please refer to the management report under “Revenue and earnings development” as well as the segment reporting (see note 43).

The segment Retail & Real Estate includes proceeds from operating leases. The revenue-related surface rentals recognized in the fiscal year amount to € 146.7 million (previous year: € 114.8 million).

The operating leases mainly relate to the leasing of buildings, land, terminal areas and offices. The contract periods end in 2029 or earlier. No purchase option has been agreed. The residual term of hereditary building rights contracts is 47 years on average. No purchase options exist for them, either.

The cost of the leased buildings and land amounts to € 540.0 million. Accumulated depreciation totals to € 359.3 million and the depreciation charges amounted to € 13.1 million for the fiscal year (previous year: € 8.5 million).

Revenue in the External Activities & Services segment includes the proceeds of customer-specific construction and expansion contracts related to our airport operating projects abroad in the amount of € 11.2 million (previous year: € 37.7 million).

The total amount of future income from minimum lease payments arising from non-cancelable leases is as follows: GRAPHIC 51

MINIMUM LEASE PAYMENTS

€ million		Remaining term		Total
	< 1 year	1–5 years	> 5 years	2010
Minimum lease payments	62.1	189.9	771.5	1,023.5

€ million		Remaining term		Total
	< 1 year	1–5 years	> 5 years	2009
Minimum lease payments	65.2	174.3	654.3	893.8

GRAPHIC 51

6_ Change in work-in-process

CHANGE IN WORK-IN-PROCESS

€ million	2010	2009
Change in work-in-process	0.4	0.9

GRAPHIC 52

7_ Other internal work capitalized

OTHER INTERNAL WORK CAPITALIZED

€ million	2010	2009
Other internal work capitalized	36.9	39.1

GRAPHIC 53

The other internal work capitalized primarily relates to engineering, planning and construction services, procured services of employees and services of commercial project managers, as well as other associated services. The other internal work capitalized was incurred essentially in connection with the extension, remodeling, and modernization of the terminal buildings at Frankfurt Airport and their fire protection systems. Other internal work also related to the airport expansion program and the expansion of the airport infrastructure at Frankfurt Airport.

8_ Other operating income

OTHER OPERATING INCOME

€ million	2010	2009
Release of provisions	26.5	15.1
Income from revaluation of assets (see note 2)	3.5	0.0
Income from purchase price below market value (see note 2)	1.1	0.0
Release of special items for investment grants	2.2	2.2
Income from compensation payments	1.9	1.5
Gains from disposal of non-current assets	1.1	1.3
Income from loss compensation for Hahn airport	0.0	5.6
Release of allowances	0.0	4.1
Derecognition of liabilities	0.0	1.9
Other items	15.8	13.6
Total	**52.1**	**45.3**

GRAPHIC 54

The release of provisions mainly relates to current provisions for rebates and refunds as well as human resource provisions.

The income from compensation payments mainly relates to proceeds from insurance claims.

The losses of the company assumed in connection with the sale of shares in Flughafen Frankfurt-Hahn GmbH, Lautzenhausen up to the date of sale were reimbursed by the state of Rhineland-Palatinate in the amount of € 5.6 million in the previous year.

9_ Cost of materials

COST OF MATERIALS

€ million	2010	2009 adjusted
Cost of raw materials, consumables and supplies	–107.8	–77.8
Cost of purchased services	–383.3	–393.8
Total	**–491.1**	**–471.6**

GRAPHIC 55

Since IFRIC 12 applies retroactively (see note 4), the cost of materials was adjusted by € 20.9 million in 2009.

Among other things, the cost of raw materials, consumables and supplies in 2010 includes production costs for finished real estate. The realized sales proceeds are included under real estate revenue.

In connection with our airport operating projects abroad (see note 51), the cost of purchased services includes revenue-related concession charges in the amount of € 61.3 million (previous year: € 50.5 million) as well as contract costs for construction and expansion services in the amount of € 11.2 million (previous year: € 37.7 million).

10_ Personnel expenses and number of employees

PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

	2010	2009
Personnel Expenses € million		
Wages and salaries	–707.5	–699.9
Social security and welfare expenses	–133.0	–127.0
Pension expenses	–39.9	–40.0
Total	**–880.4**	**–866.9**
Average number of employees		
Permanent staff	18,627	18,824
Temporary staff (interns, students)	1,165	1,146
Total	**19,792**	**19,970**

GRAPHIC 56

The average number of staff employed during the fiscal year (excluding apprentices and employees exempted from normal duties) was 19,425 in the fully consolidated companies (previous year: 19,475) and 367 (previous year: 495) in the companies using proportionate consolidation.

The increase in personnel expenses mainly relates to the companies APS Airport Personal Service GmbH, Frankfurt am Main, (+€ 13.4 million) and Fraport Cargo Services GmbH, Frankfurt am Main, (+€ 2.7 million). The average number of employees in these companies increased by around 436. At Fraport AG, personnel expenses of € 644.0 million were € 4.0 million lower and the average number of employees at 11,122 was 184 lower compared to the previous year.

Additions to pension provisions and obligations arising from time-account models are included in personnel expenses. Transfers to partial retirement obligations are the result of new partial retirement rules under the Pact for the Future 2018. The new rules stipulate that employees of the Ground Handling segment who were born in 1958 or earlier will still be able to take partial retirement under the same conditions as before.

The interest cost of the additions to pension provisions is included in personnel expenses.

The employer's contribution to statutory pension insurance amounted to € 53.6 million (previous year: € 49.9 million) for Fraport AG in the 2010 fiscal year.

11_ Depreciation and amortization

DEPRECIATION AND AMORTIZATION

€ million	2010	2009 adjusted
Composition of depreciation and amortization:		
Intangible assets	–9.4	–7.9
Investments in airport operating projects	–67.5	–46.9
Property, plant and equipment		
regular	–202.8	–193.9
non-regular	0.0	–20.0
Investment property	0.0	–0.1
Total	**–279.7**	**–268.8**

GRAPHIC 57

Regular depreciation

As a result of the retrospective application of IFRIC 12 (see note 4), depreciation in 2009 increased by € 6.3 million.

The useful lives of some assets were re-estimated in the year under review, resulting in increased net depreciation charges of € 2.3 million (previous year: reduced net depreciation charges of € 0.3 million).

Impairment of assets pursuant to IAS 36

No impairment losses on assets resulted from impairment tests conducted in the year under review according to IAS 36.

In the previous year, impairment losses on property, plant and equipment in the Ground Handling segment of € 20.0 million were recorded.

The measurement of assets reflects future earnings expectations. The recoverable amount is the higher of the value in use or the fair value less cost to sell. Only the value in use was applied in the year under review. The value in use is determined by the entity applying the discounted cash flow method, as the fair value less cost to sell cannot be reliably determined.

Determination of the future cash flows of the cash-generating units is based on the planning figures. The value in use is generally determined on the future cash flows estimated on the basis of the planning figures for the years between 2011 to 2016 and approved by the Executive Board and valid at the time the impairment tests are made, and on the basis of the current long-term plans until 2020 or over the respective contractual periods in the case of investments in airport operating projects. These forecasts are based on past experiences and the market performance expected. A growth rate (of between 0.0 percent and 1.0 percent) based on the planning assumptions is taken into account in the perpetual annuity. The discount factor was a country-specific, weighted average cost of capital (WACC) of between 6.0 percent and 10.67 percent (previous year: 5.96 percent and 8.52 percent).

GROUP AUDITOR FEES

€ million	2010 Fraport AG	2010 Consolidated companies	2009 Fraport AG	2009 Consolidated companies
Audit	1.0	0.4	1.0	0.3
Other certification or valuation services	0.7	0.0	0.5	0.0
Tax audit fees	0.3	0.0	0.5	0.0
Other services	0.2	0.0	0.3	0.0

GRAPHIC 59

12_ Other operating expenses

OTHER OPERATING EXPENSES

€ million	2010	2009
Rental and lease expenses	–23.8	–23.8
Insurance premiums	–24.7	–23.9
Consulting, legal and auditing expenses	–17.2	–21.8
Advertising costs	–17.1	–16.3
Losses from disposals of non-current assets	–12.5	–10.9
Other taxes	–9.2	–6.6
Write-downs of trade accounts receivable	–4.6	–1.2
Other items	–92.8	–82.9
Total	**–201.9**	**–187.4**

GRAPHIC 58

Rental and lease expenses include minimum lease payments in the amount of € 18.2 million (previous year: € 17.5 million) as well as conditional lease payments in the amount of € 2.8 million (previous year: € 2.4 million).

Among other things, other operating expenses include: Travel costs, office supplies, course and seminar fees, entertainment expenses, administration fees, postage and costs for additions to various provisions.

The consulting, legal, and audit expenses include Group auditor fees (disclosed in accordance with Section 314 [1] No. 9 of the German Commercial Code [HGB]) amounting as in the previous year to € 2.6 million. They are comprised as follows:

GRAPHIC 59

13_ Interest income and interest expenses

INTEREST INCOME AND INTEREST EXPENSES

€ million	2010	2009 adjusted
Other interest and similar income	44.8	40.6
Interest and similar expenses	–182.5	–140.3

GRAPHIC 60

Of which relate to financial assets and liabilities:

INTEREST FROM FINANCIAL INSTRUMENTS

€ million	2010	2009 adjusted
Interest income from financial instruments	43.6	38.6
Interest expense from financial instruments	–176.8	–136.0

GRAPHIC 61

As a result of the retrospective application of IFRIC 12 (see note 4), interest expenses in 2009 increased by € 17.2 million.

Interest income and expenses include interest paid on non-current loans and term money as well as interest expenses from interest cost added back on non-current liabilities. The net interest payments of derivative financial instruments and interest income from securities are recorded as interest income and expense.

14_ Result from investments in associated companies

Result from associated companies breaks down as follows:

RESULT FROM INVESTMENTS IN ASSOCIATED COMPANIES		
€ million	2010	2009
Flughafen Hannover-Langenhagen GmbH	–1.6	0.3
ASG Airport Service Gesellschaft mbH	0.5	0.4
Airmail Center Frankfurt GmbH	0.4	0.0
Grundstücksgesellschaft Gateway Gardens GmbH (until October 31, 2010, see note 2)	0.3	0.3
Tradeport Hongkong Ltd.	0.0	–0.6
Xi' an Xianyang International Airport Co., Ltd.	4.5	3.9
Thalita Trading Ltd. / Northern Capital Gateway LLC	2.9	0.0
Total	**7.0**	**4.3**

GRAPHIC 62

15_ Write-downs on financial assets

WRITE-DOWNS ON FINANCIAL ASSETS		
€ million	2010	2009
THE SQUAIRE GmbH & Co. KG (formerly: AIRRAIL)	0.0	–7.2

GRAPHIC 63

The impairment loss recognized in 2009 relates to shares and loans of THE SQUAIRE GmbH & Co. KG (formerly AIRRAIL Center Verwaltungsgesellschaft mbH & Co. Vermietungs KG), Frankfurt am Main. A write-down of € 7.2 million was required because of the expectation of negative earnings. A contingent loss provision was already established in 2009 for the loan payments made in 2010 in the amount of € 7.7 million (see note 17). Since negative earnings continue to be expected, the loan payments were written off without affecting profit or loss through the provision.

16_ Income from investments

The income from investments breaks down as follows:

INCOME FROM INVESTMENTS		
€ million	2010	2009
Perishable-Center GmbH & Co. KG	0.0	0.1

GRAPHIC 64

17_ Other financial result

The other financial result breaks down as follows:

OTHER FINANCIAL RESULT		
€ million	2010	2009
Income		
Income from securities and loans	2.2	2.7
Foreign currency gains, unrealized	0.9	2.0
Foreign currency gains, realized	1.0	0.1
Measurement of derivatives	0.2	0.0
Fair value measurement of securities in financial assets	1.4	1.6
Other	0.0	0.5
	5.7	**6.9**
Expenses		
Foreign currency losses, unrealized	–10.2	–0.5
Foreign currency losses, realized	–0.3	–0.2
Other expenses in financial result	–1.0	–0.2
Measurement of derivatives	–14.2	–1.9
Fair value measurement of securities in financial assets	–0.3	0.0
Losses from disposal of financial assets	–1.2	0.0
Expenses in relation to THE SQUAIRE project	0.0	–8.0
	–27.2	**–10.8**
Total other financial result	**–21.5**	**–3.9**

GRAPHIC 65

18_ Taxes on Income

Income tax expense breaks down as follows:

TAXES ON INCOME		
€ million	2010	2009 adjusted
Current taxes on income	– 15.6	– 63.9
Deferred taxes on income	8.4	21.4
Total	**– 7.2**	**– 42.5**

GRAPHIC 66

Current income tax expense consists of current income tax for the year under review and income tax for previous years. Most of the income tax expense results from the activities of Fraport AG.

Income tax for Fraport AG includes current income tax expense for 2010 in the amount of € 90.8 million (previous year: € 72.5 million) and income tax refunds for previous years in the amount of € 90.2 million (previous year: € 20.6 million).

Income taxes for previous years mainly result from the completion of the Fraport AG tax audit for the years 1999 through 2002. The tax audit for 1999 through 2002 resulted in a final payment of arrears in the amount of approximately € 20 million. The remaining provisions in the amount of around € 80 million were released through profit or loss for the 2010 fiscal year. A key aspect of the tax audit was the taxation treatment of the involvement in Manila.

The deferred tax proceeds in the year under review mainly resulted from the write-up of deferred taxes on loss carry-forwards of Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi A.S., Antalya, Turkey.

The tax expenses include the corporation and trade income taxes as well as the solidarity surcharge of the companies in Germany and comparable taxes on income at the companies outside Germany. The actual taxes result from the taxable profits or losses of the fiscal year to which the local tax rates of the respective Group company are applied.

Deferred taxes are generally measured on the basis of the tax rate applicable in the country concerned. A combined income tax rate of around 31 percent including trade tax has been applied to German companies.

Deferred taxes are recognized for all temporary differences between the IFRS financial statements and their tax bases and for the carry-forward of unused tax losses.

The Fraport Group had tax losses carried forward in the amount of some € 11.0 million (previous year € 68.3 million) as of December 31, 2010 which could not be used based on current information. This decrease in tax loss carry-forwards which are not expected to be utilized is mainly due to the first-time capitalization of tax loss carry-forwards in Antalya in the amount of € 31.8 million. Deferred taxes on the same total € 6.4 million.

DEFERRED TAXES ACCORDING TO FINANCIAL POSITION		2010		2009
€ million	Deferred tax assets	Deferred tax liabilities	Deferred tax assets, adjusted	Deferred tax liabilities, adjusted
Property, plant and equipment including investments in airport operating projects	1.4	– 279.8	4.5	– 262.9
Financial assets	0.2	0.0	0.0	– 0.3
Receivables and other assets	2.5	– 1.0	6.1	– 0.6
Prepaid expenses	33.6	– 0.4	32.3	0.0
Pension provisions	2.7	0.0	0.2	– 2.0
Other provisions	29.5	– 2.5	17.2	– 3.0
Liabilities	134.3	– 6.0	141.5	– 24.0
Other financial position items	35.1	0.0	31.8	0.0
Losses carried forward	8.9	0.0	0.1	0.0
Total individual financial statements	**248.2**	**– 289.7**	**233.7**	**– 292.8**
Offsetting	– 205.1	205.1	– 165.4	165.4
Consolidation adjustments	0.0	– 20.9	0.0	– 16.5
Consolidated financial position	**43.1**	**– 105.5**	**68.3**	**– 143.9**

GRAPHIC 67

Loss carry-forwards that are not expected to be utilized mainly stem from foreign companies and can be carried forward unlimited. The recoverability of deferred tax assets depends essentially on the probability of the future use of the losses carried forward. This depends on whether future taxable profit will be available in the periods in which the carry forward of unused tax losses can be utilized.

In addition, deferred taxes also result from consolidation adjustments. No deferred tax is determined for goodwill recognized and any impairment of goodwill in accordance with IAS 12.

Deferred tax assets and liabilities are netted insofar as these tax claims and obligations relate to the same tax authority and to the same taxable entity or a group of different taxable entities that are assessed jointly for income tax purposes.

Deferred taxes resulting from temporary differences between tax bases and assets / liabilities reported according to IFRS are assigned to the following financial position items: GRAPHIC 67

Based on the retrospective application of IFRIC 12, deferred tax liabilities on property, plant and equipment including investments in airport operating projects as of January 1, 2009 were reduced by € 4.3 million without affecting profit or loss and deferred tax assets on liabilities were increased by € 11.1 million without affecting profit or loss. Please refer to note 4 in regards to the change as of December 31, 2009.

The item "Other financial position items" in the amount of € 35.1 million (previous year: € 31.8 million) consists entirely of deferred taxes on financial derivatives.

In the fiscal year, deferred taxes increasing equity in the amount of € 4.9 million (previous year: € 7.1 million) from the change in the fair values of financial derivatives and securities were recognized directly in equity without affecting profit or loss.

The following reconciliation shows the relationship between expected tax expense and tax expense in the income statement:

TAX RECONCILIATION

€ million	2010	2009 adjusted
Earnings before taxes on income	278.7	194.5
Expected tax income / expense [1]	–86.4	–60.3
Tax effects in differences in tax rates outside Germany	5.6	–1.8
Taxes on non-deductible expenses	–1.3	–0.8
Taxes relating to previous years	55.6	28.2
Permanent differences including non-deductible tax audit provisions	10.6	–6.5
Tax effects on consolidation adjustments that affect earnings	–2.4	–1.3
Tax effects on tax-free and taxable income from other periods	3.8	5.1
Losses carried forward not effective for tax purposes	0.0	–3.6
First-time application of deferred taxes on losses carried forward	7.8	0.0
Use of previously unrecognized losses carried forward	2.4	0.0
Trade tax and other effects from local taxes	–2.5	–2.2
Others	–0.4	0.7
Taxes on income according to the income statement	**–7.2**	**–42.5**

[1] Expected tax income / expense around 31 %, for corporation tax 15.0 % plus solidarity surcharge 5.5 % and trade tax of around 15.5 %

GRAPHIC 68

The consolidated tax rate for the fiscal year is 2.6 percent (previous year: 21.9 percent adjusted).

This reduction in the consolidated tax rate by 19.3 percentage points is mainly due to the release of the tax provision through profit or loss in the amount of approximately € 80 million, which was established in previous years, based on the tax audit of Fraport AG for the years 1999 through 2002 completed in the year under review. A key aspect of the tax audit was the taxation treatment of the involvement in Manila.

Another reason for the reduction in the consolidated tax rate compared to the previous year is the write-up of deferred taxes on the tax loss carry-forwards of Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi A.S., Antalya, Turkey.

EARNINGS PER SHARE

	2010		2009 adjusted		2009 reported	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Profit for the year atttibutable to shareholders of Fraport AG (€ million)	262.9	262.9	146.4	146.4	150.0	150.0
Weighted average number of shares	91,808,388	92,301,529	91,710,554	92,260,554	91,710,554	92,260,554
Earnings per € 10 share in €	2.86	2.85	1.60	1.59	1.64	1.63

GRAPHIC 69

19_ Earnings per share

The basic earnings per share for the fiscal year 2010 are calculated using the weighted average number of issued shares corresponding to € 10 of share capital each. Due to the capital increases as well as the transfer of treasury shares, the number of shares outstanding during the period rose from 91,774,500 to 91,838,223 on December 31, 2010. With a weighted average number of 91,808,388 outstanding shares, the basic earnings per € 10 share amounted to € 2.86.

As a result of the rights granted to employees to buy shares (authorized capital) within the scope of the employee investment plan and of the issue of subscription rights in connection with the stock option plan (contingent capital), the diluted number of shares amounts to 92,301,529 (weighted average) and the diluted earnings per € 10 share are therefore € 2.85.

The adjustments reported in the column “2009 adjusted” result from the first-time application of IFRIC 12 in the 2010 fiscal year (see note 4). GRAPHIC 69

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

A breakdown and the development of the individual non-current asset items can be found in the consolidated statement of changes in non-current assets.

20_ Goodwill

Goodwill arising on consolidation developed as follows in the fiscal year:

GOODWILL

€ million	Dec. 31, 2010	Dec. 31, 2009
Antalya Group	15.9	17.3
FraSec	22.4	22.4
Media	0.3	0.3
Total	**38.6**	**40.0**

GRAPHIC 70

The acquisition cost of Antalya and therefore the goodwill was adjusted by € 1.4 million based on the reassessment of the conditional purchase price components under IFRS 3.33 (2004).

21_ Investments in airport operating projects

INVESTMENTS IN AIRPORT OPERATING PROJECTS

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Investments in airport operating projects	1,073.4	1,098.4

GRAPHIC 71

The investments in airport operating projects relate to recognized concessions payments (€ 867.2 million) and capital expenditure incurred (€ 206.2 million) for the terminal operation at Antalya Airport (€ 697.6 million) and the concession airports in Lima (€ 271.6 million) as well as Varna and Burgas (€ 104.2 million) based on the application of IFRIC 12 (see note 4).

22_ Other intangible assets

OTHER INTANGIBLE ASSETS

€ million	Dec. 31, 2010	Dec. 31, 2009
Other intangible assets	32.4	34.0

GRAPHIC 72

Other intangible assets essentially relate to IT programs.

23_ Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

€ million	Dec. 31, 2010	Dec. 31, 2009
Land, land rights and buildings, including buildings on leased property	2,541.4	2,379.5
Technical equipment and machinery	433.5	399.9
Other equipment, operating and office equipment	114.0	113.2
Construction in progress	1,924.4	1,593.8
Total	**5,013.3**	**4,486.4**

GRAPHIC 73

Additions to property, plant and equipment amounted to € 781.5 million, of which € 511.7 million was from unfinished items of property, plant and equipment, which could not be written down, particularly items connected with the expansion of Frankfurt Airport, as well as services for modernizing and expanding the terminals and upgrading their fire protection systems.

Borrowing costs of € 56.8 million were recognized in the year under review (previous year: € 41.9 million). Most of this amount (€ 53.7 million [previous year: € 40.1 million]) was for capital expenditures whose financing could not be clearly classified for the purpose of creating a specific qualifying asset. The cost of debt for general project finance was approximately 4.3 percent on average (previous year: approximately 4 percent). Borrowing costs were mainly incurred for projects relating to the expansion of Frankfurt Airport.

Additional specific project financing was obtained for measures in connection with the expansion of Pier A-Plus at Frankfurt Airport. Borrowing costs totaling € 2.8 million were capitalized for this project in 2010 (previous year: € 1.6 million). The average cost of debt was 2.1 percent (previous year: 2.7 percent).

FINANCE LEASE ASSETS

€ million	Carrying amount Jan 1, 2010	Additions	Disposals	Depreciation	Carrying amount Dec. 31, 2010
Other intangible assets	1.0	0.0	0.0	0.4	0.6
Land, land rights and buildings, including buildings on leased property	16.3	16.0	0.0	2.4	29.9
Technical equipment and machinery	22.1	16.2	0.0	6.6	31.7
Other equipment, operating and office equipment	0.6	0.0	0.0	0.1	0.5
Total	**40.0**	**32.2**	**0.0**	**9.5**	**62.7**

€ million	Carrying amount Jan 1, 2009	Additions	Disposals	Depreciation	Carrying amount Dec. 31, 2009
Other intangible assets	0.0	1.2	0.0	0.2	1.0
Land, land rights and buildings, including buildings on leased property	17.8	0.0	0.0	1.5	16.3
Technical equipment and machinery	0.9	24.6	0.7	2.7	22.1
Other equipment, operating and office equipment	2.7	0.0	2.0	0.1	0.6
Total	**21.4**	**25.8**	**2.7**	**4.5**	**40.0**

GRAPHIC 74

Borrowing costs in the amount of € 0.3 million (previous year: € 0.2 million) were recognized on concrete financing of the domestic terminal in Antalya. The average capitalization rate for this project was 3.8 percent (previous year: 3.9 percent).

Individual buildings carry mortgages of around € 20.0 million, as in the previous year.

Finance lease assets amounting to € 62.7 million (previous year: € 40.0 million) were recognized in property, plant and equipment as well as other intangible assets in the year under review.
GRAPHIC 74

Other intangible assets include an agreement on the use of software licenses, which will become the property of Fraport after the contract expires. The contract will expire in 2013.

Land, land rights and buildings including buildings on third-party property include an energy plant located on the premises of Fraport AG. Given the exclusive use by Fraport AG and the existence of a special lease contract, Fraport AG is considered to be the beneficial owner of the plant. Material changes were made to the energy plant in the course of the fiscal year, leading to the renegotiation of the underlying agreements. Based on the new contractual agreements, the lease was revalued and finance lease liabilities were increased by € 16.0 million as a result (see note 37). A corresponding increase in property, plant and equipment was recognized. The new contract will expire in 2020.

This item also includes a cargo handling and office building leased from Fraport Cargo Services GmbH to the end of 2024. Since virtually all economic rights and obligations have been transferred and the contract term exceeds the material portion of the useful life, economic ownership of the building is assigned to the tenant.

Additions to technical equipment and machinery include an IT service agreement between the company and operational services GmbH & Co. KG for the provision of an IT structure on the Frankfurt Airport site and all related services. As the network is located on the premises of Fraport AG and is of no commercial use to any other party, Fraport AG is considered to be the beneficial owner. The additions also relate to another IT service agreement with operational services GmbH & Co. KG for the provision of server and data storage capacities. The computer center required for this purpose is located on the premises of Fraport AG and Fraport AG is the sole recipient of the server and data storage services. The term for both contracts extends to 2015.

Most of the remaining lease contracts relate to special vehicles. They expire in or before 2015 (see note 37).

24_ Investment property

INVESTMENT PROPERTY

€ million	Dec. 31, 2010	Dec. 31, 2009
Investment property	34.0	34.7

GRAPHIC 75

Investment property mainly consists of the following land in the vicinity of the airport: parts of the Ticona site (€ 22.6 million), the Gateway Garden site (€ 7.2 million) and the Mönchhof site (€ 3.8 million).

Down payments have been made for the lots on the Ticona site based on a framework agreement concluded in June 2007 with Celanese AG / Ticona GmbH related to the construction of the Northwest Landing Runway. The passing of title is planned for 2011. An external market value opinion was used as the basis of the recognized acquisition costs. The lot on the Gateway Garden site was acquired in 2009. The carrying value corresponds to the purchase price. Internal comparative appraisals were prepared in 2008 for most of the lots on the Mönchhof site. The resulting fair values largely correspond to the carrying amounts.

Agreements are in place with Celanese AG / Ticona GmbH for the acquisition of additional real estate on the Ticona site at fair value by the year 2013.

Foreseeable restrictions on the salability of parts of the Mönchhof site and the Ticona site arise from the fact that these areas are located in the immediate vicinity of the Northwest Landing Runway. Parts of the Mönchhof site are also within a bird sanctuary. There are currently no identifiable material risks in regards to the salability of other investment property.

Lease revenue from investment property during the fiscal year 2010 was negligible. The total costs incurred for the maintenance of investment property were not material.

25_ Investments in associated companies

INVESTMENTS IN ASSOCIATED COMPANIES

€ million	Dec. 31, 2010	Dec. 31, 2009
Flughafen Hannover-Langenhagen GmbH	15.8	17.4
Xi'an Xianyang International Airport Co., Ltd.	63.1	53.8
ASG Airport Service Gesellschaft mbH	0.5	0.4
Thalita Trading Ltd.	16.3	0.3
Airmail Center Frankfurt GmbH	1.4	1.0
Total	**97.1**	**72.9**

GRAPHIC 76

The additions in the statement of changes in non-current assets include not only shareholdings acquired but also earnings of the associated companies; the disposals include dividends (this year: Xi'an with € 1.4 million and ASG with € 0.6 million) and negative earnings.

For Tradeport Hong Kong Ltd., Hong Kong, the cumulative amount of unrecorded pro-rata losses is € –3.2 million as of December 31, 2010 (previous year: € –3.1 million). The corresponding earnings in the reporting period total € +0.1 million (previous year: € –0.3 million).

Additional summarized financial information regarding the associated companies is found in the following table. This information refers to 100 percent of the shares in associated companies.

INFORMATION REGARDING ASSOCIATED COMPANIES

€ million	Dec. 31, 2010	Dec. 31, 2009
Assets	965.8	714.6
Shareholders' equity	429.3	353.8
Liabilities	536.5	360.8
Total income	365.2	262.6
Result of the accounting period	24.9	17.6

GRAPHIC 77

26_ Other financial assets

OTHER FINANCIAL ASSETS

€ million	Dec. 31, 2010	Dec. 31, 2009
Financial assets available for sale		
Securities in non-current assets	258.1	239.1
Other investments	39.9	39.9
Fair value option		
Securities	0.9	20.5
Loan notes		
Loans to investments	19.9	3.8
Other loans	75.8	171.4
Total	394.6	474.7

GRAPHIC 78

Financial investments in securities of € 126.1 million, which were classified as available for sale, were carried out in the year under review. Other changes resulted from reclassifications due to securities of € 47.9 million maturing in 2011 and changes from early disposals of € 86.5 million. Fair value increases of € 26.3 million were also recorded in the year under review without affecting profit or loss. These fair value changes are not based on creditworthiness since the issuers and / or issues ratings remain unchanged.

The change in the category "fair value option" results from the reclassification of a promissory note maturing in 2011. On the balance sheet date, the fair value of this promissory note is reported under other current receivables and financial assets (see note 27).

Changes in other loans in the amount of € 51.0 million relate to additions resulting from financial investments in promissory notes. Maturing promissory notes in the amount of € 145.0 million were reclassified under current assets.

Increases in loans to investments mainly relate to payments in the amount of € 15.8 million to Northern Capital Gateway LLC (NCG), St. Petersburg, Russia, due to a shareholder loan (see note 46). The federal government has assumed a guarantee for direct investments abroad for this shareholder loan. Should the loan be cancelled prior to maturity, the interests of the federal government must be considered in order to protect the guarantee claims.

27_ Non-current and current other receivables and financial assets

GRAPHIC 79

Accruals essentially relate to grants given for building costs. At Fraport AG, grants for building costs are mainly awarded to suppliers installing equipment to meet specialized requirements of Fraport AG. The suppliers own the equipment.

The promissory note reclassified in the "fair value option" category in the previous year was repaid as planned in the year under review. Furthermore, promissory notes maturing in 2011 were reclassified from other financial assets to current assets (see note 26). The valuation at fair value of both promissory notes generated profits of € 1.1 million (previous year: profits of € 1.6 million). No effects arose from changes in credit ratings as the credit ratings of the issuers and issues did not change.

The maximum credit risk for all financial instruments to which the "fair value option" is applied amounts to € 21.3 million on the balance sheet date (previous year: € 50.1 million).

Changes in financial assets available for sale resulted from reclassifications of some of these items from non-current to current financial investments in securities amounting to € 47.9 million

NON-CURRENT AND CURRENT OTHER RECEIVABLES AND FINANCIAL ASSETS

	Remaining term		Total	Remaining term		Total
€ million	up to 1 year	over 1 year	Dec. 31, 2010	up to 1 year	over 1 year	Dec. 31, 2009
Receivables from joint ventures	1.2	–	1.2	–	–	–
Receivables from associated companies	7.4	–	7.4	0.8	–	0.8
Receivables from other investments	2.1	–	2.1	5.2	–	5.2
Financial assets "fair value option" (promissory note)	20.4	–	20.4	29.6	–	29.6
Financial assets "available for sale"	47.9	–	47.9	344.4	–	344.4
Other assets	225.5	3.8	229.3	99.4	1.6	101.0
Prepaid expenses	14.7	17.1	31.8	12.8	18.4	31.2
Total	**319.2**	**20.9**	**340.1**	**492.2**	**20.0**	**512.2**

GRAPHIC 79

INCOME TAX RECEIVABLES

	Remaining term		Total	Remaining term		Total
€ million	up to 1 year	over 1 year	Dec. 31, 2010	up to 1 year	over 1 year	Dec. 31, 2009
Income tax receivables	5.5	29.6	35.1	5.3	23.6	28.9

GRAPHIC 80

and disposals of securities maturing in the year under review of € 344.4 million.

Where applicable, the appropriate allowance was recognized for other receivables and financial assets as of the reporting date. There are no other material past due items.

28_ Income tax receivables

GRAPHIC 80

The major item in income tax receivable relates to the corporation tax credit recognized in the fiscal year 2006.

On December 12, 2006 the revised Section 37 of the German Corporation Tax Act (KStG) became legally effective in connection with the amendments based upon the departmental draft of SE-Introductory Legislation (SEStEG).

According to section 37 (4) of the Corporate Tax Act (KStG) (new version), the corporation tax credit of Fraport AG last had to be established on December 31, 2006. In accordance with Section 37 (5) of the Corporate Tax Act (KStG) (new version), Fraport AG is entitled to a refund of its corporation tax credit in 10 equal annual installments during the payout period from 2008 to 2017. The refund claim generally accrues after the end of December 31, 2006 and is non-interest bearing. The first installment will be refunded in 2008 and is payable on September 30 of each year.

A decision in favor of Fraport AG was reached in the course of the year under review regarding the objection filed against the notice dated December 31, 2001 about the separate assessment of the corporation tax credit. Subsequent notices for 2002 through 2006 were also amended as a result of the decision on the objection. The corporation tax credit therefore increased by € 12.8 million to € 55 million as of December 31, 2006. The increase in the corporation tax credit leads to higher payments starting in 2011. The amount of € 12.8 million is allocated over the remaining term so that the annual payment will increase by € 2.1 million.

The corporation tax credit totaled some € 42.9 million on December 31, 2010, discounted at an interest rate of 3.75 percent due to its long-term nature. The present value of the claim to the tax refund amounts to about € 33.6 million as of the balance sheet date (previous year: € 27.6 million). This refund claim is substantially an overpayment in the meaning of IAS 12.12.

29_ Deferred tax assets

DEFERRED TAX ASSETS

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Deferred tax assets	43.1	68.3

GRAPHIC 81

Deferred tax assets of the previous year were increased by € 12.1 million due to retroactive adjustments based on the first-time application of IFRIC 12.

A staff paper regarding the recognition of legally prescribed profit participation on the basis of taxable income was published by IFRIC in September 2010. Before this statement was released, the Fraport Group recognized this type of profit participation (which only affects the subsidiary in Lima, Peru) according to IAS 12. This means accruals for future profit participation were also recorded on temporary differences between the financial statements for tax purposes and under IFRS. After analyzing the various alternatives for the recognition of profit participation, IFRIC has decided that these are not to be recognized according to the provisions of IAS 12 but according to IAS 19. As a result, the subsidiary in Lima has reversed the deferred tax assets recorded in the past as a result of future profit participation (in terms of reduced profit participation) in the amount of € 2.5 million (USD 3.4 million) in 2010 without affecting profit or loss. Accruals for legally prescribed profit participation on the basis of temporary differences will no longer be recorded going forward. Furthermore, the respective current profit participation amount for the year under review will be included in results from operations.

Deferred tax assets are recognized in accordance with IAS 12. Further explanations are given in the "Income taxes" section (see note 18).

30_ Inventories

INVENTORIES		
€ million	Dec. 31, 2010	Dec. 31, 2009
Land and buildings for sale	63.8	41.9
Raw materials, consumables and supplies	11.5	9.8
Work-in-process	1.7	2.2
Other	0.9	0.1
Total	**77.9**	**54.0**

GRAPHIC 82

For the first time, land and buildings include real estate held for sale by Grundstücksgesellschaft Gateway Gardens GmbH in the amount of € 30.2 million (see note 2). Carrying amounts of € 33.6 million for parts of the Mönchhof site, a site in the immediate vicinity of the Frankfurt Airport, that are intended for sale are also included.

Based on the ongoing development of sections of the Mönchhof site held for sale, € 2.1 million was capitalized in the year under review. Carrying amount reductions in the amount of € 1.2 million are the result of three property sales transactions. Additional carrying amount reductions of € 9.2 million resulted from the sale of two logistics properties. Borrowing costs totaling € 0.6 million were recognized. The applied cost of debt was between 1.5 and 2.7 percent approximately.

The net selling price of the parts of the Mönchhof site that are held for sale was calculated on the basis of an external market value opinion using the DCF method over the remaining planned selling period of eight years, with a discount factor of 5 percent, adequate for the risk and related to the term. In addition to the risks accounted for in the report, other discounts, particularly for unknown environmental and selling risks, were recognized. Additional costs incurred up to the date of sale mainly relate to expenditures for the further development of the property held for sale. The net selling price exceeds the carrying amount. As a result, no impairment loss had to be recognized.

In relation to the acquisition of additional shares in Grundstücksgesellschaft Gateway Gardens GmbH, an expert opinion on the goodwill of the company was prepared. This is why the net selling price of company real estate held for sale was not separately determined on December 31, 2010.

Parts of the Mönchhof site with a carrying amount of approximately € 7.3 million and parts of Gateway Gardens property with a carrying amount of around € 1.6 million are to be sold in 2011. In the case of the other land and property for sale, it is expected that they will be realized in 2012 and beyond.

The development areas of Grundstücksgesellschaft Gateway Gardens GmbH carry mortgages.

Expenditures for the maintenance of real estate inventories during the year under review were minor. Selling costs mainly consist of personnel expenses incurred by Immobilienservice und -entwicklungs GmbH & Co. KG, Flörsheim am Main, and Grundstücksgesellschaft Gateway Gardens GmbH.

Raw materials, consumables and supplies mainly relate to consumables for the airport operation.

31_ Trade accounts receivable

TRADE ACCOUNTS RECEIVABLE		
€ million	Dec. 31, 2010	Dec. 31, 2009
From third parties	178.3	158.4

GRAPHIC 83

The maximum default risk equaled the carrying amount of € 178.3 million as of the reporting date. The following table provides information on the extent of the credit risk. GRAPHIC 84

As regards trade accounts receivable, which are neither impaired nor in default, there is no indication as of the reporting date that the debtors will not meet their payment obligations. There is no risk concentration of open trade accounts receivable.

Cash security in the amount of € 6.0 million (previous year: € 5.1 million) and non-cash security (mainly suretyships) in the nominal amount of € 14.9 million (previous year: € 13.5 million) was accepted as collateral for unsettled trade accounts receivable. The collateral received by the reporting date was neither sold nor passed on as security and will be returned to the respective debtor after termination of the business relationship. The collateral received will be used only in the event of the debtor's default.

CREDIT RISK ANALYSIS

€ million	Carrying amount	thereof not over-due or impaired	thereof in stated term overdue and not impaired < 30 days	30 – 180 days	> 180 days
Dec. 31, 2010	**178.3**	**88.2**	**41.1**	**13.0**	**28.5**
Dec. 31, 2009	158.4	78.2	40.9	17.1	15.9

GRAPHIC 84

As of the balance sheet date, trade accounts receivable in the amount of € 1.6 million (previous year: € 3.7 million) were pledged as securities for financial liabilities.

Allowances for trade accounts receivable developed as follows in the fiscal year:

ALLOWANCES

€ million	2010	2009
Balance at January 1	**16.9**	**19.0**
Net allocations	5.5	–1.2
Availments	0.3	0.2
Changes of the companies included in consolidation	0.0	–0.7
Balance at December 31	**22.1**	**16.9**

GRAPHIC 85

Net additions include expenses from allowances amounting to € 4.6 million (previous year: € 1.2 million) recognized in other operating expenses as well as revenue-reducing individual allowances and reversals.

32_ Cash and cash equivalents

CASH AND CASH EQUIVALENTS

€ million	Dec. 31, 2010	Dec. 31, 2009
Cash and cash equivalents	1,812.6	1,802.3

GRAPHIC 86

The bank balances mainly include short-term deposits. The other credit balances are essentially overnight deposits.

Cash and cash equivalents include term money of € 1,601.1 million (previous year: € 1,698.4 million) with a term of more than three months from the time of acquisition. These funds are not subject to any significant fluctuations in value and can be realized at any time.

In connection with financing the concession in Antalya, € 112.4 million of bank balances (previous year: € 30.0 million) are subject to a drawing restriction.

33_ Equity attributable to shareholders of Fraport AG

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF FRAPORT AG

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Issued capital	918.4	917.7
Capital reserves	582.0	578.3
Revenue reserves	1,217.7	1,039.2
Total	**2,718.1**	**2,535.2**

GRAPHIC 87

Subscribed capital

Subscribed capital increased by € 0.7 million in the fiscal year and is fully paid up as of the balance sheet date.

FLOATING AND TREASURY SHARE MOVEMENTS PURSUANT TO SECTION 160 AKTG

			Treasury shares		
	Subscribed capital number	Floating shares number	number	Amount of capital stock in €	Share in capital stock in %
Balance at January 1, 2010	**91,858,729**	**91,774,500**	**84,229**	**842,290**	**0.0917**
Employee investment plan:					
Capital increase (June 29, 2010)	56,859	56,859			
Executive Board remuneration:					
Transfer of shares to Board members		6,864	–6,864	–68,640	–0.0075
Balance at December 31, 2010	**91,915,588**	**91,838,223**	**77,365**	**773,650**	**0.0842**

			Treasury shares		
	Subscribed capital number	Floating shares number	number	Amount of capital stock in €	Share in capital stock in %
Balance at January 1, 2009	**91,709,454**	**91,612,759**	**96,695**	**966,950**	**0.1054**
Employee investment plan:					
Capital increase (May 29, 2009)	145,075	145,075			
Management Stock Options Plan (MSOP):					
Capital increases MSOP 2001	4,200	4,200			
Executive Board remuneration:					
Transfer of shares to Board members		12,466	–12,466	–124,660	–0.0137
Balance at December 31, 2009	**91,858,729**	**91,774,500**	**84,229**	**842,290**	**0.0917**

GRAPHIC 88

Of this amount € 0.6 million relates to the use of some of the authorized capital after the capital increase in return for the injection of cash to issue shares in connection with the employee investment plan.

Treasury shares issued to Executive Board members as part of their contractual compensation increased subscribed capital by another € 0.1 million.

Number of floating shares and treasury shares

The subscribed capital consists of 91,915,588 (previous year: 91,858,729) bearer shares with no par value, each of which accounts for € 10.00 of the share capital.

Floating and treasury share movements in accordance with Section 160 of the Stock Corporation Act (AktG): GRAPHIC 88

The new shares created under the employee investment plan were transferred on June 29, 2010 to employees for € 37.28 each.

The shares that form part of the contractual compensation paid to the Executive Board members were transferred at the value of € 38.41 which was current at the time.

Authorized capital

At the Annual General Meeting on May 27, 2009 the existing authorized capital was cancelled and new authorized capital of € 5.5 million created. The new authorized capital entitles the Executive Board, with the approval of the Supervisory Board, to increase the Company's share capital once or several times by up to € 5.5 million until May 26, 2014 by issuing new shares in return for cash.

€ 568,590.00 of this authorized capital was used in 2010 for the issue of shares within the scope of the employee investment plan.

CHANGES IN AUTHORIZED CAPITAL

	Number of shares	Value per share in €
Authorized capital	550,000	10.0
Use of authorized capital Employee investment plan	–56,859	10.0
Remaining authorized capital as at December 31, 2010	**493,141**	**10.0**

GRAPHIC 89

€ 4.9 million of authorized capital therefore remained as of December 31, 2010 which can be used for issuing shares to employees of Fraport AG and companies controlled by the company. The subscription rights of the shareholders may be excluded.

Contingent capital

A contingent capital increase in the amount of € 13.9 million was approved at the Annual General Meeting held on March 14, 2001. The purpose of the contingent capital was expanded at the Annual General Meeting on June 1, 2005. In addition to fulfilling subscription rights issued but not yet exercised under MSOP 2001 adopted at the Annual General Meeting on March 14, 2001 the contingent capital increase also serves to fulfill subscription rights under the adopted Fraport Management Stock Options Plan 2005 (MSOP 2005). All subscription rights under MSOP 2001 have already been exercised. The Executive Board and Supervisory Board were authorized to issue up to 1,515,000 stock options to beneficiaries entitled to subscribe by August 31, 2009 in accordance with the conditions regulating the allocation of stock options.

Contingent capital totaled € 5.7 million as of December 31, 2010. No options were exercised in 2010 as the exercise limit was not reached.

The capital increase to satisfy subscription rights within the framework of the Management Stock Options Plan 2005 is only being carried to the extent that the holders of subscription rights exercised their subscription rights granted in the Management Stock Options Plan 2005 on the basis of the authorization referred to above, the company satisfied the stock options without using treasury shares, the transfer of shares by a third party or a cash payment.

A total of 2,016,150 subscription rights were issued from the MSOP 2001 and 2005 by the balance sheet date.

Capital reserve

The change in the capital reserve resulted from an increase of € 1.6 million from the excess in the issue amount (€ 27.28 per share) of new shares issued under the employee investment plan (total 56,859). The capital reserve increased by a further € 0.1 million (€ 16.06 per share) as a result of the transfer of treasury shares.

Personnel expenses in the amount of € 2.0 million (previous year: € 2.6 million) were incurred through the stock option program 2005 in the year under review. This amount was recognized in the capital reserve.

Revenue reserves

Due to the retrospective application of IFRIC 12 (see note 4), revenue reserves as of January 1, 2009 were adjusted by € –10.9 million and as of December 31, 2009 by € –13.4 million.

The revenue reserves consist not only of the reserves of Fraport AG (including the statutory reserves of € 36.5 million), but also the revenue reserves and retained earnings of the subsidiaries incorporated in the consolidated financial statements as well as effects of consolidation adjustments.

Currency translation differences total € 2.5 million (previous year: € –5.2 million). This figure includes currency translation differences of € –9.2 million from accounting for the Philippine companies at equity, which are not charged to Group earnings until the companies are disposed of in accordance with IAS 21.

The derivative valuation reserve is € –76.4 million as of the balance sheet date (previous year: € –63.1 million). The reserve for the fair value measurement of available for sale financial assets totals € 32.7 million (previous year: € 5.2 million).

For materiality reasons, the revenue reserves include other adjustments due to changes in accounting methods (IAS 8) at the company Lima Airport Partners S.R.L. in the amount of € 2.5 million (see note 29). The remaining other adjustments relate to changes in the companies included in consolidation.

The substantially higher value recognized for the other revenue reserves compared to the annual financial statements of Fraport AG is due mainly to the higher measurement of property, plant and equipment at corporate level.

The retained earnings of Fraport AG according to the German Commercial Code (HGB) are € 120.0 million (previous year: € 106.2 million). The Executive Board of Fraport AG is submitting a proposal to the Annual General Meeting for the distribution of € 115.6 million out of net earnings. The proposed dividend is € 1.25 per share (previous year: € 1.15 per share).

Since the proposed dividend distribution for the year under review does not correspond to the retained earnings of Fraport AG, retained earnings were not reported separately on the financial position and in the statement of changes in equity.

34_ Non-controlling interests

NON-CONTROLLING INTERESTS

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Equity attributable to non-controlling interests (excluding the attributable profit for the year)	12.6	17.0
Profit for the year attributable to non-controlling interests	8.6	5.6
Total	**21.2**	**22.6**

GRAPHIC 90

The non-controlling interests include allocated equity and earnings of Fraport Twin Star Airport Management AD, FraCare-Services GmbH, Fraport Peru S.A.C., FSG Flughafen-Service GmbH, FPS Frankfurt Passenger Services GmbH, Media Frankfurt GmbH and Lima Airport Partners S.R.L.

Based on the retroactive application of IFRIC 12 for Lima Airport Partners S.R.L. and Fraport Twin Star Airport Management AD, the value of the previous year was reduced by € 11.7 million (see note 4).

35_ Non-current and current financial liabilities

GRAPHIC 91

There is a general interest rate risk for fixed-interest loans that are extended on expiry.

The fixed-rate loans include also those variable-interest rate loans whose interest rate was fixed by contracting an interest rate hedge.

Please refer to the presentation of the asset and financial situation in the Group management report for the composition of financial liabilities and additional explanations.

36_ Trade accounts payable

GRAPHIC 92

37_ Non-current and current other liabilities

GRAPHIC 93

The remaining other liabilities consist essentially of lease liabilities, wage and church tax, unpaid social security contributions, liabilities from deferred interest and liabilities to company employees.

Capital grants on non-current assets (€ 19.3 million) include government grants of € 12.8 million (previous year: € 13.4 million) and other grants of € 6.5 million (previous year: € 7.5 million). The government grants relate in particular to capital expenditures incurred for baggage controls at Frankfurt Airport. Special items are released according to the useful life of the subsidized assets using linear amortization.

Deferred income is income received and relating to future accounting periods.

Values for the previous year were adjusted due to the retroactive application of IFRIC 12 (see note 4).

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

	Remaining term		Total	Remaining term		Total
€ million	< 1 year	> 1 year	Dec. 31, 2010	< 1 year	> 1 year	Dec. 31, 2009
Financial liabilities	151.8	4,256.6	4,408.4	118.9	4,126.9	4,245.8

GRAPHIC 91

TRADE ACCOUNTS PAYABLE

	Remaining term		Total	Remaining term		Total
€ million	< 1 year	> 1 year	Dec. 31, 2010	< 1 year	> 1 year	Dec. 31, 2009
To third parties	274.6	60.0	334.6	219.8	114.7	334.5

GRAPHIC 92

NON-CURRENT AND CURRENT OTHER LIABILITIES

€ million	Remaining term < 1 year	> 1 year	Total Dec. 31, 2010	Remaining term < 1 year adjusted	> 1 year adjusted	Total Dec. 31, 2009 adjusted
Prepayment for orders	26.7	–	26.7	1.3	–	1.3
To joint ventures	2.2	–	2.2	3.3	–	3.3
To associated companies	1.4	–	1.4	4.6	–	4.6
To investments	0.8	–	0.8	3.6	–	3.6
Grants for assets	–	19.3	19.3	–	20.9	20.9
Other deferred income	9.5	71.2	80.7	11.8	47.0	58.8
In connection with concession obligations	55.2	655.0	710.2	66.7	646.6	713.3
Negative fair value of derivative financial instruments	0.1	144.9	145.0	0.9	111.1	112.0
Other liabilities	84.6	58.8	143.4	55.5	79.1	134.6
Total	**180.5**	**949.2**	**1,129.7**	**147.7**	**904.7**	**1,052.4**

GRAPHIC 93

REMAINING TERMS OF LEASE PAYMENTS

€ million	Remaining term < 1 year	1 – 5 years	> 5 years	Total Dec. 31, 2010
Lease payments	12.1	42.8	27.1	82.0
Discount amounts	3.5	8.4	6.4	18.3
Present value	**8.6**	**34.4**	**20.7**	**63.7**

€ million	Remaining term < 1 year adjusted	1 – 5 years adjusted	> 5 years adjusted	Total Dec. 31, 2009 adjusted
Lease payments	7.5	28.2	17.5	53.2
Discount amounts	2.3	5.7	5.3	13.3
Present value	**5.2**	**22.5**	**12.2**	**39.9**

GRAPHIC 94

The following lease payments are due from the leases:

GRAPHIC 94

The discount rates are between 5.49 percent and 6.0 percent (previous year: between 5.8 percent and 7.2 percent). The longest leases end in 2032. The lease payments disclosed are generally minimum lease payments.

38_ Deferred tax liabilities

DEFERRED TAX LIABILITIES

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Deferred tax liabilities	105.5	143.9

GRAPHIC 95

Based on the retroactive application of IFRIC 12, deferred tax liabilities were adjusted by € 4.2 million as of December 31, 2009.

Deferred tax liabilities are recognized in compliance with IAS 12 using the temporary concept. Further explanations of deferred tax liabilities can be found in note 18 “Income taxes”.

PENSION OBLIGATIONS

€ million	2010	2009	2008	2007	2006
Present value of the obligation as of January 1	32.6	26.5[1]	27.6	29.1	29.9
Interest cost	1.6	1.5	1.4	1.4	1.1
Current service cost	1.6	1.5	1.5	2.1	1.8
Past service cost	0.0	0.9	0.1	0.0	0.0
Benefits paid	–1.6	–1.8	–1.5	–1.8	–1.3
Actuarial (gain)/loss	1.6	4.0	–1.8	–3.2	–2.4
Present value of the obligation as of December 31	**35.8**	**32.6**	**27.3**	**27.6**	**29.1**
Fair value of plan assets (qualifying insurance policy) as of December 31	**15.7**	**13.8**	**12.4**	**11.6**	**10.6**
Offsetting					
Reconciliation to assets and liabilities recognized in the financial position					
The following amounts were recognized in the financial position:					
Present value of funded financial obligations	13.7	12.3	8.3	8.2	8.5
Fair value of plan assets	–15.7	–13.8	–12.4	–11.6	–10.6
Excess cover	**–2.0**	**–1.5**	**–4.1**	**–3.4**	**–2.1**
Present value of unfunded financial obligations	22.1	20.3	19.0	19.4	20.6
Unrecognized actuarial gains (losses)	0.0	0.0	0.0	0.0	0.0
Unrecognized past service cost	0.0	0.0	0.0	0.0	0.0
(Net) liabilities recognized in the financial position	**22.1**	**20.3**	**19.0**	**19.4**	**20.6**
Amounts recognized in the income statement					
Current service cost	1.6	1.5	1.5	2.1	1.8
Interest cost	1.6	1.5	1.4	1.4	1.1
Income expected from plan assets	–0.4	–0.3	–0.2	–0.3	–0.3
Net actuarial (gain)/loss from pension provision recognized in the current year	1.6	4.0	–1.8	–3.2	–2.4
(Gain)/loss on plan assets	0.3	0.1	0.2	0.1	0.0
Past service cost	0.0	0.9	0.1	0.0	0.0
Expenses recognized in the income statement	**4.7**	**7.7**	**1.2**	**0.1**	**0.2**
Reconciliation of recognized net liabilities in the period					
Net liabilities at the beginning of the year	**20.3**	**18.3[1]**	**19.4**	**20.6**	**21.4**
Change in excess cover	0.5	–2.7	0.7	1.3	0.7
Expenses recognized in the income statement	4.7	7.7	1.2	0.1	0.2
Benefits paid	–1.6	–1.8	–1.5	–1.8	–1.3
Asset value of insurance policy paid	–1.8	–1.2	–0.8	–0.8	–0.4
Changes in the Group – Transfer Antalya	0.0	0.0	0.0	0.0	–1.9
Changes in the Group – Addition Twin Star	0.0	0.0	0.0	0.0	1.9
Net liabilities at the end of the year	**22.1**	**20.3**	**19.0**	**19.4**	**20.6**
Reconciliation development of plan assets					
Fair value of plan assets (qualifying insurance policy) at the beginning of the year	13.8	12.4	11.6	10.6	9.9
Income expected from plan assets	0.4	0.3	–0.2	0.3	0.3
(Gain)/loss on plan assets	–0.3	–0.1	0.2	–0.1	0.0
Asset value of insurance policy paid	1.8	1.2	0.8	0.8	0.4
Fair value of plan assets (qualifying insurance policy) as of December 31	**15.7**	**13.8**	**12.4**	**11.6**	**10.6**

[1] The opening financial position has changed compared to the prevous year as a result of the deconsolidation of Flughafen Frankfurt-Hahn GmbH.

GRAPHIC 96

39_ Provisions for pensions and similar obligations

Reconciliation of the assets and liabilities recognized in the financial position: —— GRAPHIC 96

The pension obligations essentially include 18 (previous year: 19) vested pension benefits promised in individual agreements to the members of the Fraport AG Executive Board and their dependants. A total of 250 further benefits (130 of them non-vested) become payable to senior executives and employees not covered by collective agreements in connection with the Fraport AG company benefit plan. These pension promises depend on years of service and salary. The present value (PBO) of the non-vested benefits amounts as in the previous year to € 0.8 million.

In 2010, reinsurance policy contributions of around € 1.8 million (previous year: € 1.2 million) were paid. Contributions of around € 1.8 million are expected for 2011.

Measurement is based on the provisions under IAS 19. The pension obligations on December 31, 2010 were calculated on the basis of actuarial opinions of December 16, 2010. The calculations are based on Professor Dr. Klaus Heubeck's fundamental biometric data (RT 2005 G).

There are commitments to employee-financed pension benefits of € 2.9 million (previous year: € 2.2 million) for senior executives (15 vested rights, previous year: 14) of Fraport AG. The calculation is based on an actuarial opinion dated December 16, 2010.

A reinsurance policy was already obtained in 2005 to reduce actuarial risks and to protect pension obligations for the former and current members of the Executive Board against insolvency. The reinsurance benefits are recognized at the active value reported by the insurance company in the amount of € 15.7 million (previous year: € 13.8 million). Of this amount the present value of the defined benefit obligation (DBO) attributable to the members of the Executive Board has been offset against the asset of the reinsurance policy. The anticipated return on the reinsurance claims for the next fiscal year amounts to approximately 2.54 percent. This amount corresponds to the current interest rate in the year under review. The actual income from plan assets amounts to € 0.6 million in the year under review (previous year: € 0.5 million).

A sensitivity analysis with variations in the discount rates of +/– 0.5 percent on the pension obligation of Fraport AG shows an increase in the obligation at present value by € 2.0 million (4.0 percent) or a lower obligation of € 1.8 million (5.0 percent), respectively.

Fraport AG has insured its employees for purposes of granting a company pension under the statutory insurance scheme based on a collective agreement (Altersvorsorge-TV-Kommunal – [ATV-K]) with the Zusatzversorgungskasse (top-up provision insurance scheme) for local authority and municipal employers in Wiesbaden (ZVK). The contributions will be collected based on a pay-as-you-go model. The contribution rate of the ZVK Wiesbaden is as in the previous year at 6.2 percent on compensation subject to mandatory top-up; thereof the employer pays 5.7 percent, with the contribution paid by the employee amounting to 0.5 percent. In addition, a tax-free restructuring charge of 2.3 percent of compensation subject to mandatory top-up is levied by the employer in accordance with Section 63 of the ZVK Bylaws (ZVKS). The restructuring charge increased by 0.9 percentage points to 2.3 percent as of January 2010. An additional contribution of 9 percent is paid for some employees included in the statutory social security insurance scheme (generally employees in partial retirement and senior managers) for the consideration subject to ZVK that, according to Section 38 ATV-K, exceeds the upper limit defined in the collective agreement. Consideration subject to pay-as-you-go contributions totaled € 430.9 million in 2010 (previous year: € 437.0 million).

This plan is a multi-employer plan (IAS 19.7) since the companies involved share the risk of the investment and also the biometric risk.

The ZVK insurance policy is generally to be classified as a defined benefit plan (IAS 19.27). Since the plan is a defined benefit plan, the company has to account for its proportionate share of its benefit obligations in the total obligations and for the exact share in the total assets of ZVK under IAS 19.29.

If there is no sufficient information on the plan and a company also covers the risks of other insured companies (IAS 19.32b), the plan is accounted for as if it were a defined contribution plan.

For this reason, Fraport AG has treated this plan as a defined contribution plan.

€ 22.7 million (previous year: € 25.1 million) were recorded as contributions to defined contribution plans in the fiscal year.

NON-CURRENT AND CURRENT INCOME TAX PROVISIONS

€ million	< 1 year	> 1 year	Dec. 31, 2010	< 1 year	> 1 year	Dec. 31, 2009
Income tax provisions	12.9	68.0	80.9	6.7	135.0	141.7

GRAPHIC 97

PERSONNEL-RELATED PROVISIONS

€ million	Jan. 1, 2010	Use	Release	Addition	Dec. 31, 2010
Personnel	**129.0**	**–42.5**	**–2.3**	**39.1**	**123.3**
thereof non-current	62.1				48.4
thereof current	66.9				74.9

GRAPHIC 98

OTHER PROVISIONS

€ million	Jan. 1, 2010	Use	Release	Addition	Interest effect	Dec. 31, 2010
Environment	33.3	–6.2	0.0	9.5	1.3	37.9
Others	206.5	–54.2	–24.2	58.8	1.9	188.8
Total	**239.8**	**–60.4**	**–24.2**	**68.3**	**3.2**	**226.7**
thereof non-current	67.8					98.6
thereof current	172.0					128.1

GRAPHIC 99

40_ Non-current and current income tax provisions

GRAPHIC 97

Tax provisions changed mainly because the external audit of the Fraport AG financial statements for the years 1999 to 2002 has now been completed.

41_ Non-current and current other provisions

The movements in the non-current and current provisions are shown in the following tables. GRAPHIC 98

A large part of the personnel-related provisions were recognized for partial retirement obligations, collectively agreed performance pay schemes (former LEA), other incentive systems for the employees of Fraport AG, overtime credits, vacation not yet taken and expected severance payments. GRAPHIC 99

The environmental provisions have been formed essentially for probable restoration costs for the elimination of groundwater contamination on the Frankfurt Airport site, as well as for environmental pollution in the southern section of the airport.

The other provisions include the provision of € 3.4 million (previous year: € 6.7 million) recognized in 2003 for the refinancing of the passive noise abatement program at Fraport AG.

Clearing of land in the south of the Frankfurt Airport and in the area of the Northwest Landing Runway required for the expansion was completed in the previous year. This results in an obligation for Fraport AG to implement ecological compensating measures. These are included in the amount of € 47.8 million (previous year: € 58.7 million).

The provision of € 29.8 million established in the previous year for land acquisitions, for which Fraport AG received authorization during the 2009 fiscal year under an assignment of ownership issued by the Darmstadt regional administrative authority in connection with the expansion, was fully utilized in the current fiscal year.

As in the previous year, other provisions were mainly established for rebates and refunds, legal disputes and damage claims.

FINANCIAL INSTRUMENTS AS OF DEC. 31, 2010

		Measured at historical costs		Measured at fair value				Dec. 31, 2010
				Recognized in income				
Measurement category according to IAS 39	Nominal volume	Loans and receivables		Fair value option	Held for trading	Available for sale	Hedging derivative	Total fair value
€ million	Liquid funds	Carrying amount	Fair value	Carrying amount[1]	Carrying amount[1]	Carrying amount[1]	Carrying amount[1]	
Assets								
Cash and cash equivalents	1,812.6							1,812.6
Trade accounts receivable		178.3	178.3					178.3
Other financial receivables and assets		207.8	207.8	20.4		47.9		255.7
Other financial assets								
Securities				0.9		258.1		259.0
Other investments						39.9		39.9
Loans to investments		19.9	19.9					19.9
Other loans		75.8	75.8					75.8
Derivative financial assets								
Hedging derivatives							0.8	0.8
Other derivatives								0.0
Total assets	**1,812.6**	**481.8**	**481.8**	**21.3**	**0.0**	**345.9**	**0.8**	**2,642.0**

	Other financial liabilities		Fair value option	Held for trading	IAS 17 liability		Hedging derivative	Total fair value
	Carrying amount	Fair value	Carrying amount[1]	Carrying amount[1]	Carrying amount	Fair value	Carrying amount[1]	
Liabilities								
Trade accounts payable	334.6	336.3						336.3
Other financial liabilities	746.0	754.3						754.3
Financial liabilities	4,408.4	4,310.2						4,310.2
Liabilities from finance leases					63.7	68.4		68.4
Derivative financial liabilities								
Hedging derivatives							122.4	122.4
Other derivatives				22.6				22.6
Total liabilities	**5,489.0**	**5,400.8**		**22.6**	**63.7**	**68.4**	**122.4**	**5,614.2**

[1] The carrying amount equals the fair value of the financial instruments.

GRAPHIC 100

42_ Financial instruments

Disclosures on carrying amounts and fair values

The following tables present the carrying amounts and fair values of the financial instruments as of December 31, 2010 and 2009.

GRAPHIC 100, 101

Due to the retroactive application of IFRIC 12, finance lease liabilities and other financial liabilities for the previous year were adjusted.

Given the short maturities for cash and cash equivalents, trade accounts receivables and other financial receivables and assets, the carrying amounts as of the reporting date are a reasonable approximation of fair value.

The measurement of unlisted securities is based on market data applicable at the measurement date using reliable and specialized sources and data providers. The values are determined using established valuation techniques (e.g. Monte-Carlo simulation).

The derivative financial instruments mainly relate to interest rate hedging transactions. The fair values of these financial instruments are determined on the basis of discounted, future anticipated cash flows, using market interest rates corresponding to the terms to maturity.

FINANCIAL INSTRUMENTS AS OF DEC. 31, 2009

		Measured at historical costs		Measured at fair value				Dec. 31, 2009
				Recognized in income				
Measurement category according to IAS 39	Nominal volume	Loans and receivables		Fair value option	Held for trading	Available for sale	Hedging derivative	Total fair value
€ million	Liquid funds	Carrying amount	Fair value	Carrying amount[1]	Carrying amount[1]	Carrying amount[1]	Carrying amount[1]	
Assets								
Cash and cash equivalents	1,802.3							1,802.3
Trade accounts receivable		158.4	158.4					158.4
Other financial receivables and assets		67.5	67.5	29.6		344.4		411.9
Other financial assets								
Securities				20.5		239.1		259.6
Other investments						39.9		39.9
Loans to investments		3.8	3.8					3.8
Other loans		171.4	171.4					171.4
Derivative financial assets								
Hedging derivatives							0.3	0.3
Other derivatives								0.0
Total assets	**1,802.3**	**401.1**	**401.1**	**50.1**	**0.0**	**623.4**	**0.3**	**2,847.6**

	Other financial liabilities		Fair value option	Held for trading	IAS 17 liability		Hedging derivative	Total fair value
	Carrying amount	Fair value	Carrying amount[1]	Carrying amount[1]	Carrying amount	Fair value	Carrying amount[1]	
Liabilities								
Trade accounts payable	327.3	327.3						327.3
Other financial liabilities	761.9	748.4						748.4
Financial liabilities	4,245.8	4,100.5						4,100.5
Liabilities from finance leases					39.9	45.7		45.7
Derivative financial liabilities								
Hedging derivatives							107.4	107.4
Other derivatives				8.9				8.9
Total liabilities	**5,335.0**	**5,176.2**		**8.9**	**39.9**	**45.7**	**107.4**	**5,338.2**

[1] The carrying amount equals the fair value of the financial instruments.

GRAPHIC 101

In order to determine the fair value of financial liabilities, the future expected cash flows are determined and discounted based on the yield curve on the reporting date. The market risk premium for the term and respective borrower on the reporting date is added to the cash flows.

The fair values of listed securities are identical to the stock market prices on the reporting date.

There is no price quotation or market price for shares in partnerships and other unlisted investments as there is no active market for them. The carrying amount is assumed to equal the fair value, since the fair value cannot be determined reliably. These assets are not intended for sale as of the balance sheet date.

The carrying amounts of other loans and loans to investments correspond to the respective fair values. Some of the other loans are subject to a market interest rate and their carrying amounts therefore represent a reliable measurement for their fair values. Another part of the other loans is reported at present value on the balance sheet date. Here, it is also assumed that the present value corresponds to the fair value. The remaining loans are promissory notes at fixed interest rates with a remaining term of less than two years and promissory notes at fixed interest rates with a remaining term of less than 12 months added during the

MEASUREMENT CATEGORIES ACCORDING TO IFRS 7.27A 2010

		Level 1	Level 2	Level 3
€ million	Dec. 31, 2010	Quoted price	Derived price	Prices that are not derivable
Assets				
Other financial receivables and financial assets				
Available for sale	47.9	47.9	0.0	0.0
Fair value option	20.4	0.0	20.4	0.0
Other financial assets				
Securities available for sale	258.1	258.1	0.0	0.0
Securities fair value option	0.9	0.0	0.9	0.0
Other investments	0.0	0.0	0.0	0.0
Derivative financial assets				
Derivatives without hedging	0.0	0.0	0.0	0.0
Derivatives with hedging	0.8	0.0	0.8	0.0
Total assets	**328.1**	**306.0**	**22.1**	**0.0**
Liabilities and equity				
Derivative financial liabilities				
Derivatives without hedging	22.6	0.0	22.6	0.0
Derivatives with hedging	122.4	0.0	122.4	0.0
Total liabilities and equity	**145.0**	**0.0**	**145.0**	**0.0**

GRAPHIC 102

year under review. As the market interest rate has only changed insignificantly since the addition of the promissory notes and no information is available on the risk premiums of their issuers due to the lack of an active market, their carrying amounts were used as the most reliable measurement for their fair values. Fraport AG did not intend selling these promissory notes as of the balance sheet date.

Non-current trade accounts payable are recognized at their present value. Interest rates with similar terms on the date of addition are used as a basis for discounting future cash outflows. To determine fair value, the respective cash outflows are discounted at interest rates with similar terms on the reporting date. The carrying amounts of current trade accounts payable correspond to the fair value.

The financial instruments recognized at fair value in the financial position belong to the following input levels of the hierarchy within the meaning of IFRS 7.27A: GRAPHIC 102

As of December 31, 2009 the financial instruments recognized at fair value in the financial position belong to the following input levels of the hierarchy within the meaning of IFRS 7.27A: GRAPHIC 103

MEASUREMENT CATEGORIES ACCORDING TO IFRS 7.27A 2009

€ million	Dec. 31, 2009	Level 1 Quoted price	Level 2 Derived price	Level 3 Prices that are not derivable
Assets				
Other financial receivables and financial assets				
Available for sale	344.4	344.4	0.0	0.0
Fair value option	29.6	0.0	29.6	0.0
Other financial assets				
Securities available for sale	239.1	239.1	0.0	0.0
Securities fair value option	20.5	0.0	20.5	0.0
Other investments	0.0	0.0	0.0	0.0
Derivative financial assets				
Derivatives without hedging	0.0	0.0	0.0	0.0
Derivatives with hedging	0.3	0.0	0.3	0.0
Total assets	**633.9**	**583.5**	**50.4**	**0.0**
Liabilities and equity				
Derivative financial liabilities				
Derivatives without hedging	8.9	0.0	8.9	0.0
Derivatives with hedging	107.4	0.0	107.4	0.0
Total liabilities and equity	**116.3**	**0.0**	**116.3**	**0.0**

GRAPHIC 103

Net gains and losses of the measurement categories

NET GAINS AND LOSSES OF THE MEASUREMENT CATEGORIES

€ million	2010	2009
Financial assets		
Loans and Receivables	–3.9	4.3
Fair value option	1.3	1.6
Held for trading	0.0	0.0
Available for sale	27.0	11.9
Financial liabilities		
At amortised cost	–8.7	0.3
Held for trading	–13.8	–1.8

GRAPHIC 104

Net gains and losses consist of changes in fair value, impairment losses and reversals recognized through profit or loss, foreign currency changes, and gains and losses on disposals.

Interest and dividend income to which the fair value option applies, or which are available for sale, are also included in the computation of net gains and losses. Interest and dividend income of the other categories are not included in the net gains and losses disclosed. These are included in interest income and expenses.

Gains from the valuation at fair value of financial instruments in the "available for sale" category in the amount of € 26.8 million (previous year: € 10.4 million) were recorded directly in equity without affecting profit or loss during the year under review.

In addition to the recognized fair value changes, losses on financial liabilities in the "held for trading" category also include the fair values of two interest rate swaps for which hedge accounting according to IAS 39 was terminated in the course of the fiscal year. Negative fair values included in equity were reallocated to the income statement on the date hedge accounting ended.

Derivative financial instruments

With regard to its financial position accounts and planned transactions, Fraport is, in particular, subject to interest rate and currency exchange risks as well as raw materials prices. Fraport covers interest and foreign exchange rate risks by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount, and / or by using derivative financial instruments to hedge the business transactions. Derivatives are not used for trading or speculative purposes.

DERIVATIVE FINANCIAL INSTRUMENTS

	Nominal volume		Market value		Credit risk	
€ million	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Interest rate swaps	1,475.2	1,447.9	–144.4	–114.7	0.0	0.0
Interest rate / currency swap	15.0	0.0	–0.1	0.0	0.0	0.0
Diesel swaps	12,000 mt [1]	19,690 mt	0.7	–1.4	0.8	0.2
Currency forwards	34.2	3.9	–0.4	0.1	0.0	0.1

[1] 12.000 mt equal 14.2 million liters

GRAPHIC 105

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Other assets		Other liabilities	
€ million	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Interest rate swaps – cash flow hedges	0.0	0.0	121.8	105.8
Interest rate swaps – trading	0.0	0.0	22.6	8.9
Interest rate / currency swap	0.0	0.0	0.1	0.0
Diesel fuel swaps	0.8	0.2	0.1	1.6
Currency forwards – cash flow hedges	0.0	0.1	0.4	0.0

GRAPHIC 106

Interest rate risks arise in particular from the capital requirements for capacity expansion and from existing variable-interest rate financial liabilities and assets. As part of the interest rate risk management policy, interest rate derivates were and are being concluded on an ongoing basis in order to limit the interest rate risk arising from financial instruments with variable interest rates, assure planning security and optimize loan terms.

Within the Fraport Group, foreign currency risks mainly arise from sales in foreign currencies, which are not covered by expenses in matching currencies. This results in a cash flow risk between foreign currency revenues and the functional currency. Fraport hedges such risks by entering into forward currency contracts.

Raw material price risks in the Fraport Group mainly arise from the business operations of ground handling. Price fluctuations, especially for diesel fuel, cannot be passed on to customers in terms of a naturally integrated position. This results in a cash flow risk that is hedged by concluding diesel fuel swaps for planned future diesel fuel purchases.

The Group holds 50 interest rate swaps and one interest rate / currency swap as of the reporting date. Furthermore, options were sold on five interest rate swaps in order to optimize financing costs. The value of the options is taken into account in the fair value of the interest rate swaps. There are also 15 forward currency contracts and seven diesel fuel swaps. GRAPHIC 105

A credit risk (counterparty risk) arises from positive fair values of derivative transactions that have been concluded. The total of all the positive fair values of the derivatives corresponds to the maximum default risk of these business transactions. In accordance with the interest rate and foreign currency risk management rules, derivative contracts are only concluded with banks that have an excellent credit rating in order to minimize the default and credit risks.

The fair values of the derivative financial instruments are recognized as follows in the financial position: GRAPHIC 106

43 of the interest rate swaps are already assigned to existing variable-interest-bearing liabilities. Three of the interest rate swaps serve to hedge interest rates on existing variable-interest-bearing liabilities in future periods, thereby reducing the interest rate risk on these positions (forward swaps). One interest rate / currency swap was concluded in the fiscal year. This is assigned to a variable-interest-bearing asset denominated in a foreign currency in order to limit both the resulting interest rate and exchange rate risks.

A total of 43 interest rate swaps and forward interest rate swaps, the interest rate / currency swap, the forward currency contracts and the diesel fuel swaps are accounted for as cash flow hedges according to IAS 39. Changes in the fair values of these instruments are recorded in an equity sub-account without affecting profit or loss. The effectiveness of these cash flow hedges has been verified and is confirmed and documented at re-

gular intervals. Seven interest rate swaps are classified as "held for trading". All gains or losses resulting from this classification are recognized through profit or loss.

The payments under the cash flow hedges become due in the following years. This is also the time when the respective hedged item affects profit or loss.

INTEREST RATE SWAPS

Beginning of term	End of term	Nominal volume € million	Fair value € million
2005	2014	60.0	–3.5
2006	2016	70.0	–6.0
2007	2017	60.0	–6.0
2007	2019	215.2	–22.1
2008	2018	115.0	–10.2
2009	2015	45.0	–4.3
2009	2016	100.0	–8.5
2009	2017	25.0	–2.6
2009	2019	220.0	–23.2
2010	2013	15.0	–0.1
2010	2015	85.0	–8.7
2010	2017	100.0	–11.3
2010	2020	85.0	–10.5
2011	2015	70.0	–4.8
Total		**1,265.2**	**–121.8**

GRAPHIC 107

CURRENCY FORWARDS

Maturing date	Nominal volume € million	Fair value € million
2011	34.2	–0.4

GRAPHIC 108

DIESEL FUEL SWAPS

Hedging year	Hedging volume in mt	Fair value € million
2011	8,400	0.2
2012	3,600	0.5
Total	**12,000**	**0.7**

GRAPHIC 109

€ 21.1 million of unrealized losses were recognized in equity from the change in fair value in the fiscal year (previous year: losses of € 23.0 million). Losses of € 35.3 million (previous year: losses of € 16.9 million) were transferred from equity to the financial result and losses of € 0.5 million (previous year: losses of € 1.6 million) to the operating result. In addition, the ineffectiveness of diesel fuel and interest rate swaps amounting to € 0.4 million was recognized through profit and loss (previous year: losses of € 1.1 million).

NOTES TO SEGMENT REPORTING

43_ Notes to segment reporting

Segment reporting in the Fraport Group according to IFRS 8 is based on internal reporting to the Executive Board.

The strategic business units of Fraport AG in Frankfurt are clearly assigned to the Aviation, Retail & Real Estate and Ground Handling segments. In addition, these segments include investments integrated in the business processes at the Frankfurt site. At the beginning of the fiscal year, the airport clinic and fire stations at Fraport AG were allocated to the Aviation segment.

The strategic business unit Traffic and Terminal Management in Frankfurt and the airport expansion are allocated to the Aviation segment. The Aviation segment also encompasses the strategic business unit Airport Security Management, combining airport and aviation security at Frankfurt.

The Retail & Real Estate segment consists of the strategic business unit Retail and Properties, comprising our retailing activities, parking facility management and the rental and marketing of real estate at the Frankfurt site.

The Ground Handling segment combines the strategic business unit Ground Services and the investments involved in these operations at the Frankfurt site.

The External Activities & Services segment encompasses the internal service units of Real Estate and Facility Management as well as the information and telecommunication services and their subsidiaries. Investments that are not integrated in the processes at the Frankfurt site and investments that carry out their business operations outside of Frankfurt are also allocated to the External Activities & Services segment.

Corporate data at Fraport AG are divided into market-oriented business and service units on the one hand and into central units on the other hand. All the business and service units are allocated clearly to one segment each. An appropriate key is used for the central units.

The data about the investments that are not integrated in the processes at the Frankfurt site and investments that carry out their business operations outside Frankfurt are allocated to the External Activities & Services segment during the reporting process.

The investments that are integrated in the processes at the Frankfurt site are allocated to the relevant segment according to their business operations.

Inter-segment income is generated essentially by the intercompany allocation of rent for land, buildings and space as well as maintenance services and energy services by Fraport AG. The corresponding segment assets are allocated to the Retail & Real Estate segment. The relevant units are charged on the basis of the costs incurred, including imputed interest.

Inter-segment income also reflects income that has been generated between the companies included from different segments.

Goodwill from acquisition accounting and the appropriate impairment losses, where applicable, have been allocated clearly to the segments according to the segment structure.

The reconciliation of segment assets / segment liabilities column includes the income tax assets / liabilities (including the deferred tax assets / liabilities) of the Group.

Allocation in the additional disclosures “Information on geographical areas” is according to the current main areas of operation: Germany, rest of Europe, Asia, and rest of the world. The figures shown under Asia relate mainly to Turkey and the People’s Republic of China. The figures shown under rest of the world relate essentially to the USA and Peru.

No impairment losses on property, plant and equipment resulted from impairment tests conducted regularly in the year under review according to IAS 36. Impairment losses in the amount of € 20.0 million were recorded in the Ground Handling segment in the previous year.

Segment assets of the Retail & Real Estate segment include real estate inventories of € 63.8 million (previous year: € 41.9 million).

Because of the first-time application of IFRIC 12 (see note 4) and restructuring measures at Fraport AG, which mainly affected the airport clinic and fire stations, the previous year values have been adjusted. The adjustments due to the application of IFRIC 12 only affected the External Activities & Services segment. Restructuring measures at Fraport AG result in shifts to the previous year values in all four segments.

SEGMENT ADJUSTMENTS 2009

€ million		Aviation	Retail & Real Estate	Ground Handling	External Activities & Services	Reconciliation	Group
Revenue	Adjusted 2009	685.1	362.4	619.9	342.9		2,010.3
	Reported in 2009	683.7	362.9	620.8	305.2		1,972.6
	Change	**1.4**	**–0.5**	**–0.9**	**37.7**		**37.7**
	thereof IFRIC 12	0.0	0.0	0.0	37.7		37.7
EBITDA	Adjusted 2009	117.3	282.9	14.1	155.4		569.7
	Reported in 2009	115.8	279.9	15.7	141.5		552.9
	Change	**1.5**	**3.0**	**–1.6**	**13.9**		**16.8**
	thereof IFRIC 12	0.0	0.0	0.0	16.8		16.8
EBIT	Adjusted 2009	41.2	225.0	–40.1	74.8		300.9
	Reported in 2009	40.1	221.7	–38.5	67.1		290.4
	Change	**1.1**	**3.3**	**–1.6**	**7.7**		**10.5**
	thereof IFRIC 12	0.0	0.0	0.0	10.5		10.5
Segment assets	Adjusted 2009	3,998.1	2,299.8	737.6	1,732.5	97.2	8,865.2
	Reported in 2009	3,986.6	2,314.5	736.9	1,533.9	85.1	8,657.0
	Change	**11.5**	**–14.7**	**0.7**	**198.6**	12.1	**208.2**
	thereof IFRIC 12	0.0	0.0	0.0	196.1	12.1	208.2

GRAPHIC 110

The effects of the adjustments on revenue, EBITDA, EBIT and assets on figures for the previous year are shown in the following table. GRAPHIC 110

In fiscal year 2010, Fraport AG received revenue of € 671.8 million in all four segments from one customer. Further explanations about segment reporting can be found in the management report.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

44_ Notes to the Consolidated Statement of Cash Flows

Cash flow from operating activities

Cash flow from operating activities of € 567.5 million (previous year: € 426.5 million) is the balance of cash inflows of € 738.1 million (previous year: € 565.6 million) from operational activities. They are balanced with cash outflows of € 101.5 million (previous year: € 35.4 million) from financing activities and € 69.1 million (previous year: € 103.7 million) relating to income tax.

Total cash flow from operating activities was higher by € 141.0 million compared to the previous year. This is mainly due to the significant increase in Group result. The minor increase in receivables and the increase in liabilities also increased cash flow from operating activities. High interest payments had a negative impact on cash flow from operating activities.

Cash flow used in investing activities

At € 481.9 million, cash flow used in investing activities in the period under review was significantly below the value for the previous year (€ 3,406.5 million).

Material capital expenditures on property, plant and equipment were once again made within the scope of the airport expansion program and the extension projects at Frankfurt Airport. In the previous year, the partial payment to Celanese AG / Ticona GmbH in the amount of € 322.1 million was also included here.

Disposals of non-current and current financial assets resulted in total proceeds of € 484.0 million. € 200.9 million of the proceeds were invested in new financial assets.

The acquisition of consolidated joint ventures pertains to the purchase of further shares in Grundstücksgesellschaft Gateway Gardens GmbH (previous year: in the terminal operator consortium in Antalya). The sale of consolidated subsidiaries in 2009 refers to Hahn Airport.

The significant change in cash and cash equivalents in 2009 was due to the restructuring of these funds as term money with a remaining term of more than three months.

ACQUISITION OF CONSOLIDATED JOINT VENTURES

€ million	2010[1]
Cash and cash equivalents	0.3
Inventories	7.8
Other current assets	0.5
Non-current liabilities and provisions	−2.3
Current liabilities	−5.2
Income from acquisition	−1.1
Total acquisition price	**0.0**
Less acquired cash and cash equivalents	−0.3
Cash flow from the acquisition of joint ventures	**0.3**

[1] Relating to the additional 8.33 percent share acquired in Gateway Gardens GmbH.

GRAPHIC 111

Cash flow from financing activities

The high cash inflow from financing activities in the previous year of € 1,929.4 million was mainly generated by issuing bonds and by tranche payouts of loans by the European Investment Bank and LTH Bank. The change in current liabilities in 2009 mainly related to repaying existing term money.

RECONCILIATION OF CASH AND CASH EQUIVALENTS

€ million	Dec. 31, 2010	Dec. 31, 2009
Cash and cash equivalents according to cash flow statement	99.1	73.9
Cash and cash equivalents with a duration of more than three months	1,601.1	1,698.4
Restricted cash	112.4	30.0
Cash and cash equivalents according to financial position	**1,812.6**	**1,802.3**

GRAPHIC 112

OTHER INFORMATION

45_ Contingent liabilities

CONTINGENT LIABILITIES

€ million	Dec. 31, 2010	Dec. 31, 2009
Guarantees	4.7	5.2
Warranty contracts	206.0	210.5
thereof performance guarantees	160.4	145.9
Others	51.6	40.3
Total	**262.3**	**256.0**

GRAPHIC 113

The performance guarantees include a joint and several liability to the Hong Kong Airport Authority in connection with the Tradeport Hong Kong Ltd. investment project amounting to € 29.9 million (USD 40.0 million), for which there is a recourse claim on the other guarantors in the amount of € 14.2 million (USD 19.0 million).

A performance guarantee was signed between GMR Holdings Private Ltd., Fraport AG and ICICI Bank Ltd. in the amount of € 50.2 million (INR 3,000 million) to modernize, expand, and operate the Delhi Airport excluding a recourse to Fraport AG. If, however, the party to the contract GMR Holdings Private Ltd. fails to perform under the contract, liability of Fraport AG may not be excluded – given the fact that Fraport AG is party to the contract.

In the context of operating the airports in Varna and Burgas, Fraport AG guaranteed contractual performance of its subsidiary Fraport Twin Star Airport Management AD, established in 2006, over the amount of € 9.0 million.

The existing contract performance guarantee related to the concession agreement for the operation of the airport in Lima, Peru amounts to € 8.8 million (USD 11.8 million) on the balance sheet date.

In connection with the terminal operation at Antalya Airport, Fraport AG assumed a contract performance guarantee of € 35.7 million for the Antalya operating company investment.

The other warranties mainly include guarantees assumed by Fraport AG in connection with the contractual financing arrangements signed by the Antalya operating company. Thus, contingent liabilities arose for the Fraport Group in the amount of € 29.5 million.

Fraport AG is held liable in the amount of € 13.5 million for rentals payable by Lufthansa Cargo Aktiengesellschaft to Tectum 26. Vermögensverwaltungs GmbH, if Lufthansa Cargo Aktiengesellschaft exercises an extraordinary right to terminate the contract.

46_ Other financial commitments

ORDER COMMITMENTS

€ million	Dec. 31, 2010	Dec. 31, 2009
Orders for capital expenditure on property, plant and equipment, intangible assets and investment property / others	843.4	780.4
Orders for energy supply	89.7	97.0
Total	**933.1**	**877.4**

GRAPHIC 114

OPERATING LEASES

€ million	Dec. 31, 2010	Dec. 31, 2009 adjusted
Rental and leasing contracts		
up to one year	13.9	12.3
one to five years	12.4	12.7
more than five years	27.2	27.6
Total	**53.5**	**52.6**

GRAPHIC 115

In view of their substance, the leases qualify as operating leases, i. e., the leased asset is attributable to the lessor.

In addition, the rental agreements and leases relate to building rental agreements and the lease of equipment. The equipment leases generally end in 2011. The building rental agreements can be terminated at short notice.

Due to the retroactive application of IFRIC 12, total obligations from rental agreements and leases were reduced by a total of € 408.8 million as of December 31, 2009. This amount represents the future minimum concession payments retroactively included in liabilities.

Other commitments

Revenue-related concession charges and additional obligations for capital expenditures of unspecified amounts on airport infrastructure have been stipulated based on the existing concession agreements related to the operation of the airports in Varna and Burgas (term until 2041) and Lima, Peru (minimum term until 2031) (see note 51).

There are additional financial obligations as of the balance sheet date in the amount of € 265.9 million. These mainly consist of a loan commitment to Northern Capital Gateway LLC to finance the development and modernization of Pulkovo Airport in St. Petersburg in the amount of € 142.5 million as well as a capital contribution obligation to finance the capital expenditure at the Delhi Indira Gandhi International Airport in India. The obligation arising from a long-term heat supply contract constitutes another significant component.

47_ Stock Options

Fraport Management Stock Options Plan 2005

In order to meet the requirements for variable remuneration paid to managers, the Supervisory Board and the Executive Board resolved during fiscal year 2005 to submit a proposal to the Annual General Meeting of Fraport AG for a new Fraport Management Stock Options Plan 2005 (MSOP 2005) with modified option conditions.

On June 1, 2005 the Annual General Meeting of Fraport AG passed a resolution to adopt the main points of the MSOP 2005 proposal and the necessary capital measures to implement the plan. On the whole, it was possible to issue a total volume not exceeding 1,515,000 stock options to all entitled employees up until August 31, 2009 within the scope of the Fraport MSOP 2005.

The stock options could be granted to beneficiaries once a year in up to five annual tranches. The prerequisite for participation in the MSOP 2005 was the direct investment in shares by employees entitled to participate (blocked deposit).

In accordance with the before mentioned resolution, the subscription rights can be satisfied either with shares issued on the basis of restricted authorized capital or with treasury shares or by cash settlement.

The subscription right for the MSOP 2005 can only be exercised after a vesting period of three years within a further period of two years.

The stock options under the MSOP 2005 can only be exercised if the closing price of the Fraport share on the trading day that immediately precedes the day of exercise (“measurement day”) exceeds the original exercise price by at least 20 percent.

In contrast to the previous plan, the new plan not only includes an absolute exercise limit, but also a limit linked to the relative exercise that is linked to the performance of a specific stock basket. The resulting profit attributable to the beneficiary arising from the exercise of stock options is also limited. Thus, 150 percent of the original exercise price for each stock option must not be exceeded.

The conditions to exercise the 1st tranche of the MSOP 2005 were first met in the 2008 fiscal year. Since exercising the options by the end of the exercise period was not possible as the exercise limit was not reached, 132,700 options of this tranche expired in the 2010 fiscal year. Another 3,800 options expired due to the termination of employment.

The vesting period for the 2nd tranche of the MSOP 2005 ended on April 18, 2009. However, the requirements for exercising this tranche were not met, also as a result of the exercise limit. As a total of 68,100 options have already expired, only 148,300 or around 68.5 percent of the originally issued options remain.

The vesting period for the 3rd tranche of the MSOP 2005 ended on April 17, 2010. However, the requirements for exercising this tranche were not met, also as a result of the exercise limit – just as with the other two tranches. As a total of 32,800 options have already expired, only 187,150 or around 85.1 percent of the originally issued options remain.

Fraport AG did not issue any additional options in 2010.

For more information on contingent capital, see note 33.

Development of subscription rights issued: —— GRAPHIC 116

Since the exercise period of the 1st tranche from 2005 ended in 2010, the remaining 132,700 subscription rights that have not been exercised have expired. Thereof 50,000 relate to the Executive Board, 74,200 to managers and 8,500 subscription rights to members of the executive at affiliated companies. Another

DEVELOPMENT OF THE SUBSCRIPTION RIGHTS ISSUED

	Total	Weighted average of exercise price in €	Executive Board	Directors of affiliated companies	Senior managers of Fraport AG
Rights issued on January 1, 2010	**963,200**	**46.34**	**268,000**	**126,450**	**568,750**
Expired in 2010	–187,600	44.11	–90,000	–14,800	–82,800
Rights issued on Dec. 31, 2010	**775,600**	**45.90**	**178,000**	**111,650**	**485,950**

GRAPHIC 116

KEY DATA FOR THE MSOP TRANCHES

	Grant date	End of vesting period	End of exercise period	Exercise threshold in €	Exercise price in €	Fair value[2] in €
Tranche 2005	June 6, 2005	June 6, 2008	March 25, 2010	39.49	32.91[1]	10.96
Tranche 2006	April 18, 2006	April 18, 2009	March 26, 2011	75.60	63.00[1]	19.27
Tranche 2007	April 17, 2007	April 17, 2010	March 24, 2012	66.12	55.10[1]	18.42
Tranche 2008	June 3, 2008	June 3, 2011	June 3, 2013	54.30	45.25[1]	13.40
Tranche 2009	April 10, 2009	April 10, 2012	March 28, 2014	30.20	25.17[1]	8.55

[1] Original exercise price at the grant date, subject to an adjustment by the relative performance goal
[2] At the grant date

GRAPHIC 117

54,900 options of the 2005 through 2007 tranches expired since the corresponding employment relationships ended.

In regards to the outstanding options, the exercise requirements are not met for any of the options by the end of the reporting period. If the absolute exercise limit had been reached, it would have been possible to exercise 148,300 options in the 2nd tranche of the MSOP 2005 and 187,150 options in the 3rd tranche of the MSOP 2005. The weighted average share price for the fiscal year was € 40.45 (previous year: € 31.35). The key data for the MSOP tranches issued in the years 2005 to 2009 are shown in the table: GRAPHIC 117

Personnel expenses in the amount of € 2.0 million (previous year: € 2.6 million) were incurred through the stock option program 2005 in the year under review. This amount was recognized in the capital reserve.

The recognition of the stock options through profit or loss is based on the fair value of each option of a tranche. A Monte-Carlo simulation is used to determine fair value. In the process, the log-normal distributed processes of the Fraport share price and the MSOP basket price are simulated to mirror the respective performance goals of the Fraport share and the comparative index, and the increase in the closing price of the Fraport share by at least 20 percent vs. the original exercise price.

The computation of whether the Fraport share outperforms or underperforms the index is made on the basis of a total shareholder return, i.e., on the basis of the respective share performance taking into account cash dividends, subscription rights, capital adjustments and other exceptional rights. In addition, the Monte-Carlo simulation allows for an early exercise taking into account blocked periods and the early exercise procedure for those entitled.

The fair value of all options to be measured in fiscal year 2010 was computed on the following basis.

Interest rate

The basis of the computations at the measurement date was a continuous zero interest rate. The interest rates were computed from the interest rate structures of government bonds maturing between one and ten years.

Dividends

Discrete dividends are used in the Monte-Carlo simulation. The computation basis for future dividend payments are public estimates made by ten banks. The arithmetic mean of these estimates is taken to determine the dividends.

Volatilities and correlation

To ensure an objective procedure, historic data is used to measure volatilities and correlations. They are determined on the basis of daily XETRA closing rates of the Fraport share and the daily rates of the MSOP basket index. The price history of the index was computed using the current weighting of the index per grant date and taking the historical closing rates of the index components.

The time frame for determining volatilities and correlations is the remaining maturity of the options.

The fair values at the time of issue are as follows:

FAIR VALUE OF THE MSOP TRANCHES

	Grant date	Fair value in €	Closing price in €
Tranche 2005	June 6, 2005	10.96	33.00
Tranche 2006	April 18, 2006	19.27	58.15
Tranche 2007	April 17, 2007	18.42	55.92
Tranche 2008	June 3, 2008	13.40	43.40
Tranche 2009	April 10, 2009	8.55	27.93

GRAPHIC 118

The following volatilities and correlations were used for the computation as of the respective issue date: GRAPHIC 119

The computation for measuring the 1st tranche of the MSOP 2005 was made using a continuous zero interest rate of 2.57 percent as of the issue date. Dividends were estimated to be € 0.86 in 2006 and € 0.94 in 2007.

The computation for measuring the 2nd tranche of the MSOP 2005 was made using a continuous zero interest rate of 3.65 percent as of the issue date. Dividend estimates were € 1.00 for 2007 and € 1.10 for 2008.

The computation for measuring the 3rd tranche of the MSOP 2005 was made using a continuous zero interest rate of 4.06 percent as of the issue date. Dividend estimates were € 1.16 for 2008 and € 1.17 for 2009.

The computation for measuring the 4th tranche of the MSOP 2005 was made using a continuous zero interest rate of 4.25 percent as of the issue date. Dividend estimates were € 1.14 for 2009 and € 1.15 for 2010.

The computation for measuring the 5th tranche of the MSOP 2005 was made using a continuous zero interest rate of 2.51 percent as of the issue date. Dividend estimates were € 1.15 for 2010 and € 1.18 for 2011.

An annual increase of € 0.01 is expected for the next years to come.

48_ Long-term incentive program

The long-term incentive program (LTIP) for the Executive Board and managers was introduced effective January 1, 2010 to replace the previous MSOP 2005.

A certain number of virtual shares (so-called performance shares) is allocated annually depending on certain performance objectives. Target achievement is measured over four years (perfor-

VOLATILITIES AND CORRELATIONS

	Grant date	Volatility Fraport	Volatility MSOP-Basket	Correlation Fraport/ MSOP-Basket
Tranche 2005	June 6, 2005	34.04%	22.55%	0.2880
Tranche 2006	April 18, 2006	32.34%	20.78%	0.2925
Tranche 2007	April 17, 2007	29.69%	21.18%	0.3095
Tranche 2008	June 3, 2008	27.69%	15.03%	0.4215
Tranche 2009	April 10, 2009	33.75%	20.38%	0.5382

GRAPHIC 119

DEVELOPMENT OF VIRTUAL SHARES ISSUED

Tranche	Issued	thereof to Executive Board	thereof to directors and managers of Fraport AG	thereof directors of affiliated companies	thereof expired	Fair value Dec. 31, 2010
Fiscal year 2010	94,435	29,550	49,910	14,975	0	53.83
Amount of issued virtual shares as of Dec. 31, 2010	94,435	29,550	49,910	14,975	0	

GRAPHIC 120

VOLATILITIES AND CORRELATIONS (LTIP)

Tranche	Earnings per share	Rank total shareholder return MDAX	Interest rate end of period share price	Interest rate at time of payment	Dividend 2011	Dividend 2012	Dividend 2013	Volatility Fraport
2010	116.85 %	25.0	1.26%	1.31 %	1.15	1.18	1.23	39.59 %

GRAPHIC 121

mance period); payment in cash takes place immediately at the end of the four-year performance period.

The number of virtual shares actually allocated depends on the extent to which two performance targets are met:

_ Earnings per share (EPS) (target weighting 70 percent)
This internal performance target is determined by comparing the actual average EPS in the performance period to the weighted average budget EPS at the start of the period.
_ Total shareholder return MDAX (TSR) (target weighting 30 percent)
The TSR measures the development of shares over a certain period of time subject to dividends and share price developments. Therefore, it constitutes a market-dependent performance target.

The amount of the actual tranche is limited to 150 percent of the target tranche (virtual shares approved).

94,435 virtual shares were issued in the 2010 fiscal year. A provision for the LTIP in the amount of € 1.3 million is reported as of December 31, 2010. GRAPHIC 120

Virtual share constraints

The virtual shares in the 2010 tranche were issued on January 1, 2010. Their term is four years up to December 31, 2013.

The payout per virtual share corresponds to the weighted average closing price of the Fraport share in XETRA trading on the first 30 stock market trading days immediately following the last day of the performance period.

A claim to LTIP payments is established with the approval by the Supervisory Board of the consolidated financial statements for the last fiscal year of the performance period. Payments are then made within one month.

The measurement of the virtual shares takes place on the basis of the fair value per share for a tranche. A Monte-Carlo simulation is used to determine the fair value. In the process, the log-normal distributed processes of the Fraport share price are simulated to determine the relevant payment according to the respective performance goals.

The fair value of virtual shares to be measured in the 2010 fiscal year is calculated based on the following assumptions:

The basis of the computations at the respective measurement date is a continuous zero interest rate. The interest rates were computed from the interest rate structures of government bonds maturing between one and ten years.

The computation basis for future dividend payments are public estimates made by ten banks. The arithmetic mean of these estimates is taken to determine the dividends.

Historic volatility is used for the calculations. The calculations are based on the daily XETRA closing price for Fraport AG.

The remaining term of the LTIP is used as the time horizon to determine volatility. — GRAPHIC 121

49_ Risk management

Fraport is exposed to market price risks due to changes in exchange rates, interest rates and other prices. The Group is additionally exposed to credit risks. There are also liquidity risks arising in connection with credit and market price risks or resulting from a worsening of the operating business or disturbances on the financial markets. It is the objective of financial risk management to limit these risks by current operating and finance-related activities. Depending on a risk assessment selected hedging instruments are used. In general, Fraport hedges only those risks that affect the Group's cash flows. All derivative financial instruments are used as hedging instruments only, i.e., they are not used for trading or other purposes. Without their use the Group would be exposed to higher financial risks.

Reporting to the Executive Board of updated risk positions is made once per quarter as part of the early risk recognition system. In addition, updated reporting of all material financial risk positions is provided in the monthly finance report to the Group Executive Board and in the monthly Treasury Committee Meeting (TCM) held between Treasury, Financial Risk Controlling and the Chief Financial Officer (CFO).

Fraport has prepared internal guidelines that deal with the processes of risk control and regulate the use of financial instruments; they include the unambiguous segregation of functions in respect of operating financial activities, their settlement and accounting, and the control of the financial instruments. The guidelines, which are the basis of the risk management processes, aim to limit and control the risks appropriately and monitor them. Both the guidelines and the systems are regularly reviewed and adjusted to current market and product developments.

Credit risk

Fraport is subject to default risks from its operating business and certain financial positions. The default risks arising from financial positions are controlled by a broad diversification of counterparties and the regular verification of their credit ratings. It is the company's risk policy to hold investments with counterparties that are externally rated A- (S&P / Fitch) / A3 (Moody's) or better, or that operate through deposit guarantee institutions.

The maximum credit risk on the financial position date is mainly reflected by the carrying amounts of the assets reported on the financial positiont (see note 27 for the credit risk on financial instruments in the "Fair value option" category). The credit risk on securities in non-current and current assets is equal to the amount of debt instruments. On the balance sheet date, the securities were broken down as follows:

BREAKDOWN OF FINANCIAL INSTRUMENTS

€ million	Dec. 31, 2010	Dec. 31, 2009
Equity instruments	84.0	57.7
Debt instruments	459.1	771.1

— GRAPHIC 122

Securities that represent debt instruments have the following long-term issuer ratings:

ISSUER RATINGS, DEBT INSTRUMENTS

€ million	Dec. 31, 2010
AAA	44.0
AA+	42.8
AA	36.8
AA-	109.1
A+	60.9
A	70.5
A-	70.0
BBB+	25.0
Total	**459.1**

— GRAPHIC 123

In the previous year, the securities had the following issuer ratings (Moody's):

ISSUER RATINGS, DEBT INSTRUMENTS (PREVIOUS YEAR)

€ million	Dec. 31, 2009
Aaa	22.8
Aa1	135.0
Aa2	142.6
Aa3	172.5
A1	89.9
A2	54.8
A3	6.3
AAA (Fitch)	36.2
A– (Fitch)	30.0
AA (S&P)	15.1
BBB+ (S&P)	25.0
N/A	40.9
Total	**771.1**

GRAPHIC 124

The credit risk on liquid funds applies solely with regard to banks. Current cash investments are maintained with banks. The banks where liquid funds are deposited have the following short-term issuer ratings:

ISSUER RATINGS, LIQUID FUNDS

€ million	Dec. 31, 2010
A-1	815.5
A-2	825.4
A-3	1.2
P-1	5.5
P-2	130.1
P-3	2.9
N/A	32.0
Total	**1,812.6**

GRAPHIC 125

In the previous year, the banks where liquid funds were deposited had the following issuer ratings (Moody's):

ISSUER RATINGS, LIQUID FUNDS (PREVIOUS YEAR)

€ million	Dec. 31, 2009
P-1	1,752.6
P-2	32.4
P-3	1.1
A-3 (S&P)	1.2
N/A	15.0
Total	**1,802.3**

GRAPHIC 126

Liquidity risk

Fraport generates financial funds mainly through its operating business and external financing. The funds are primarily used to finance capital expenditure for items of property, plant and equipment.

The operating cash flows, the available liquid funds (including cash and cash equivalents and short-term realizable securities and other financial instruments) as well as current and non-current credit lines and loan commitments give sufficient flexibility to ensure the liquidity of the Fraport Group.

Given the diversity both of the financing sources and the liquid funds and financial assets there is no risk of concentration in liquidity.

The operating liquidity management comprises a cash concentration process, which combines daily the liquid funds of most of the German companies. This allows to optimally control liquidity surpluses and requirements in line with the needs of individual companies. Short and medium-term liquidity management includes the maturities of financial assets and financial liabilities and estimates of the operating cash flow.

The following list of maturities shows how the liability cash flows as of December 31, 2010 influence the Group's liquidity.
GRAPHIC 127

Adjusted for effects from the retroactive application of IFRIC 12, the liquidity profile as of December 31, 2009 was as follows:
GRAPHIC 128

All financial instruments that are subject to agreements as of the reporting date were included to determine the undiscounted payments. If a contractual partner can release a payment at different points of time, the earliest deadline was taken into account. The respective forward interest rates derived from the interest rate on the balance sheet date were used to determine the interest payments on primary financial liabilities bearing interest at variable rates and the net payments on derivative financial instruments. For payments in connection with diesel fuel swaps and forward currency contracts, the corresponding fixed reference prices as on the balance sheet date were used.

Financial liabilities of certain Group subsidiaries abroad with a nominal value of € 436.4 million include clauses stipulating that certain debt service coverage ratios and control indicators for debt ratio and credit periods must be complied with. These finan-

LIQUIDITY PROFILE AS OF DEC. 31, 2010

€ million	Total	2011		2012		2013–2017		2018–2022		2023 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment
Primary financial instruments											
Financial liabilities	5,750.4[1]	143.4	118.2	151.7	34.5	786.9	2,120.5	222.5	1,961.0	61.7	150.0
Finance leases	82.0	3.5	8.6	2.9	9.2	7.5	30.6	2.6	9.6	1.8	5.7
Concessions payable	1,370.2	17.9	55.2	21.3	46.8	149.9	194.2	204.4	146.4	266.5	267.6
Trade accounts payable	345.6	1.3	273.8	1.0	33.3	4.2	12.0	3.0	8.0	1.4	7.6
Loan commitments	142.8		66.1		29.8		46.9				
Derivative financial instruments											
Interest swaps	155.3	45.3		39.7		67.9		2.4			
Diesel fuel swaps	0.3		0.3								
Currency forwards											
Incoming payments	34.3		34.3								
Outgoing payments	34.1		34.1								

[1] Total of interest and repayments

GRAPHIC 127

LIQUIDITY PROFILE AS OF DEC. 31, 2009

€ million	Total	2010		2011		2012–2016		2017–2021		2022 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment
Primary financial instruments											
Financial liabilities	5,345.7[1]	125.8	90.1	126.4	52.5	558.9	1,601.6	244.3	2,295.7	73.4	177.0
Finance leases	53.2	2.3	5.2	1.9	5.3	4.8	21.3	2.1	2.0	2.2	6.1
Concessions payable	1,398.8	16.9	49.9	20.3	46.7	145.2	193.3	200.3	144.4	302.6	279.2
Trade accounts payable	341.2	0.0	218.8	1.2	80.8	1.4	10.9	3.1	7.7	8.2	9.1
Loan commitments	8.0		8.0								
Derivative financial instruments											
Interest swaps	362.7	38.0		46.3		208.1		66.9		3.4	
Diesel fuel swaps	2.5		1.1		1.2		0.2				
Currency forwards											
Incoming payments	3.7		3.7								
Outgoing payments	3.9		3.9								

[1] Total of interest and repayments

GRAPHIC 128

cial liabilities however, result from independent project financing activities and do not include any recourse for the Fraport AG parent company as such. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and / or to the early collection of loans. Additionally there are contractually agreed clauses for specific earmarked and / or project-related subsidized loans issued by business development banks under public law and taken out by Fraport AG in the amount of € 980.0 million. These clauses relate to changes in the shareholder structure and control of the Company. If these have a proven effect on the borrowing capacity of Fraport AG, the creditors have the right to recall the loans early.

There are currently no indications of any failure to comply with essential borrowing terms and conditions.

CURRENCY SENSITIVITY

Risk in € million	Dec. 31, 2010 Gain	Dec. 31, 2010 Loss	Dec. 31, 2009 Gain	Dec. 31, 2009 Loss
EUR / TRY	0.40	0.43	0.00	0.00
USD / PEN	0.45	0.46	1.88	2.04
EUR / SAR	0.22	0.22	0.25	0.25
USD / TRY	0.00	0.00	0.33	0.36

GRAPHIC 129

Currency risk

The international focus of the Fraport Group makes its operating business, the financial results reported and the cash flows subject to foreign currency risks. Only the transaction risks affecting cash flows are actively controlled. These mainly apply between the Euro (EUR) and Turkish new Lira (TRY) as well as between the US Dollar (USD) and Peruvian Nuevo Sol (PEN). Transaction risks primarily originate from business operations when cash receipts from revenue are not offset by expenditures in matching currencies. To reduce the foreign currency effects in the operating business, the transaction risk is regularly assessed and hedged in part by using derivative financial instruments. Entering into financial instrument transactions is the responsibility of the Group companies in close coordination with the Treasury of Fraport AG. Hedging mainly involves the use of forward currency contracts.

The transaction risks are assessed by means of sensitivity analyses. The calculation rates on which the analyses are based are the result of the mean value for the respective exchange rate in the period under review less or in addition to a standard deviation. If we take these assumptions as a basis, the profit for the period would have been affected in the year under review as follows:
GRAPHIC 129

In addition there are effects in the Group from the translation of foreign currency assets or liabilities in Euros and / or from the consolidation of Group companies not accounted for in Euros. These risks are met as best as possible by applying natural hedging.

Interest rate risk

The Fraport Group is exposed to interest rate risk on a variety of primary and derivative financial assets and liabilities as well as future planned capital requirements.

In regards to assets and liabilities that are currently held, the objective of refinancing at matching maturities is generally pursued. The interest rate risk arising in the next twelve months is relevant for control. It is assessed every quarter and reported to the interest rate and currency committee. Sensitivity analyses are prepared to determine the risk. These show the effects of changes in market interest rates on interest payments, interest income and expenses, other profit or loss portions and equity. Interest rate changes are defined to be the maximum fluctuation of the key interest rate in the past for the respective currency and the respective period of time and / or the maximum fluctuation of the 10-year swap rate in the past. The deviation in absolute terms is taken into consideration.

To limit the interest rate risks, derivative financial instruments such as interest rate swaps and swap options are used.

The sensitivity analyses are based on the following assumptions:

Changes in market rates of primary financial instruments with fixed interest rates affect profit or loss or equity only if the instruments are measured at fair value. The sensitivity analysis for these financial instruments assumes a parallel shift of the interest rate by 169 basis points in a period of twelve months.

As a result, the financial instruments measured at amortized cost with fixed interest rates do not affect profit or loss for the period or the equity of the Fraport Group.

Market rate changes in primary variable-rate financial instruments, which are not designated hedged items in a cash flow hedge of interest rate exposures, affect net interest income and expense and are therefore included in profit-or-loss-related sensitivities. The respective net financial position for each currency is taken into account in the process. The interest rate sensitivity analyses are based on the following assumptions: EUR: 3.25 percentage points; USD: 4.75 percentage points; TRY: 10.25 percentage points; Swiss francs (CHF): 2.50 percentage points, PEN: 6.70 percentage points; Saudi Riyal (SAR): 4.50 percentage points; Canadian Dollar (CAD): 3.75 percentage points; Bulgarian Lew (BGN): 5.22 percentage points. The individual sensitivities are then aggregated to become one profit-or-loss related sensitivity in Euros.

Changes in market rates of financial instruments which were designated as hedging instruments in an interest-rate related cash flow hedge affect equity, and are therefore included in the equity-related sensitivity computations. The maximum variability is taken to be a parallel shift of the interest rate by 169 basis points over a period of twelve months.

Changes in market rates of interest rate derivatives, which are not part of a hedging relationship under IAS 39, affect the other financial result and are therefore included in the profit-or-loss related sensitivities. The maximum variability is taken to be a parallel shift of the interest rate by 169 basis points over a period of twelve months.

Based on the portfolios and the structure of the consolidated financial position as of December 31, 2010 and the assumptions made, the profit-or-loss related sensitivity is € 28.9 million (previous year: € 17.7 million) in case of an increase (decrease) in the market interest rate. The financial result would therefore have hypothetically increased (decreased) by € 28.9 million. This hypothetical effect on profit or loss would result from the potential effects of interest rate derivatives of € 23.2 million (previous year: € 9.7 million) and an increase (decrease) in the interest result from primary variable-rate net financial positions of € 5.7 million (previous year: € 8.0 million).

INTEREST SENSITIVITY

€ million	Dec. 31, 2010	Dec. 31, 2009
Interest sensitivity	28.9	17.7
thereof derivative financial instruments	23.2	9.7
thereof primary financial instruments	5.7	8.0

GRAPHIC 130

The equity-related sensitivity is € 116.4 million (previous year: € 149.7 million). By applying the assumptions made an increase (decrease) in interest rates would result in an increase (decrease) in equity by € 116.4 million.

Other price risks

The Fraport Group also has financial assets and diesel fuel swaps in its portfolio, which are subject to other price risks. Risk variables are share prices, commodity prices and various indices. Changes in these risk variables initially result merely in a change in the market value of the financial instruments and do not affect cash flows. To quantify other price risks, sensitivity analyses are prepared. The calculation rates on which the analyses are based are the result of the mean rate in the period under review, less or in addition to a standard deviation.

Based on the portfolio in the consolidated financial position as of December 31, 2010 and the assumptions made, the profit-or-loss related sensitivity amounts to € 0.3 million. This means that a change in the fair value measurement of the financial instruments would have hypothetically increased or decreased the financial result by this amount (previous year: € 0.6 million).

The equity-related sensitivity is € 7.3 million. When applying the assumptions made, a change in the fair value measurement of the financial assets and diesel fuel swaps would have resulted in a corresponding increase or decrease in equity of € 7.3 million (previous year: € 11.0 million).

Capital management

The Group's objectives with a view to capital management are ensuring the Group's continued existence and a sustained increase in the company's value. As a capital market-oriented company with large capital expenditure requirements, the company monitors the development of its debt using financial ratios, which relate EBITDA to its net debt and / or interest expense. As long as the company remains within the following margins, there is sufficient access to debt capital sources at reasonable cost from today's point of view.

The components of the control indicators are defined as follows:

NET DEBT =
Current financial liabilities
+ Non-current financial liabilities
– Cash and cash equivalents
– Current realizable assets in “other financial assets” and “other receivables and financial assets”

EBITDA =
Operating result + depreciation and amortization

INTEREST EXPENSE =
Interest expense

The financial ratios developed as follows in the period under review:

FINANCIAL DEBT RATIOS

Key figures	Corridor	Dec. 31, 2010	Dec. 31, 2009
Net Debt / EBITDA	max. 4 – 6 x	2.9	2.9
EBITDA / Interest expense	min. 3 – 4 x	3.9	3.3

GRAPHIC 131

50_ Related party disclosures

Under IAS 24 (Related Party Disclosures), Fraport must disclose relationships to related parties that have control over the Fraport Group or that Fraport Group controls, unless they are already included in the consolidated financial statements of Fraport AG. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This is assumed if one shareholder owns more than half of the voting rights in Fraport AG or has this option by statute or contractual agreement.

The shareholdings of the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH, and the consortium agreement signed between these shareholders, mean that Fraport AG is a company controlled by these shareholders.

Fraport AG has numerous business relationships with the State of Hesse and the city of Frankfurt, and their majority-owned investments. Related companies and authorities with which major business relations are maintained are Mainova AG und Messe Frankfurt Venue GmbH & Co. KG.

Furthermore, the disclosure requirements according to IAS 24 extend to business transactions with associated companies as well as business transactions with persons exercising significant influence on the financial and business policies of Fraport AG, including close relatives or intermediate companies.

All transactions between the related parties have been concluded at conditions customary in the market as between unrelated third

RELATED PARTY DISCLOSURES

€ million		Majority shareholders				
		State of Hesse	Stadtwerke Frankfurt am Main Holding GmbH	Joint ventures	Associated companies	Companies controlled by majority shareholders
Revenue	2010	1.4	0.2	5.1	10.2	10.7
	2009	2.1	0.2	2.8	3.7	7.6
Purchased goods and services	2010	2.7	10.8	6.4	16.1	80.4
	2009	1.5	7.4	5.7	27.5	68.3
Interest	2010	–1.3	–	0.1	0.7	–
	2009	0.1	–	–	–	–
Accounts receivable	2010	0.4	–	0.9	23.2	0.1
	2009	0.5	–	0.1	0.8	0.1
Accounts payable	2010	–	–	2.2	1.4	32.3
	2009	0.1	–	3.3	4.6	14.3

GRAPHIC 132

parties. The services rendered to authorities are generally based on cost prices. Prices are reviewed by Federal government authorities.

The following table shows the scope of the business relationships:
GRAPHIC 132

Total remuneration of € 1,275 thousand (previous year: € 1,259 thousand) was paid to level one managers (strategic business unit managers).

See note 54, 55 and 56 for relationships to members of the Executive Board and Supervisory Board.

51_ Operating permit and service concession arrangements

The following companies in the Fraport Group have been granted service concessions or similar permits, which give the public access to important economic and social facilities:

Fraport AG

In agreement with the German Federal Minister of Transport, the Hessian Minister of Labor, Economics, and Transport approved operations at Frankfurt Airport in accordance with Section 7 as amended on August 21, 1936 of the German Air Transport Law on December 20, 1957 and charged a non-recurring fee for this. The permit does not expire at any specific time.

The right to operate the airport is linked to various obligations that are specified in the permit. Fraport AG is required, among other things, to keep the airport in good operating condition at all times, to provide and maintain the equipment and signs needed to monitor and control air traffic at the airport, and to guarantee the availability of fire protection systems that take account of the special operating conditions. In a supplement added on July 16, 1999, the restrictions on night flights that were initially made in 1971 and have been updated since as a supplement to the airport permit were tightened, and restrictions on the operation of “chapter 2 aircraft” at Frankfurt Airport for civil aviation purposes during the daytime were introduced. The operating permit was further restricted and specified by means of notices starting in 2001, most recently on October 6, 2010, to the effect that Fraport AG is required to take active and passive noise-abatement measures.

The expansion of Frankfurt Main Airport with the construction of the Northwest Landing Runway as its central measure was adopted in the zoning decision issued on December 18, 2007. Further restrictions on night flights and operations become valid with the winter flight schedule 2009/10 and the time the capacity-effective operation of the Northwest Landing Runway will start.

The company charges the airlines that fly to Frankfurt Airport what are known as “traffic fees” for provision of the transport infrastructure. These traffic fees are divided up into airport fees that require approval and other fees that do not require approval.

- The airport fees that require approval under Section 43a (1) of the German Air Transport Authorization Regulations (LuftVZO) are divided into landing and take-off charges, including noise components and emission fees, parking fees, passenger and security fees. The amount of the fees is specified in a related fee table.
  The fee table applicable in 2010 and approved by the Hessian Ministry of Economics, Transport, and Regional Development (HMWVL) was published in the Air Transport Bulletin (NfL) on May 6, 2010 and came into force as of July 1, 2010 and October 1, 2010. Airport fees accounted for 32.4 percent of Fraport AG’s revenue in the year under review.
  In December 2009, Fraport AG and airline representatives agreed on the development of airport fees for 2010 and 2011 at Frankfurt Airport. The fees were raised by four percent on July 1, 2010 and by three percent on October 1, 2010. On April 1, 2011 they will increase by an additional three percent and another two and a half percent on October 1, 2011. On February 19, 2010 an agreement was also reached on airport fees for 2012 to 2015. The contract is based on anticipated traffic development at Frankfurt Airport and stipulates an annual fee increase of 2.9 percent for 2012 through 2015. If the passenger development exceeds or falls below forecast figures, the contract provides for a bonus-malus approach.
- The remaining fees not subject to approval are classified as fees for central ground handling infrastructure facilities and ground handling fees. In accordance with EU regulations, ground services on the apron were opened up to competition on November 1, 1999 (opened up in practice on April 15, 2000), by issuing a permit to another third-party ground handling company along with Fraport AG. The services in the area of central ground handling infrastructure facilities continue to be excluded from competition (monopoly sector) and are completely segregated from the ground handling services when they are offset with the airlines. 18.9 percent of Fraport AG’s revenue in 2010 was generated by ground handling services and 13.0 percent by infrastructure fees.

Above and beyond the traffic fees, Fraport AG generates revenue essentially from revenue-based payments, renting, parking and security services. The proceeds from these operations – which do not require approval – accounted for 35.7 percent of Fraport AG's revenue in the year under review.

Fraport IC Ictas Antalya Airport Terminal Investment and Management Inc. (franchisee)

In April 2007, the consortium in which Fraport AG holds an interest won the bidding procedure to operate the terminals at Antalya Airport for 17 years. The consortium and the Turkish airport authority (DHMI – franchisor) signed the concession agreement on May 22, 2007. Since September 14, 2007 Fraport AG and IC Yatirim Holding A.S. have been jointly managing the International Terminal 1 previously managed by Fraport AG as well as the domestic and CIP terminals. On September 23, 2009 the Fraport consortium also took over operation of the second international terminal previously operated by IC Holding and Celebi Holding. The concession for the operation of all three terminals and the right to use all assets listed in the concession agreement extends to the end of 2024.

The franchisee is obliged in this context to provide the terminal services in compliance with the international standards as well as the procedures and principles specified in the concession agreement. In regard to the authorized use of infrastructure, the franchisee is obligated to perform maintenance and capacity expansions (as required). Distributed over the term of the concession agreement, the franchisee also pays a concession fee of € 2.01 billion net.

In exchange the franchisee receives the right to use the existing and future terminal infrastructure to operate the airport and the right to generate revenue from passenger fees paid by the airlines and from other services related to terminal operations. Passenger fees are regulated by the franchisor.

At the end of the concession term, the franchisee is required to return all assets specified in the concession agreement to the franchisor in proper operating condition.

In accordance with the concession agreement, the franchisee deposited a performance bond amounting to € 142.8 million at the beginning of the concession period to the benefit of the franchisor. This performance bond was issued by a Turkish bank, secured in part by corporate guarantees given by the shareholders. The proportion guaranteed to the bank by Fraport AG in the form of a corporate guarantee is € 35.7 million.

Fraport Twin Star Airport Management AD

Fraport Twin Star Airport Management AD (franchisee) and the Republic of Bulgaria (franchisor), represented by its minister of transport, signed a concession agreement on September 10, 2006, on the operation and management of the Bulgarian airports in Varna and Burgas on the Black Sea.

According to the concession agreement, the franchisee is obligated to render various airport services, and to improve services in line with international standards, national laws, and the provisions stipulated in the concession agreement. In addition the franchisee is obligated to invest € 362.0 million in the expansion and a capacity increase of the airports in Varna and Burgas, and to maintain the assets ceded for use. In addition, the franchisee pays an annual concession charge of 19.2 percent of total revenue, at least 19.2 percent of BGN 57 million (€ 29.1 million) adjusted by increases or decreases in the national inflation rate, to the franchisor. The franchisee paid an additional non-recurring concession charge in the amount of € 3.0 million to the franchisor after conclusion of the agreement. In return the franchisee receives the right to use the existing and future infrastructure for airport operations and the right to generate revenues, in particular through airport fees (passenger, landing and parking fees) and for ground handling services. Airport fees are regulated by the franchisor.

The concession agreement started on November 10, 2006 and has a duration of 35 years.

The franchisee undertakes to procure a performance bond to the franchisor, issued by a bank rated BB- or higher, in the annual amount of € 15.0 million in the first ten years and in the annual amount of € 7.5 million during the remaining term of the agreement.

At the end of the concession term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the franchisor in proper operating condition without receiving any consideration in return.

Lima Airport Partners S.R.L. (LAP)

On February 14, 2001 LAP (franchisee) and the Peruvian Government (franchisor) represented by its Minister of Transportation (MTC) signed the concession agreement for Jorge Chavez International Airport on the operation, expansion, maintenance and use of the Jorge Chavez International Airport in Lima (Peru).

The term of the concession agreement is thirty years. The contract may be renewed for another ten years. Further renewals are possible under certain circumstances; the overall concession term must not exceed 60 years, however.

In addition to operating and maintaining the airport infrastructure, the franchisee is obligated vis-a-vis the franchisor to invest at least USD 110 million for the remodeling of the airport and in particular the terminal, and to build a second landing runway. The contractual amount of USD 110 million has been invested already. Construction work on the second landing runway has not yet begun.

The franchisee is also obligated to pay concession charges. The concession fee is the higher of two amounts: Either the contractually fixed minimum payment (basic payment of USD 15 million per year, inflation-fed by US CPI) or 46.511 percent of total revenue after deduction and transfer to Corpac (aviation regulatory authority) of 50 percent of landing fees and 20 percent of the international passenger fees (TUUA). In addition, a regulatory fee of 1 percent of the same assessment basis becomes due. In return the franchisee receives the right to use the existing and future infrastructure for airport operations and the right to generate revenue, in particular through airport fees (passenger, landing and parking fees) and for ground handling and other services. Airport fees are regulated by the franchisor.

At the end of the contract term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the franchisor by the franchisee in the contractually defined operational condition. The franchisee has the right to have the residual carrying amount of said infrastructure reimbursed by the franchisor for a limited period of time. This does not apply if the concession agreement is terminated early.

52_ Information on shareholdings according to the Securities Trading Act (WpHG)

The total voting rights held by the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH in Fraport AG calculated in accordance with Section 22 (2) of the German Securities Trading Act (WpHG) amount to 51.62 percent on December 31, 2010. They are attributed as follows: State of Hesse 31.50 percent and Stadtwerke Frankfurt am Main Holding GmbH 20.12 percent.

The voting rights in Fraport AG owned by the City of Frankfurt am Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary.

The relative holdings of the shareholders were adapted to the current total number of shares on December 31, 2010. As a result, these may differ from the numbers reported in regards to exceeding / falling below thresholds and / or from the information disclosed by the respective shareholders. The voting rights adjusted to the current total number of shares by the reporting date are to be allocated to the shareholders as follows: Artio Global Investors 10.33 percent, Deutsche Lufthansa AG 9.92 percent and Taube Hodson Stonex Partners Limited 3.58 percent. There are no reports for the remaining 24.55 percent.

53_ Statement issued by the Executive Board and the Supervisory Board of Fraport AG in accordance with Section 161 AktG

On December 13, 2010 the Executive Board and the Supervisory Board of Fraport AG issued the Statement of Compliance with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) and made it available to the public on a permanent basis on the company website www.fraport.com in the Corporate Governance subsection of the Investor Relations section.

54_ Notes to the Executive Board and Supervisory Board

Remuneration report

Concrete provisions for Executive Board remuneration were established when the German Act on the Appropriateness of Management Board Remuneration (VorstAG) came into effect on August 5, 2009. Remuneration should be in proportion to the tasks and the Company's situation and also in line with a more trans-

parent and sustainable corporate governance approach which focuses on the long-term. Executive Board remuneration is established by the Supervisory Board based on the recommendations put forward by the Executive Committee.

The contracts of the Executive Board members were revised accordingly on January 1, 2010. Remuneration comprises the following components:

- Fixed component (fixed salary and compensation in kind)
- Performance-related component excluding long-term incentives (bonuses)
- Performance-related component with long-term incentive (long-term strategy award and long-term incentive program)

In principle, the Supervisory Board has been guided by the policy of paying the same fixed annual salary to members of the Executive Board in the course of normal business operations, accounting for approximately 35 percent of total remuneration. The bonus payment should also amount to approximately 35 percent of total remuneration. The long-term strategy award should account for approximately 10 percent of total remuneration while the long-term incentive program should be around 20 percent.

In addition to these components, remuneration also includes stock options issued in previous years as long-term incentives under the current stock options plan (see note 47). Stock options were last issued for 2009. No further options were issued for 2010.

In addition, Executive Board members received endowments to pension benefit payments.

Fixed elements

During the term of their employment agreement (generally five years), the Executive Board members receive a fixed annual salary which generally remains unchanged over the agreed term.

The appropriateness of the fixed annual salary is reviewed every year.

The fixed annual remuneration also covers any activity performed by an Executive Board member for companies in which Fraport AG holds an indirect or a direct interest of more than 25 percent of the shares (other Board functions at Group companies).

If an Executive Board member has such other Board functions at Group companies, the remuneration he or she receives from such investees is credited against the bonus. Remuneration received by Mr. Dr. Zieschang for his activities as a member of the Supervisory Board of Flughafen Hannover-Langenhagen GmbH and Mr. Peter Schmitz for his activities as a member of the Supervisory Board of Airport Service Gesellschaft mbH were credited against the respective bonus payments of Fraport for 2010.

In addition, the remuneration for Executive Board members includes compensation in kind and other remuneration. Compensation in kind is the pecuniary benefit subject to wage tax from using a company car with driver. This compensation in kind is generally available to all Executive Board members in the same way; the amount of compensation depends on the personal situation.

Executive Board members also receive an employer's contribution toward their pension insurance, in the case of voluntary insurance half of the total contributions and in the case of statutory insurance half of the total statutory contributions.

Performance-related elements

Excluding long-term incentives (bonuses)

The bonus is based on the EBITDA and ROFRA of the Fraport Group for the respective fiscal year. EBITDA is the Group operating result, ROFRA the interest on Group assets, this is the total return on capital (Return on Fraport Assets). Both control indicators (EBITDA and ROFRA) are parameters for measuring the success of a company that are recognized in the business world.

The actual bonus for an Executive Board member is calculated by multiplying EBITDA and ROFRA, each minus a basic allowance, by an individual multiplier for each Executive Board member, stipulated in each employment contract, and adding the results. The bonus amount for one fiscal year is capped at 175 percent of the bonus paid in 2009, or if the employment contract only ran for part of 2009, the pro rata amount for the entire year. 50 percent of the expected bonus is paid out during the fiscal year in the form of monthly installments. The remainder of the bonus payments are due within one month following the approval of the respective consolidated financial statements for the relevant fiscal year by the Supervisory Board.

50 percent of the calculated bonus payments have a conditional payback provision. If EBITDA and ROFRA in the following year do not reach at least an average of 70 percent of the corresponding control indicators for the fiscal year in question, the Executive Board member has to pay back 30 percent of the bonus to Fraport AG. Should the same apply to the second year after the relevant fiscal year, 20 percent of the bonus has to be repaid.

Where applicable, repayment obligations apply and must be ascertained separately for each subsequent year.

If the Supervisory Board is of the opinion that the relevant business figures have decreased due to influences beyond the control of the Executive Board, it can grant a bonus at its discretion or waive the full or partial repayment based on the performance of the Executive Board member. If an Executive Board member holds an active position for less than one fiscal year, a pro rata bonus payment is made.

Including long-term incentives (long-term strategy award)
The long-term strategy award (LSA) is an additional long-term incentive to take into account the interests of the main stakeholders of Fraport AG, namely employees, customers and shareholders, in an appropriate and sustained manner.

As part of the LSA, each Executive Board member is offered a prospective financial reward for a fiscal year starting in 2013 for the 2010 fiscal year. After three fiscal years have expired (the fiscal year in question and the two following years), it is determined to which extent the targets have been met and the actual payment is calculated based on these results. The actual payment amount can exceed or fall below the prospective amount, but is capped at 125 percent of the originally stated amount. Performance targets are customer satisfaction, sustained employee development and share performance. All three targets are equally important under the LSA. An amount of € 120 thousand for the Chairman of the Executive Board and € 90 thousand for each of the remaining Executive Board members has been established for 2013.

Customer satisfaction is evaluated on an annual basis using an established assessment system, for airlines, real estate management, retail properties and passengers. Whether or not a target has been met is determined by comparing the corresponding data (in percentage points) at the beginning of the three-year period with the average achieved over the same period. If the actual result exceeds or falls below the target by two full percentage points, the bonus paid for customer satisfaction is increased or decreased correspondingly.

Sustained employee development relates to employee satisfaction and the development of headcount. The Supervisory Board decides to which extent the target has been met. Its decision is based on the results of the employee satisfaction barometer (a yearly employee survey at Fraport AG) and the responsible development of headcount in view of the economic situation of the Group.

For the share performance target, the Fraport share price development over the corresponding three-year period is compared with the average MDAX development and a share basket, which includes the shares of the operators of Paris, Zurich and Vienna airports. The payment for this target is again determined by comparing the reference value calculated at the beginning of the three-year period with actual developments. Positive or negative deviations increase or decrease the prospective bonus correspondingly.

The claim to LSA payments is established with the approval of the consolidated financial statements for the last fiscal year of the performance period by the Fraport Supervisory Board.

If an Executive Board member retires from Fraport AG before the end of a three-year period, the performance targets are still calculated once this period has expired. The bonuses for the entire period are then paid on a pro rata basis for the amount of time the Executive Board member actually worked for the Company. The entitlement to payment for a three-year period, which has not yet expired at the time the employment contract has been legally terminated, is forfeit if the employment contract has been terminated due to extraordinary circumstances in the control of the Executive Board member (termination by request of the Executive Board member without serious reason according to Section 626 of the German Civil Code [BGB], termination due to serious reasons within the control of the Executive Board member in accordance with Section 626 BGB) or the Executive Board member has been removed from his or her office for serious reasons according to Section 84 (3) AktG and the employment contract has not been terminated. If an Executive Board member joins the Company during the course of a fiscal year, the Supervisory Board decides if and to which extent the Executive Board member may be entitled to participate in the LSA program for this fiscal year.

Long-term incentive program (LTIP)

The long-term incentive program (LTIP) is a virtual stock options program. Each fiscal year – beginning with the 2010 fiscal year – the Executive Board members of Fraport AG are promised a contractually stipulated amount of virtual shares, so-called performance shares, under the condition that they meet pre-defined targets (the so-called target tranche). After four fiscal years – the performance period – it is determined to which extent these performance targets have been met and the number of performance shares actually due to the Executive Board member, the so-called actual tranche, calculated. The actual tranche can exceed or fall below the target tranche, but is capped at 150 percent of the target tranche. The value of the allocated performance shares is calculated on the basis of the average share price current at the end of the performance period and converted into the actual LTIP bonus payment. The two performance targets "earnings per share" (EPS) and "rank total shareholder return MDAX" are relevant for deriving the actual tranche from the target tranche, with EPS being weighted at 70 percent and rank total shareholder return MDAX at 30 percent. For the 2010 fiscal year, the allocated target tranche consists of 9,000 performance shares to Dr. Stefan Schulte and 6,850 performance shares respectively to each: Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang.

In order to determine to which extent the EPS performance target has been met, the weighted average target EPS during the performance period, based on the strategic development planning applicable at the time of the award, is compared with average EPS actually achieved during the performance period. For the calculation, the first fiscal year accounts for 40 percent, the second for 30 percent, the third for 20 percent and the fourth for 10 percent. If targets have been met 100 percent over the performance period, the actual tranche is identical to the target tranche. If the actual EPS differs from the target EPS, the number of allocated performance shares is adjusted accordingly. If the actual EPS falls below the target EPS by more than 25 percentage points, no performance shares are issued for the EPS performance target. If the actual EPS falls below the target EPS by 25 percentage points, the actual tranche amounts to 50 percent of the target tranche. If the actual EPS exceeds the target EPS by 25 percentage points, the actual tranche amounts to 150 percent of the target tranche. Intermediate values can be calculated using a straight-line method. Any performance exceeding the targets by more than 25 percent is not taken into account. To which extent the rank total shareholder return MDAX performance target has been met is calculated by determining the weighted average rank of Fraport AG amongst all companies listed in the MDAX with view to the total shareholder return (share price development and dividends) over the performance period. As with the EPS performance target, the four relevant fiscal years are weighted on a decreasing basis. The actual tranche corresponds with the target tranche if Fraport AG comes in at a weighted average 25th place of the total shareholder return MDAX during the performance period. For each rank exceeding or falling below no. 25, the actual tranche is increased or reduced by 2.5 percentage points. If Fraport AG ranks lower than no. 45, no performance shares are issued for the performance target rank total shareholder return MDAX; if Fraport AG ranks higher than no. 5, there is no further increase in the number of performance shares issued compared to no. 5.

The relevant share price to calculate the LTIP payment corresponds to the weighted average of the closing prices for Company shares in XETRA trading or a comparable trading system replacing XETRA at the Frankfurt am Main stock exchange during the first 30 stock market trading days immediately following the last day of the performance period. The LTIP bonus is due to be paid once the consolidated financial statements for the last fiscal year of the performance period have been approved by the Fraport Supervisory Board.

The rules for LTIP entitlements of retired Executive Board members are largely the same as for the LSA. In addition, a retired Executive Board member is not entitled to any performance shares for a target tranche whose performance period has been running for less than 12 months at the time the employment contract is legally terminated.

The allocation of the fair value of the LTIP to the proper periods resulted in the following expenses in the fiscal year: Dr. Stefan Schulte € 121.1 thousand, Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang each € 92.2 thousand respectively.

Pension commitments

The Executive Board members are entitled to pension benefits and provision for surviving dependants. An Executive Board member is generally entitled to retirement benefits if he or she becomes permanently disabled or retires from office during the duration of, or upon expiry of, his or her employment contract. If an Executive Board member dies, benefits are paid for his or her surviving dependants. These amount to 60 percent of the pension for the widower or widow; children receive 12 percent each. If no widow's pension is paid, the children each receive 20 percent of the pension.

Income from active employment and pensions payments from earlier or later employment, if applicable, will be deducted from the pensions due on retirement up to the age of 60 if, without such deduction, the total of these emoluments and the pension would exceed 75 percent of the fixed salary (100 percent of the fixed salary if Fraport AG wishes the employment to be terminated or not be extended). Effective January 1 of each year, the pensions are adjusted as appears fair, taking into account the interests of the former Executive Board member and the company's performance. The adjustment obligation is deemed to be met if the adjustment does not fall below the increase in the cost of living index of all private households in Germany.

The pension of an Executive Board member is defined by the percentage of a contractually agreed basis of assessment, with the percentage rising annually by 1.5 percent or 2.0 percent up to a limit of 75 percent, dependent on the duration of time a member is appointed.

As of December 31, 2010 Mr. Dr. Schulte is entitled to 52.0 percent of his fixed annual gross salary. Mr. Mai is entitled to 53.0 percent of his contractually agreed basis of assessment as of December 31, 2010. As of December 31, 2010 Mr. Dr. Zieschang is entitled to 34.5 percent of his fixed annual gross salary.

Mr. Schmitz is entitled to 32.0 percent of his fixed annual gross salary as of December 31, 2010. The basic account commitment (guideline 2 of the Fraport capital account plan – "Kapitalkontenplan Fraport" – on the company benefit plan for senior executives, dated February 26, 2002), to which Mr. Schmitz is entitled under Fraport AG's company benefit plan up to December 31, 2008 shall be credited pro rata temporis against pension payments over a period of 8 years after the employment contract has been terminated or expires.

In case they become incapable of working, the pension as a proportion of their former salary for Mr. Dr. Schulte, Mr. Mai, Mr. Schmitz and Mr. Dr. Zieschang is at least 55 percent of their respective fixed annual gross salaries or the contractually agreed basis of assessment.

The claim to pensions of the former Executive Board members is also determined by a percentage of a contractually agreed fixed basis of assessment.

A non-competition clause has also been established with each Executive Board member for a term of two years. Commensurate compensation pursuant to Section 90a of the German Commercial Code (HGB) in the amount of an annual fixed salary is paid for this period. Payments are made in monthly installments. This compensation is credited against a pension payable by Fraport AG, insofar as the compensation plus the pension and other income exceeds 100 percent of the most recent fixed annual salary.

No other benefits have been promised to Executive Board members, in case they terminate their employment.

REMUNERATION OF THE EXECUTIVE BOARD 2010

	Fixed components		Performance-related components			
			Without long-term incentive		With long-term incentive	
in € '000	Fixed payments	Remuneration in kind and others	Bonus 2010	Change in bonus provisions	LTIP	Total
Dr. Stefan Schulte	415.0	18.7	605.3	0.1	285.1	1,324.2
Herbert Mai	300.0	26.4	427.2	0.0	217.0	970.6
Peter Schmitz	300.0	28.4	427.2	0.0	217.0	972.6
Dr. Matthias Zieschang	320.0	32.6	470.0	0.0	217.0	1,039.6
Total	**1,335.0**	**106.1**	**1,929.7**	**0.1**	**936.1**	**4,307.0**

GRAPHIC 133

REMUNERATION OF THE EXECUTIVE BOARD 2009

	Fixed components		Performance-related components				
			Without long-term incentive				
in € '000	Fixed payments	Remuneration in kind and others	Bonus 2009	Change in bonus provisions	Total remuneration	Fair value of options issued for 2009	Total
Dr. Stefan Schulte Chairman since Sep. 1, 2009	336.7	36.4	478.1	0.9	852.1	145.4	997.5
Herbert Mai	236.7	29.0	336.1	0.6	602.4	128.3	730.7
Peter Schmitz since Sep. 1, 2009	83.3	7.0	93.7	0.0	184.0	59.9	243.9
Dr. Matthias Zieschang	275.0	37.0	309.4	0.0	621.4	128.3	749.7
Prof. Dr. Wilhelm Bender Chairman until Aug. 31, 2009	233.3	43.3	331.3	0.9	608.8	171.0	779.8
Total	**1,165.0**	**152.7**	**1,548.6**	**2.4**	**2,868.7**	**632.9**	**3,501.6**

GRAPHIC 134

LONG-TERM INCENTIVE ELEMENTS

	MSOP 2005 1st tranche (2005) Number	MSOP 2005 2nd tranche (2006) Number	MSOP 2005 3rd tranche (2007) Number	MSOP 2005 4th tranche (2008) Number	MSOP 2005 5th tranche (2009) Number	Total portfolio Number	Expense in 2010 € '000
Dr. Stefan Schulte Chairman since Sep. 1, 2009	15,000	15,000	17,000	17,000	17,000	81,000	169.3
Herbert Mai	15,000	15,000	15,000	15,000	15,000	75,000	149.3
Peter Schmitz since Sep. 1, 2009	0	0	0	0	7,000	7,000	20.6
Dr. Matthias Zieschang	0	0	15,000	15,000	15,000	45,000	149.3
Total	**30,000**	**30,000**	**47,000**	**47,000**	**54,000**	**208,000**	**488.5**

GRAPHIC 135

Executive Board remuneration 2010

The following remuneration was paid to the members of the Executive Board: — GRAPHIC 133

The LTIP was recognized at fair value as of January 1, 2010, the date on which it was established.

The bonus includes the payments on account for fiscal year 2010 and the addition to the bonus provision in 2010. Additional expenses resulting from the bonus provision in 2009 being too low are included in changes to provisions.

The Supervisory Board will decide on the final bonus for 2010 in fiscal year 2011.

The following remuneration was paid to the members of the Executive Board in 2009: — GRAPHIC 134

Long-term incentives granted to the Executive Board in previous years are allocated to the following Executive Board members: — GRAPHIC 135

The expense has been incurred for stock options charged to income according to IFRS 2. This relates to the 3rd, 4th and 5th tranches of the MSOP 2005 that are still held.

Pension obligations

There are also future pension obligations of € 26,703 thousand. Of this amount, € 20,632 thousand consists of pension obligations to former members of the Executive Board and their surviving dependants. Pension payments totaled € 1,511.6 thousand in 2010.

The pension obligations for the active board members are as follows:

PENSION OBLIGATIONS

in € '000	Obligations at Dec. 31, 2009	Change 2010	Obligations at Dec. 31, 2010
Dr. Stefan Schulte	1,673	553	2,226
Herbert Mai	1,763	173	1,936
Peter Schmitz	987	212	1,199
Dr. Matthias Zieschang	462	246	708
Total	**4,885**	**1,184**	**6,069**

— GRAPHIC 136

Transactions with Fraport AG stocks and options by members of the Executive Board and their spouses as well as first-degree relatives in the fiscal year 2010 were published according to Section 15a of the German Securities Trading Act (WpHG).

Other agreements

Each member of the Executive Board has entered into an obligation to purchase shares in Fraport AG amounting to at least half a year's fixed gross salary (cumulative cost at the time of purchase) and hold them for the duration of their contract of employment. Already existing portfolios containing Fraport AG shares are taken into account. The obligation to purchase and hold shares is reduced pro rata if the employment contract has a term of less than five years. If the Executive Board member is reappointed, the equivalent value of the shares they are obliged to hold is increased to at least a full year's gross salary.

The appointment of Mr. Mai as a member of the Executive Board was extended up to September 30, 2012.

Mr. Prof. Dr. Bender continues to provide Fraport AG with consultancy services after his retirement. The consultancy contract ending on August 31, 2011 has been extended by two years up to August 31, 2013.

For this and other tasks, Fraport AG is supplying Prof. Dr. Bender with offices, office equipment and supplies and an assistant up to August 31, 2013. Fraport AG does not pay Prof. Dr. Bender any remuneration for his services. Travel costs are reimbursed according to the applicable company guidelines up to August 31, 2011. There is no reimbursement of travel costs after said date.

His employment contract includes non-competition clause for two years after the end of employment. Compensation payable by Fraport AG according to Section 90a of the German Commercial Code (HGB) is € 175 thousand for 2010.

Mr. Prof. Dr. Bender also receives pension payments of € 238.2 thousand. In accordance with the terms and conditions of the employment contract, the above-mentioned compensation is credited against pension payments if this compensation plus other income exceeds 100 percent of the last fixed annual gross salary.

Mr. Prof. Dr. Bender has agreed that the post-employment non-competition clause, which applies for two years following the termination of employment, shall apply for an additional

two years up to August 31, 2013. He has waived compensation payments by Fraport AG for this period.

Other services

Executive Board members receive other benefits such as the private use of a company car and driver, the private use of their company mobile phone, a D & O insurance policy with a deductible in accordance with Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG), an accident insurance policy and the life-long right to use Fraport AG's VIP service and occupy a parking space at Frankfurt Airport. Fraport AG reimburses travel costs for Company trips and other business expenses in line with generally accepted regulations.

Remuneration of the Supervisory Board 2010

Remuneration for the Supervisory Board is governed by Section 12 of the Fraport AG Statutes. Every member of the Supervisory Board receives € 15,000 in remuneration for each full fiscal year. The Chairman and the Chairman of the Finance and Audit Committee receive twice that amount, the Vice Chairman and the chairmen of the remaining committees receive one and a half times that amount. For their membership in a committee, Supervisory Board members receive an additional, fixed remuneration of € 3,750 for each full fiscal year. This amount does not increase by being a member in a number of committees. In addition, every member receives € 400 for each meeting and the expenses they incur are refunded. Members of the Finance and Audit Committee, on the other hand, receive € 800 for every meeting they attend (see note 56).

All active members of the Supervisory Board received aggregate remuneration of € 519.2 thousand in 2010 (previous year: € 527.3 thousand).

Remuneration of the Economic Advisory Board 2010

Every member of the Economic Advisory Board receives remuneration of € 5,000 for every year of membership, with the Chairman receiving twice that amount. Travel expenses are reimbursed.

In the 2010 fiscal year, remuneration of the Economic Advisory Board amounted to € 78 thousand (previous year: € 108 thousand).

55_ Executive Board

Executive Board members and their membership in mandatory Supervisory Boards and comparable control bodies

CHAIRMAN OF THE EXECUTIVE BOARD

Dr. Stefan Schulte

Member of the Supervisory Board:
_ Deutsche Post AG

EXECUTIVE DIRECTOR LABOR RELATIONS

Herbert Mai

Chairman of the Supervisory Board:
_ Fraport Cargo Services GmbH (FCS)

Member of the Supervisory Board:
_ Gateway Gardens Projektentwicklungs GmbH

Member of the Shareholders Committee:
_ MIRUS Grundstücks-Verwaltungsgesellschaft KG

EXECUTIVE DIRECTOR OPERATIONS

Peter Schmitz

Chairman of the Supervisory Board:
_ ASG Airport Services GmbH, Frankfurt

Vice Chairman of the Supervisory Board:
_ Fraport Cargo Services GmbH (FCS)

Member of the shareholders' meeting:
_ ASG Airport Service GmbH, Frankfurt
_ Fraport Cargo Services GmbH (FCS)

EXECUTIVE DIRECTOR FINANCE AND CONTROLLING

Dr. Matthias Zieschang

Vice Chairman of the Supervisory Board:
_ Shanghai Frankfurt Airport Consulting Services Co. Ltd.

Member of the Supervisory Board:
_ Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi Anonim Sirketi
_ Flughafen Hannover-Langenhagen GmbH

Member of the shareholders' meeting:
_ Flughafen Hannover-Langenhagen GmbH

Member of the Administrative Board:
_ Frankfurter Sparkasse

56_ Supervisory Board

Supervisory Board members and their membership in mandatory Supervisory Boards and comparable control bodies

CHAIRMAN

Karlheinz Weimar
FORMER MINISTER OF FINANCE OF THE STATE OF HESSE
(Remuneration 2010: € 37,750
2009: € 37,750)

Chairman of the Supervisory Board:
_ Flughafen GmbH Kassel, Calden (until August 31, 2010)

Vice Chairman of the Administrative Board:
_ Landesbank Hessen-Thüringen Girozentrale

Member of the Economic and Infrastructure Bank committee:
_ Wirtschafts- und Infrastrukturbank Hessen

Member of the Supervisory Board:
_ FIZ Frankfurter Innovationszentrum Biotechnologie GmbH (until August 31, 2010)
_ Future Capital AG, Hessen Life Sciences Chemie (until August 31, 2010)
_ HA Hessen Agentur GmbH (until August 31, 2010)
_ Messe Frankfurt GmbH (until August 31, 2010)
_ DIAMOS AG (from December 15, 2010)

Advisory Board member with the duties of a Supervisory Board:
_ Höchster Porzellan-Manufaktur GmbH

VICE CHAIRMAN

Gerold Schaub
DEPUTY REGIONAL DIRECTOR TRAFFIC VER. DI HESSE
(Remuneration 2010: € 31,450
2009: € 32,650)

Vice Chairman of the Supervisory Board:
_ LSG Lufthansa Service Holding GmbH

Member of the Supervisory Board:
_ LSG Sky Chefs Deutschland GmbH

Ismail Aydin
VICE CHAIRMAN OF THE WORKS COUNCIL
(Remuneration 2010: € 22,350
2009: € 22,350)

Dr. Manfred Bischoff
CHAIRMAN OF THE SUPERVISORY BOARD OF DAIMLER AG
(Remuneration 2010: € 21,550
2009: € 21,550)

Chairman of the Supervisory Board:
_ Daimler AG
_ SMS GmbH
_ Voith GmbH (from March 5, 2010)

Member of the Board or Supervisory Board:
_ Royal KPN N.V.
_ Unicredit S.p.A.
_ Voith AG (until March 4, 2010)

Dr. Margarete Haase
MEMBER OF THE EXECUTIVE BOARD, DEUTZ AG
(from January 1, 2011)

Member of supervisory bodies of companies with similar requirements according to section 125 AktG:
_ DEUTZ (Dalian) Engine Co. Ltd.

Jörg-Uwe Hahn

MINISTER OF JUSTICE, FOR INTEGRATION AND EUROPE OF THE STATE OF HESSE
(Remuneration 2010: € 31,450
2009: € 31,450)

Vice Chairman of the Supervisory Board:
_ K. L. Schmidt Consulting & Projektbau AG

Member of the Supervisory Board:
_ TaunusFilm GmbH (until December 31, 2010)
_ HA Hessen Agentur GmbH
_ hr-Senderservice GmbH (from June 1, 2010)

Member of the Advisory Board:
_ ÖD-Beirat DBV-Winterthur

Erdal Kina

MEMBER OF THE WORKS COUNCIL
(Remuneration 2010: € 22,350
2009: € 22,350)

Lothar Klemm

FORMER HESSIAN GOVERNMENT MINISTER
(Remuneration 2010: € 28,350
2009: € 29,150)

Chairman of the Supervisory Board:
_ ZIV-Zentrum für integrierte Verkehrssysteme GmbH
_ REA Mobile AG
_ Dietz AG

Member of the Supervisory Board:
_ IQB Career Services AG

Stefan H. Lauer

MEMBERS OF THE EXECUTIVE BOARD OF DEUTSCHE LUFTHANSA AG
(from August 18, 2010)
(Remuneration 2010: € 7,050)

Chairman of the Supervisory Board:
_ Austrian Airlines AG
_ Lufthansa Flight Training GmbH

Member of the Supervisory Board:
_ LSG Lufthansa Service Holding AG
_ Lufthansa Cargo AG
_ Pensions-Sicherungs-Verein VVaG
_ ESMT European School of Management and Technology GmbH

Member of the Administrative Board:
_ Swiss International Air Lines AG
_ Landesbank Hessen-Thüringen Girozentrale

Member of the Board of Directors:
_ Aircraft Maintenance and Engineering Corp. (Vice Chairman)
_ British Midland Ltd. (Chairman)
_ SN Airholding SA / NV
_ Günes Ekspres Havacilik A.S. (Sun Express) (Vice Chairman)

Wolfgang Mayrhuber

CHAIRMAN OF THE EXECUTIVE BOARD
OF DEUTSCHE LUFTHANSA AG
(until June 30, 2010)
(Remuneration 2010: € 7,900
2009: € 16,200)

Chairman of the Supervisory Board:
_ Infineon Technologies AG (from February 17, 2011)

Member of the Supervisory Board:
_ BMW AG
_ Münchener Rückversicherungs-Gesellschaft AG
_ Lufthansa Technik AG
_ Austrian Airlines
_ UBS AG (from April 14, 2010)

Member of the Board of Directors:
_ SN Brussels

Member of the Supervisory Board:
_ HEICO Corporation

Klaus-Peter Müller

CHAIRMAN OF THE SUPERVISORY BOARD
OF COMMERZBANK AG
(until December 31, 2010)
(Remuneration 2010: € 16,600
2009: € 16,200)

Chairman of the Supervisory Board:
_ Commerzbank AG

Member of the Supervisory Board:
_ Fresenius SE & Co. KGaA
_ Fresenius Management SE (from May 12, 2010)
_ Linde AG

Member of the Administrative Board:
_ Assicurazioni Generali S.p.A. (until April 24, 2010)
_ Landwirtschaftliche Rentenbank

Member of the Board of Directors:
_ Parker Hannifin Corporation

Arno Prangenberg

AUDITOR, TAX CONSULTANT
(Remuneration 2010: € 26,350
2009: € 25,150)

Matthias von Randow

EXECUTIVE BOARD REPRESENTATIVE FOR
POLICY AND TRANSPORT RIGHTS AT AIR BERLIN
(until July 2, 2010)
(Remuneration 2010: € 12,575
2009: € 24,750)

Member of the Advisory Board:
_ Duisburger Hafen AG (from April 1, 2010)

Gabriele Rieken

MEMBER OF THE WORKS COUNCIL
(Remuneration 2010: € 24,350
2009: € 23,950)

Petra Rossbrey

FULLY AUTHORIZED REPRESENTATIVE, FINANCE AND
ADMINISTRATION OF GCS GESELLSCHAFT FÜR CLEANING
SERVICES MBH & CO. AIRPORT FRANKFURT/MAIN KG
(Remuneration 2010: € 26,350
2009: € 25,150)

Member of the Advisory Board:
_ Energy Air GmbH

Dr. h.c. Petra Roth

MAYOR OF THE CITY OF FRANKFURT AM MAIN
(Remuneration 2010: € 24,750
2009: € 23,950)

Chairperson of the Supervisory Board:
_ Frankfurter Aufbau AG (Group mandate)
_ Mainova AG (Group mandate)
_ ABG Frankfurt Holding Wohnungsbau- und Beteiligungsgesellschaft mbH (Group mandate)
_ Messe Frankfurt GmbH (Group mandate)
_ Stadtwerke Frankfurt am Main Holding GmbH (Group mandate)
_ Stadtwerke Verkehrsgesellschaft Frankfurt am Main GmbH (Group mandate)
_ Thüga Holding GmbH & Co. KGaA (Group mandate)

Member of voluntary corporate control bodies:
_ Alte Oper Frankfurt Konzert- und Kongresszentrum GmbH
_ Dom Römer GmbH
_ Gas-Union GmbH
_ House of Logistics & Mobility GmbH (HOLM) (from November 1, 2010)
_ Grontmij A & T GmbH
_ Rhein-Main-Verkehrsverbund GmbH
_ Rhein-Main-Verkehrsverbund Service GmbH
_ FIZ Frankfurter Innovationszentrum Biotechnologie GmbH
_ Städtische Bühnen Frankfurt am Main GmbH
_ The Forsythe Company gGmbH

Member of the Administrative Board:
_ Landesbank Hessen-Thüringen Girozentrale

Member of the Support Commission:
_ Sparkassenzweckverband Nassau

Member of the Executive Board:
_ Deutscher Sparkassen- und Giroverband

Member of the Advisory Board:
_ E.ON Ruhrgas AG
_ Deutsche Vermögensberatung AG

Member of the Television Board:
_ Zweites Deutsches Fernsehen

Prof. Klaus-Dieter Scheurle

SECRETARY OF STATE AT THE FEDERAL MINISTRY OF TRANSPORT, BUILDING AND URBAN DEVELOPMENT
(from August 30, 2010)
(Remuneration 2010: € 6,200)

Chairman of the Supervisory Board:
_ Deutsche Flugsicherung GmbH

Member of the Supervisory Board:
_ Deutsche Bahn AG
_ DB Mobility Logistics AG

Hans-Jürgen Schmidt

1. STATE VICE CHAIRMAN
KOMBA GEWERKSCHAFT HESSEN

CHAIRMAN
KOMBA GEWERKSCHAFT KREISVERBAND AIRPORT FRANKFURT / MAIN

MEMBER OF THE WORKS COUNCIL
(Remuneration 2010: € 25,550
2009: € 25,150)

Werner Schmidt

MEMBER OF THE WORKS COUNCIL
(Remuneration 2010: € 22,350
2009: € 23,150)

Chairman of the Executive Board:
_ Arbeitsgemeinschaft unabhängiger Flughafenbeschäftigter (AUF e.V.)

Vice Chairman of the Executive Board:
_ komba gewerkschaft, Kreisverband Flughafen Frankfurt/Main

Member of the Supervisory Board:
_ SMW Abwasser GmbH
_ FraSec GmbH (from April 1, 2010)

Member of the Association Council:
_ Riedwerke Kreis Groß-Gerau

Lutz Sikorski

COUNCILOR OF THE CITY OF FRANKFURT AM MAIN
(until January 5, 2011)
(Remuneration 2010: € 22,350
2009: € 25,950)

Chairman of the Supervisory Board:
_ traffiQ Lokale Nahverkehrsgesellschaft Frankfurt am Main mbH
_ RTW Planungsgesellschaft mbH
_ FES Frankfurter Entsorgungs- und Service GmbH

Member of the Supervisory Board:
_ Messe Frankfurt GmbH
_ ivm GmbH
_ Gateway Gardens Projektentwicklungs GmbH
_ Sportpark Stadion Frankfurt Gesellschaft für Projektentwicklungen mbH
_ FSV Frankfurt 1899 Fußball GmbH
_ FAAG (Frankfurter Aufbau AG)

Edgar Stejskal

CHAIRMAN OF THE GROUP WORKS COUNCIL
VICE CHAIRMAN OF THE WORKS COUNCIL
Remuneration 2010: € 28,750
2009: € 29,950)

Member of the Supervisory Board:
_ Airmail Center Frankfurt GmbH

Christian Strenger

Remuneration 2010: € 42,550
2009: € 39,025)

Chairman of the Supervisory Board:
_ The Germany Funds (USA)

Member of the Supervisory Board:
_ DWS Investment GmbH
_ Evonik Industries AG
_ TUI AG (from February 9, 2011)

Peter Wichtel

CHAIRMAN OF THE WORKS COUNCIL UNTIL MAY 9, 2010
MEMBER OF THE GERMAN BUNDESTAG
(Remuneration 2010: € 30,250
2009: € 31,450)

Member of the Executive Board:
_ Unfallkasse Hessen

Member of the Supervisory Board:
_ operational services GmbH & Co. KG

57_ Disclosure of shareholdings according to Section 313 (2) of the German Commercial Code (HGB)

SUBSIDIARIES

Name and registered office			Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
AirIT Services AG	Lautzenhausen	2010	100.00	1,479	275	
		2009	100.00	1,189	179	
Airport Assekuranz Vermittlungs-GmbH	Frankfurt am Main	2010	100.00	17,388	1,486	
		2009	100.00	871	726	
Airport Cater Service GmbH	Frankfurt am Main	2010	100.00	26	0	
		2009	100.00	26	0	
Air-Transport IT Services, Inc.	Orlando / USA	2010	100.00	4,349	1,655	
		2009	100.00	2,508	472	
Antalya Havalimani Uluslararasi Terminal Isletmeciligi Anonim Sirketi	Istanbul / Turkey	2010	100.00	53,366	–40	
		2009	100.00	51,290	1,632	
APS Airport Personal Service GmbH	Frankfurt am Main	2010	100.00	1,461	911	
		2009	100.00	1,168	618	
Energy Air GmbH	Frankfurt am Main	2010	100.00	2,132	2,012	
		2009	100.00	1,910	1,812	
Flughafen Frankfurt Main (Greece) Monoprosopi EPE	Athens / Greece	2010	100.00	83	–6	3
		2009	100.00	89	–6	3
FraCareServices GmbH	Frankfurt am Main	2010	51.00	1,288	114	
		2009	51.00	1,174	108	
Fraport Airport Operations India Private Ltd.	Bangalore / India	2010	100.00	2	0	3
		2009	100.00	2	0	3
Fraport Asia Ltd.	Hong Kong / China	2010	100.00	54,142	1,057	
		2009	100.00	49,927	–62	
Fraport Cargo Services GmbH	Frankfurt am Main	2010	100.00	19,875	4,952	
		2009	100.00	14,923	–1,071	
Fraport Ground Services Austria GmbH	Schwechat / Austria	2010	100.00	100	–284	
		2009	100.00	384	–1,219	
Fraport Immobilienservice und -entwicklungs GmbH & Co. KG	Flörsheim am Main	2010	100.00	12,727	5,792	1, 2
		2009	100.00	17,580	4,858	1, 2
Fraport Malta Business Services Ltd.	St. Julians / Malta	2010	100.00	66,565	988	
		2009	100.00	50,891	821	
Fraport Malta Ltd.	St. Julians / Malta	2010	100.00	68,703	1,426	
		2009	100.00	52,277	1,285	
Fraport Objekte 162 163 GmbH	Flörsheim am Main	2010	100.00	22	1	
		2009	100.00	21	2	
Fraport (Philippines) Services Inc.	Manila / Philippines	2010	99.99	–3,242	0	3
		2009	99.99	–2,842	0	3
Fraport Peru S. A. C.	Lima / Peru	2010	99.99	290	118	
		2009	99.99	156	143	
FPS Frankfurt Passenger Services GmbH	Frankfurt am Main	2010	51.0	233	138	
		2009	51.0	95	–252	
Fraport Objekt Mönchhof GmbH	Flörsheim am Main	2010	100.0	22	1	
		2009	100.0	21	2	
Fraport Real Estate Mönchhof GmbH & Co. KG	Flörsheim am Main	2010	100.0	6,002	3,186	1, 2
		2009	100.0	6,179	1,439	
Fraport Real Estate Verwaltungs GmbH	Flörsheim am Main	2010	100.0	22	3	
		2009	100,0	19	4	
Fraport Real Estate 162 163 GmbH & Co. KG	Flörsheim am Main	2010	100.0	4,423	952	1, 2
		2009	100.0	5,442	2,082	
Fraport Saudi Arabia for Airport Management and Development Services Company Ltd.	Riyadh / Saudi-Arabien	2010	100.0	10,297	6,026	
		2009	100.0	4,006	3,634	

SUBSIDIARIES

Name and registered office			Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
FraSec Fraport Security Services GmbH	Frankfurt am Main	**2010**	100.0	5,237	–2,909	
		2009	100.0	9,045	1,654	
Fraport Twin Star Management AD	Varna / Bulgaria	**2010**	60.0	30,865	8,344	
		2009	60.0	22,521	6,239	4
FSG Flughafen-Service GmbH	Frankfurt am Main	**2010**	33.33	154	79	
		2009	33.33	167	92	
GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG	Frankfurt am Main	**2010**	40.0	2,831	1,676	2
		2009	40.0	2,241	1,088	2
International Aviation Security (UK) Ltd.	London / Great Britain	**2010**	100.0	0	0	3
		2009	100.0	0	0	3
International Aviation Security, Lda.	Lisbon / Portugal	**2010**	100.0	0	0	3
		2009	100.0	0	0	3
Lima Airport Partners S. R. L.	Lima / Peru	**2010**	70.01	22,141	13,425	
		2009	70.01	38,847	7,347	4
Media Frankfurt GmbH	Frankfurt am Main	**2010**	51.0	2,800	2,289	
		2009	51.0	2,538	2,026	
VCS Verwaltungsgesellschaft für Cleaning Service mbH	Frankfurt am Main	**2010**	100.0	36	1	
		2009	100.0	35	1	

GRAPHIC 137

JOINT VENTURES

Name and registered office			Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
AirITSystems GmbH	Hanover	2010	50.0	3,176	977	
		2009	50.0	3,088	980	
Fraport IC Ictas Havalimani Isletme Anonim Sirketi	Antalya / Turkey	2010	50.0	23,244	–37	
		2009	50.0	23,280	–35	
Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi Anonim Sirketi	Antalya / Turkey	2010	50.0	–157,132	46,633	
		2009	50.0	–199,700	–74,257	4
Fraport IC Ictas Havalimani Yer Hizmetleri Anonim Sirketi	Antalya / Turkey	2010	50.0	385	29	3
		2009	50.0	338	–32	3
Gateway Gardens Projektentwicklungs-GmbH	Frankfurt am Main	2010	16.66	199	0	
		2009	16.66	199	–1	
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main	2010	33.33	4,000	1,242	
		2009	25.0	2,757	1,092	
IC Ictas Uluslararasi Insaat Sanayi ve Ticaret Anonim Sirketi	Ankara / Turkey	2010	50.0	6,806	–1	3
		2009	50.0	6,537	68	3
Medical Airport Service GmbH	Kelsterbach	2010	50.0	4,074	1,079	
		2009	50.0	3,628	1,277	
Multi Park II Mönchhof GmbH	Walldorf (Baden)	2010	50.0	116	1,543	
		2009	50.0	2,324	–97	
NICE Aircraft Services & Support GmbH	Frankfurt am Main	2010	52.0	17,524	6,220	
		2009	52.0	13,763	2,435	
Pantares Tradeport Asia Ltd.	Hong Kong / China	2010	50.0	3,674	146	
		2009	50.0	2,710	–739	
Shanghai Frankfurt Airport Consulting Services Co., Ltd.	Shanghai / China	2010	50.0	260	4	
		2009	50.0	229	3	
Terminal for Kids gGmbH	Frankfurt am Main	2010	50.0	725	133	
		2009	50.0	592	0	

GRAPHIC 138

ASSOCIATED COMPANIES

Name and registered office			Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
Airmail Center Frankfurt GmbH	Frankfurt am Main	2010	40.0	3,403	984	
		2009	40.0	2,419	–10	
ASG Airport Service Gesellschaft mbH	Frankfurt am Main	2010	49.0	1,105	1,021	
		2009	49.0	1,374	1,293	
Flughafen Hannover-Langenhagen GmbH	Hanover	2010	30.0	138,586	–5,430	
		2009	30.0	144,379	1,015	
Xi'an Xianyang International Airport Co., Ltd.	Xianyang City / China	2010	24.5	257,491	18,386	
		2009	24.5	218,080	16,031	
Thalita Trading Ltd.; Northern Capital Gateway LLC	Lakatamia / Cyprus; St. Petersburg / Russia	2010	35.5	45,903	8,259	
		2009	35.5	1,000	0	5
Tradeport Hong Kong Ltd.	Hong Kong / China	2010	18.75	–17,299	386	
		2009	18.75	–16,439	–1,761	

GRAPHIC 139

OTHER INVESTMENTS

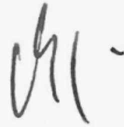
Name and registered office			Shareholdings in %	Equity (according to local policies) in € '000	Earnings (according to local policies) in € '000	
Afriport S.A.	Luxembourg / Luxembourg	2010	10.0	–	–	6
		2009	10.0	600	–67	
Compañía de Economia Mixta de Valor y Seguridad CIVAS EQUADOR	Quito / Ecuador	2010	35.0	–	–	3, 8
		2009	35.0	–	–	3
Delhi International Airport Private Ltd.	Neu Delhi / India	2010	10.0	423,774	3,283	9
		2009	10.0	374,776	–3,444	9
Flughafen-Partner Holding GmbH	Berlin	2010	28.6	–	–	3, 6
		2009	28.6	1,145	–6	3
Gateways for India Airports Private Ltd.	Bangalore / India	2010	13.51	2	0	3, 6
		2009	13.51	1	0	3
Ineuropa Handling Alicante, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	–575	–786	3, 6
Ineuropa Handling Ibiza, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	347	47	3, 6
Ineuropa Handling Madrid, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	–1,282	–2,604	3, 6
Ineuropa Handling Mallorca, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	871	270	3, 6
Ineuropa Handling Menorca, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	281	101	3, 6
Ineuropa Handling Teneriffa, U.T.E.	Madrid / Spain	2010	20.0	–	–	3, 6
		2007	20.0	1,642	–762	3, 6
operational services GmbH & Co. KG	Frankfurt am Main	2010	50.0	3,127	1,151	10
		2009	50.0	1,951	–2,628	10
Perishable-Center Frankfurt GbR	Frankfurt am Main	2010	0.0	–	–	6, 7
		2009	0.0	2,217	1,402	
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt	Frankfurt am Main	2010	10.0	–	–	6
		2009	10.0	251	–489	
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt GmbH & Co. Betriebs-KG	Frankfurt am Main	2010	4.0	–	–	6
		2009	4.0	227	–815	
Philippine Airport and Ground Services Terminals Holdings Inc. (PTH)	Pasay City / Philippines	2010	40.0	–	–	3, 6
		2005	40.0	–1,590	833	3, 6
Philippine Airport and Ground Services Terminals Inc. (PTI)	Manila / Philippines	2010	40.0	–	–	3, 6
		2005	40.0	–2,937	1,390	3, 6
Philippine Airport and Ground Services, Inc. (PAGS)	Manila / Philippinen	2010	40.0	–	–	3, 6
		2005	40.0	4,533	9	3, 6
Philippine International Air Terminals Co., Inc. (PIATCO)	Pasay City / Philippines	2010	30.0	–	–	3, 6
		2005	30.0	98,747	4,761	3, 6
THE SQUAIRE GmbH & Co. KG	Frankfurt am Main	2010	3.7	–	–	2, 6
		2005	3.7	–250,730	–156,799	2

[1] IFRS earnings before consolidation
[2] In the equity capital of shares in commercial partnerships, capital shares as well as shares in profit and loss of the limited partners are recognized (according to IAS 32 these are debt)
[3] Company inactive or in liquidation
[4] Previous year adjusted according to IFRIC 12
[5] In April 2010 start of operation, Pulkovo Airport in St. Petersburg
[6] Current financial statements not yet available
[7] Company without cash contributions
[8] Due to liquidation, there is no influence on financial and business policies
[9] Fiscal year of the company ends on March 31
[10] A control and profit transfer agreement is in place between the Company and the other shareholder; Fraport has no influence on financial and business policies

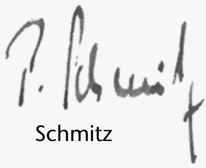
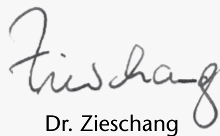
GRAPHIC 140

Frankfurt am Main, March 7, 2011
Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board



Dr. Schulte Mai

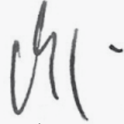
Schmitz Dr. Zieschang

RESPONSIBILITY STATEMENT

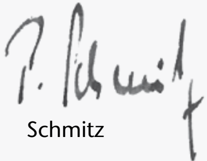
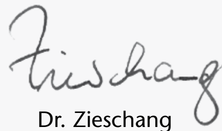
To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, March 7, 2011
Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board



Dr. Schulte | Mai

Schmitz | Dr. Zieschang

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Fraport AG Frankfurt Airport Services Worldwide, Frankfurt / Main, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the group notes, together with the group management report for the business year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW [Institut der Wirtschaftsprüfer "Institute of Public Auditors in Germany"]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 7, 2011
KPMG AG
Wirtschaftsprüfungsgesellschaft

Wagenseil
German Public Auditor

Kunz
German Public Auditor

SEVEN YEAR OVERVIEW [1]

€ million		2010	2009	2008	2007	2006	2005	2004
Revenue		**2,194.6**	**2,010.3**	**2,101.6**	**2,329.0**	**2,143.9**	**2,089.8**	**1,998.1**
Change in work-in-process		0.4	0.9	0.4	0.5	0.0	0.1	0.0
Other internal work capitalized		36.9	39.1	33.8	24.6	23.1	20.6	21.8
Other operating income		52.1	45.3	66.1	71.7	83.3	31.2	23.8
Total revenue		**2,284.0**	**2,095.6**	**2,201.9**	**2,425.8**	**2,250.3**	**2,141.7**	**2,043.7**
Cost of materials		–491.1	–471.6	–471.1	–461.4	–353.3	–333.6	–316.2
Personnel expenses		–880.4	–866.9	–925.6	–1,143.3	–1,076.9	–1,032.5	–974.5
Other operating expenses		–201.9	–187.4	–204.5	–240.6	–241.7	–233.1	–243.4
EBITDA		**710.6**	**569.7**	**600.7**	**580.5**	**578.4**	**542.5**	**509.6**
Depreciation and amortization		–279.7	–268.8	–241.5	–245.2	–248.0	–235.9	–235.1
EBIT / Operating profit		**430.9**	**300.9**	**359.2**	**335.3**	**330.4**	**306.6**	**274.5**
Interest result		–137.7	–99.7	–71.0	–25.3	–11.1	–13.1	–16.9
Result from associated companies		7.0	4.3	–15.1	2.5	5.6	8.2	1.8
Income from investments		0.0	0.1	0.1	5.3	6.8	6.3	13.7
Write-downs on financial assets		0.0	–7.2	–	–	–	–	–
Other financial result		–21.5	–3.9	24.2	0.9	23.3	–12.6	–8.4
Financial result		**–152.2**	**–106.4**	**–61.8**	**–16.6**	**24.6**	**–11.2**	**–9.8**
EBT / Result from ordinary operations		**278.7**	**194.5**	**297.4**	**318.7**	**355.0**	**295.4**	**264.7**
Taxes on income		–7.2	–42.5	–100.5	–90.5	–115.9	–127.0	–122.8
Group result		**271.5**	**152.0**	**196.9**	**228.2**	**239.1**	**168.4**	**141.9**
Profit attributable to minority interests		8.6	5.6	7.2	5.0	–0.4	0.3	1.2
Profit attributable to shareholders' of Fraport AG		**262.9**	**146.4**	**189.7**	**223.2**	**239.5**	**168.1**	**140.7**
Earnings per € 10 share in € (basic)		**2.86**	**1.60**	**2.07**	**2.44**	**2.63**	**1.85**	**1.56**
Earnings per € 10 share in € (diluted)		**2.85**	**1.59**	**2.05**	**2.42**	**2.59**	**1.82**	**1.53**
Key ratios								
EBITDA margin	%	32.4	28.3	28.6	24.9	27.0	26.0	25.5
EBIT margin	%	19.6	15.0	17.1	14.4	15.4	14.7	13.7
Return on revenue	%	12.7	9.7	14.2	13.7	16.6	14.1	13.2
Fraport assets	€ million	4,019.7	3,820.2	3,419.1	3,075.0	2,802.9	2,848.3	2,842.8
ROFRA	%	10.7	7.9	10.5	10.9	11.8	10.8	9.7
Closing price of Fraport Share in	€	47.16	36.28	30.91	53.87	54.02	44.90	31.39
Dividend per Share in	€	1.25 [2]	1.15	1.15	1.15	1.15	0.90	0.75
Average number of employees		19,792	19,970	23,079	30,437	28,246	25,781	24,182

Key figures		**Balance at Dec. 31, 2010**	**Balance at Dec. 31, 2009**	**Balance at Dec. 31, 2008**	**Balance at Dec. 31, 2007**	**Balance at Dec. 31, 2006**	**Balance at Dec. 31, 2005**	**Balance at Dec. 31, 2004**
Profit earmarked for distribution	€ million	115.6	106.2	105.6	105.3	105.2	82.1	68.0
Net financial debt	€ million	2,024.4	1,614.5	925.6	338.0	–49.8	–2.1	–16.0
Capital employed	€ million	4,626.9	4,043.5	3,328.0	2,734.5	2,196.0	2,075.1	1,956.7
Gearing ratio	%	77.8	66.5	38.5	14.1	–2.2	–0.1	–0.8
Debt-to-equity ratio	%	22.1	18.2	14.1	5.9	–1.1	–0.1	–0.4
Dynamic leverage ratio	%	356.7	378.5	187.9	67.6	–10.0	0.0	–3.0
Working capital	€ million	1,878.4	2,030.0	919.7	218.0	568.2	574.4	699.2

[1] Due to new accounting regulations or shifts in Group definitions previous years figures may differ
[2] Proposed dividend

GRAPHIC 141

SEVEN YEAR OVERVIEW [1]

€ million	Balance at Dec. 31, 2010	Balance at Dec. 31, 2009	Balance at Dec. 31, 2008	Balance at Dec. 31, 2007	Balance at Dec. 31, 2006	Balance at Dec. 31, 2005	Balance at Dec. 31, 2004
Goodwill	38.6	40.0	22.7	22.7	97.1	108.3	116.8
Other intagible assets	32.4	34.0	33.3	43.9	39.1	50.2	52.5
Investments in airport operating projects	1,073.4	1,098.4	597.6	570.3	3.2	–	–
Property, plant, and equipment	5,013.3	4,486.4	3,968.6	3,628.6	2,768.3	2,611.6	2,395.8
Investment property	34.0	34.7	9.0	10.1	66.9	37.4	0.0
Investments in associated companies	97.1	72.9	72.4	37.1	56.2	53.6	46.9
Other financial assets	394.6	474.7	205.4	252.2	302.1	209.5	52.6
Other receiveables and other assets	20.9	20.0	42.4	58.5	36.8	33.2	75.2
Income tax receiveables	29.6	23.6	26.6	33.5	32.2	–	–
Deferred tax assets	43.1	68.3	30.4	7.2	16.4	19.3	13.4
Non-current assets	**6,777.0**	**6,353.0**	**5,008.4**	**4,664.1**	**3,418.3**	**3,123.1**	**2,753.2**
Inventories	77.9	54.0	47.4	39.5	32.9	14.4	12.1
Trade accounts receiveable	178.3	158.4	154.9	154.6	185.5	190.0	168.6
Other receiveables and other assets	319.2	492.2	205.1	76.6	62.3	71.5	64.2
Income tax receivables	5.5	5.3	7.8	13.2	2.0	–	–
Cash and cash equivalents	1,812.6	1,802.3	1,154.8	651.3	632.5	574.2	666.4
Non-current assets held for sale	–	–	–	165.6	0.1	2.7	–
Current assets	**2,393.5**	**2,512.2**	**1,570.0**	**1,100.8**	**915.3**	**852.8**	**911.3**
Issued capital	918.4	917.7	916.1	914.6	913.7	910.7	905.1
Capital reserves	582.0	578.3	573.1	565.2	558.8	550.5	537.6
Revenue reserves	1,217.7	1,039.2	1,018.8	1,022.0	878.5	698.1	598.0
Issued capital and reserves attributable to equity holders of Fraport AG	2,718.1	2,535.2	2,508.0	2,501.8	2,351.0	2,159.3	2,040.7
Non-controlling interests presented within equity	21.2	22.6	60.2	33.0	22.1	15.4	10.8
Shareholders' equity	**2,739.3**	**2,557.8**	**2,568.2**	**2,534.8**	**2,373.1**	**2,174.7**	**2,051.5**
Financial liabilities	4,256.6	4,126.9	1,685.3	830.6	718.8	622.4	574.1
Trade accounts payable	60.0	114.7	192.9	365.6	–	–	–
Other liabilities	949.2	904.7	514.8	451.7	106.1	115.4	104.3
Deferred tax liabilities	105.5	143.9	123.5	108.3	139.7	119.7	134.2
Provisions for pensions and similar obligations	22.1	20.3	19.0	19.4	20.6	21.4	25.5
Provisions for income taxes	68.0	135.0	170.0	163.0	166.2	167.0	151.7
Other provisions and accruals	147.0	129.9	101.0	136.2	101.4	112.1	95.3
Non-current liabiliies	**5,608.4**	**5,575.4**	**2,806.5**	**2,074.8**	**1,252.8**	**1,158.0**	**1,085.1**
Financial liabilities	151.8	118.9	555.5	367.8	125.2	140.1	86.6
Trade accounts payable	274.6	219.8	393.8	441.5	229.0	173.3	100.4
Other liabilities	180.5	147.7	63.6	75.7	118.1	105.1	111.7
Provisions for income taxes	12.9	6.7	1.9	14.2	16.4	18.5	43.5
Other provisions and accruals	203.0	238.9	188.9	185.3	218.8	206.2	185.7
Liabilities in the context of assets held for sale	–	–	–	70.8	0.2	–	–
Current liabilities	**822.8**	**732.0**	**1,203.7**	**1,155.3**	**707.7**	**643.2**	**527.9**
Total assets	**9,170.5**	**8,865.2**	**6,578.4**	**5,764.9**	**4,333.6**	**3,975.9**	**3,664.5**
Change over previous year in %							
Non-current assets	6.7	26.8	7.4	36.4	9.5	13.4	–1.0
Shareholders' equity (less non-controlling interest and profit earmarked for distribution)	7.1	1.1	0.2	6.7	8.1	5.3	4.6
Share of total assets in %							
Non-current assets	73.9	71.7	76.1	80.9	78.9	78.6	75.1
Shareholders' equity ratio	28.4	27.4	36.5	41.6	51.8	52.2	53.8

[1] Due to new accounting regulations or shifts in Group definitions previous years figures may differ

GRAPHIC 141

GLOSSARY

Capital employed
Net financial debt + Shareholders' equity [1]

Debt-to-equity ratio
Net financial debt / Total assets

Dynamic leverage ratio
Net financial debt / Cash flow from operating activities

Dividend yield
Dividend per share / Year-end closing price of the share

EBIT
Abbreviation for: Earnings before interest and taxes

EBIT margin
EBIT / Revenue

EBITDA
Abbreviation for: Earnings before interest, taxes, depreciation and amortization

EBITDA margin
EBITDA / Revenue

EBT
Abbreviation for: Earnings before taxes

Fraport assets
Capital required for the Fraport Group's operations

Free cash flow
Cash flow from operating activities – Spending for intangible assets – Spending for property, plant, and equipment – Spending for airport operating projects – Spending for investment property

Gearing ratio
Net financial debt / Shareholders' equity [1]

Investment ratio
Capital expenditures / Revenue

Liquidity
Cash and cash equivalents (as of financial position) + Short-term realizable assets in "other financial assets" and "other receivables and other assets"

Market capitalization
Year-end closing price of the share X Number of shares outstanding

Net financial debt
Non-current financial debt + Current financial debt – Liquidity

P / E ratio (Price-to-earnings ratio of stock)
Year-end closing price of the share / Earnings per share (basic)

Return on revenue
EBT / Revenue

Return on shareholders' equity
Profit attributable to equity holders of Fraport AG / Shareholders' equity [1]

ROCE
Abbreviation for: Return on capital employed = EBIT / Capital employed

ROFRA
Abbreviation for: Return on Fraport assets = EBIT / Fraport assets

Shareholders' equity ratio
Shareholders' equity [1] / Total assets

Working capital
Current assets – Trade accounts payable – Other current liabilities

Yearly performance of the share
(Year-end closing price of the share + Dividend per share) / Previous year's closing price

[1] Shareholders' equity less non-controlling interests and profit earmarked for distribution

IMPRINT

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Concept and design
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Mainz

Photography
Michael Rast, St.Gallen
Martin Joppen, Frankfurt
Stefan Rebscher, Fraport AG
Erhard Hehl, Tiefenbronn

Printing
Universitätsdruckerei H. Schmidt GmbH & Co. KG
Mainz

Publication date
March 24, 2011

Editorial deadline
March 7, 2011

Disclaimer
In case of any uncertainties which arise due to errors in translation, the German version of the Annual Report is the binding one.

* 14 cents per minute within German landline network; mobile phone rates vary (maximum € 0.42 / min within Germany)

CALENDAR OF EVENTS 2011

Thursday, May 12, 2011
Report on the 1st quarter of 2011

Wednesday, June 1, 2011
Annual General Meeting

Thursday, August 4, 2011
Report on the 1st half of 2011

Thursday, November 10, 2011
Report on the 1st nine months of 2011

TRAFFIC CALENDAR 2011

TRAFFIC CALENDAR 2011	
Month	
March 2011 / 3M 2011	Tuesday, April 12, 2011
April 2011	Thursday, May 12, 2011
May 2011	Wednesday, June 15, 2011
June 2011 / 6M 2011	Tuesday, July 12, 2011
July 2011	Wednesday, August 10, 2011
August 2011	Monday, September 12, 2011
September 2011 / 9M 2011	Thursday, October 13, 2011
October 2011	Thursday, November 10, 2011
November 2011	Monday, December 12, 2011