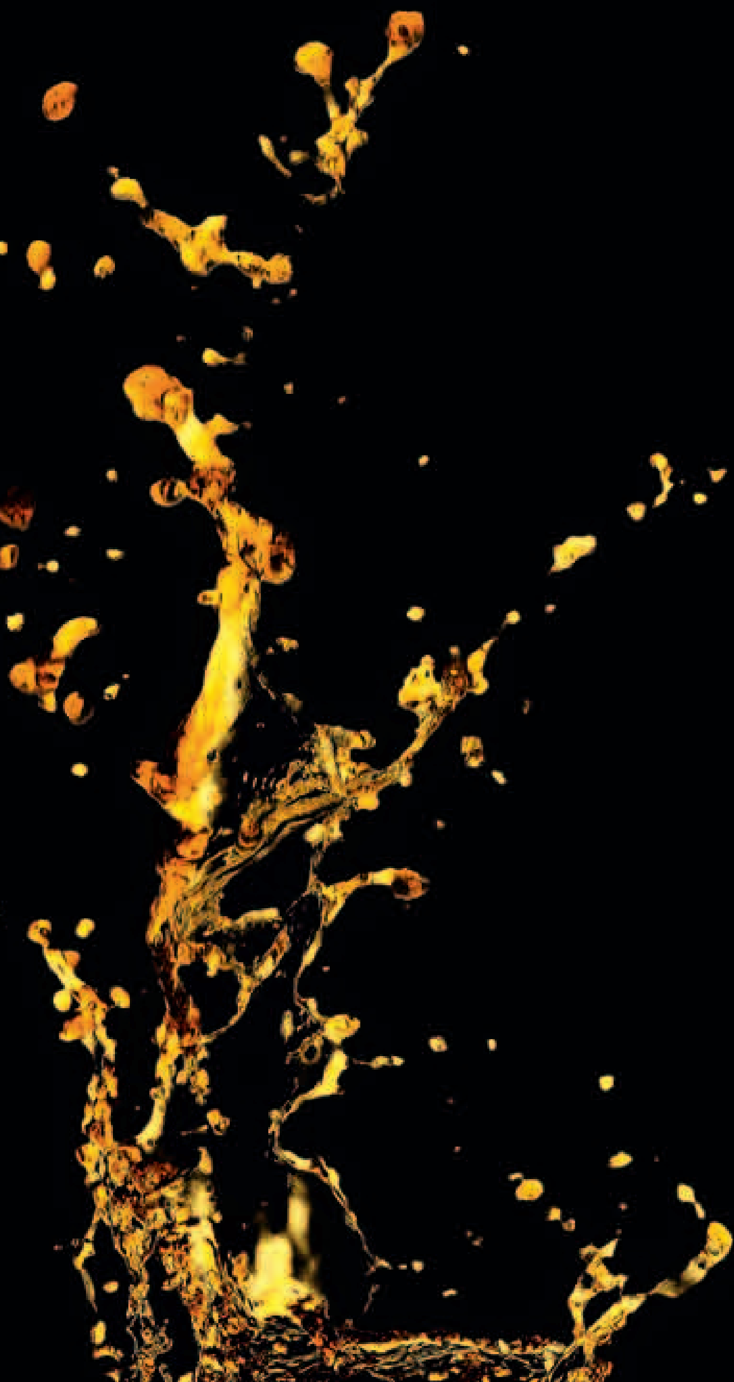
FOCUS CREATES VALUE

ANNUAL REPORT 2010

FUCHS PETROLUB AG



FUCHS PETROLUB is a global Group based in Germany, which produces and distributes lubricants and related specialties around the world. The Group, which was founded in 1931, with its headquarters in Mannheim, ranks number one among the world's independent lubricant providers.

The Group employs a workforce of almost 3,600 in 52 operating companies in Europe and overseas.

The most important regions for FUCHS in terms of sales revenues are Western Europe, Asia and North America.

We have been concentrating all of our activities and research efforts on the development of innovative lubricants for 80 years. This unique know-how and our dense sales network around the world enable us to cater to the most specific customer requirements for customized lubricants. This creates sustainable added value for our staff, customers, shareholders, and our company.

FUCHS AT A GLANCE

FUCHS PETROLUB GROUP

amounts in € million	2010	2009	Change in %
Sales revenues	**1,458.6**	**1,178.1**	**23.8**
of which international	1,106.8	911.0	21.5
in %	75.9	77.3	
Earnings before interest, tax, depreciation and amortization (EBITDA)	**273.4**	**202.6**	**34.8**
in % of sales revenues	18.7	17.2	
Earnings before interest and tax (EBIT)	**250.1**	**179.9**	**39.0**
in % of sales revenues	17.1	15.3	
Profit after tax	**171.6**	**121.4**	**41.4**
in % of sales revenues	11.8	10.3	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	**32.4**	**29.9**	**8.4**
in % of scheduled depreciation	161.9	149.4	
Shareholders' equity	**545.9**	**392.9**	**38.9**
in % of balance sheet total	61.0	52.7	
Balance sheet total	**894.2**	**745.7**	**19.9**
Number of employees on December 31	**3,584**	**3,488**	**2.8**
Earnings per share (in €)			
Ordinary share	7.18	5.07	41.6
Preference share	7.24	5.13	41.1
Proposed dividend / dividend (in €)			
per ordinary share	2.64	1.64	61.0
per preference share	2.70	1.70	58.8

GROUP STRUCTURE

The Group is headed by the central-management controlling company, FUCHS PETROLUB AG, which predominantly owns subsidiaries directly at 100%.

On December 31, 2010, the Group comprised 52 operating companies. The consolidated financial statements also include non-operating holding companies, management companies and real-estate companies, thus increasing the number of consolidated companies to 56. Of the 52 operating companies, five conducted their business activities in Germany and 47 abroad. The organizational and reporting structure is divided into the following regions:

See segment report
by region page 57

Europe, North and South America, Asia-Pacific, Africa.

SUBSIDIARIES AND PRODUCTION LOCATIONS

PRODUCTION LOCATIONS

GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2010	Group companies[1]	Production locations[2]
Germany	5	6
Other European countries	21	9
North America	3	7
South America	3	2
Africa	1	1
Asia-Pacific	19	9
Total	**52**	**34**

1 Operating companies

2 Excluding partner plants in Saudi Arabia and Switzerland

FINANCIAL REPORT

Glossary reference Page reference Internet link

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

The Group set new records for sales revenues and earnings in 2010. The 40% increase in profit after tax, as well as the consistently good cash flow, led the Executive Board and Supervisory Board to propose a 60% increase in dividend payment to you. This dividend proposal is an expression of our confidence in the positive development of FUCHS PETROLUB.

FUCHS PETROLUB is now back on track with its growth course. The significantly increased sales revenues recorded in 2010 of just under €1.5 billion were 24% above the previous year's crisis-affected level and almost 5% above the previous record figure of 2008. Earnings before interest and tax (EBIT) also enjoyed significant improvement to €250 million and were one quarter above the previous record figure of 2007. All regions contributed to this. It was possible to successfully develop new customer business, particularly in the US. The Asia region already represents around 30% of sales revenues and earnings in the Group.

After taking into account financing of the strong growth in sales revenues and also the acquisition of a food grade lubricants business made in the fourth quarter, free cash flow of €78 million is a very encouraging achievement. With an equity ratio of 61% and net liquidity of over €70 million, FUCHS PETROLUB is in a very solid financial position. In light of this, we plan to proceed with our sustainable and shareholder-friendly dividend policy.

FUCHS will celebrate its 80th company anniversary this year. The pleasing development of the Group has been shaped by the start-up phase, expansion which was largely achieved through acquisitions, subsequent consolidation and the current value-driven growth phase, making extensive use of the existing worldwide infrastructure. We are continuing to invest in our future to support organic growth. The ongoing investment strategy started in 2008 in research and development, the specialty business and growth markets has been given a significant boost. In Mannheim, staff have moved into the new sales center, and the new laboratory should be completed by the end of 2011. The new site of our globally active specialty division FUCHS LUBRITECH in Kaiserslautern has enabled us to swiftly assume production of the recently acquired food grade lubricants business. The new facility in India was opened at the end of 2010, and construction of new facilities is also planned in the growth markets of Brazil, China and Russia. Another 170 new jobs have been created with a focus on sales, distribution, technology and growth markets.

For 2011, we expect to see the economic environment remain positive and are planning increases in sales revenues in all three global regions. Hereby, we assume that the global economy will not be significantly affected by geopolitical tensions, the debt crisis in many countries, the increasing raw material costs and most recently by the natural and nuclear disaster unfolding in Japan. The good gross margin of 2010 displayed a downward trend over the course of the year. We will compensate

Stefan Fuchs,
Chairman of the
Executive Board

further increases in raw material costs through price increases that will take effect after a time lag. The growth campaign we introduced forms the basis of our future success and creates additional earnings potential, although it will also lead to increasing costs in 2011 compared to the previous year. Overall, we are striving to tie on the excellent earnings before interest and tax (EBIT) we enjoyed in 2010. In this vein, we will examine and consistently utilize the opportunities that arise from the consolidation of the lubricants industry.

I thank you, the shareholders of FUCHS PETROLUB AG, on behalf of my colleagues on the Executive Board for your trust in our company, its management and its global team. Our workforce showed great commitment in overcoming the crisis, working both with one another and for one another as a team. I would like to take this opportunity to thank all employees for their exceptional performance in 2010 and for their continuous support. FUCHS PETROLUB has its sights firmly set on profitable growth over the course of the next few years.

Mannheim, March 23, 2011

Yours

Stefan Fuchs
Chairman of the Executive Board

ORGANIZATION
CORPORATE BOARDS

See also information on the Corporate Boards page 152

SUPERVISORY BOARD

Prof. Dr. Jürgen Strube Mannheim	Chairman Former Chairman of the Supervisory Board of BASF SE
Dr. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Prof. Dr. Bernd Gottschalk Esslingen	Former President of the German Association of the Automotive Industry e.V.
Horst Münkel* Mannheim	Industrial chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Lars-Eric Reinert* Altenholz	Industrial metalworking technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Dr. Erhard Schipporeit Hanover	Former Member of the Executive Board of E.ON AG

COMMITTEES OF THE SUPERVISORY BOARD

Compensation Committee
Prof. Dr. Jürgen Strube (Chairman)
Dr. Manfred Fuchs (Deputy Chairman)
Prof. Dr. Bernd Gottschalk

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Dr. Manfred Fuchs
Prof. Dr. Bernd Gottschalk

Nomination Committee
Prof. Dr. Jürgen Strube (Chairman)
Dr. Manfred Fuchs (Deputy Chairman)
Prof. Dr. Bernd Gottschalk
Dr. Erhard Schipporeit

*Employee representative

EXECUTIVE BOARD

Stefan R. Fuchs Hirschberg	Chairman
Dr. Alexander Selent Limburgerhof	Deputy Chairman
Dr. Lutz Lindemann Kerzenheim	Member
Dr. Georg Lingg Mannheim	Member
Dr. Ralph Rheinboldt Heddesheim	Member

ADVISORY BOARD

Dr. Manfred Fuchs Mannheim	Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Jürgen Fitschen Frankfurt	Member of the Executive Board of Deutsche Bank AG
Dr. Uwe Schroeder-Wildberg Heidelberg	Chairman of the Executive Board of MLP AG
Roland Schuler Munich	Member of the Executive Board of BayWa AG
Dr. Eckart Sünner Ludwigshafen	Chief Compliance Officer of BASF SE

Board responsibilities, regions and divisions can be found on the following pages.

See pages 8 and 9

KLAUS HARTIG

Age 47, 14 years at FUCHS

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Region East Asia

DR. GEORG LINGG

Age 46, 15 years at FUCHS

MEMBER OF THE EXECUTIVE BOARD

- Region Asia-Pacific and Africa
- International Mining Business

DR. LUTZ LINDEMANN

Age 50, 12 years at FUCHS

MEMBER OF THE EXECUTIVE BOARD

- Technology
- Supply Chain Management
- Region South America
- International OEM Business

ALF UNTERSTELLER

Age 52, 16 years at FUCHS

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Region Turkey, Middle East, Central Asia, Indian Subcontinent, Africa

DR. ALEXANDER SELENT

Age 58, 12 years at FUCHS

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

- Finance, Controlling
- Legal, Taxes, Human Resources
- Investor Relations, Compliance
- IT, Internal Auditing

DR. RALPH RHEINBOLDT

Age 43, 12 years at FUCHS

MEMBER OF THE EXECUTIVE BOARD

- Region Europe

STEFAN R. FUCHS

Age 43, 14 years at FUCHS

CHAIRMAN OF THE EXECUTIVE BOARD

- Corporate Development
- Senior Management
- Region North America
- FUCHS LUBRITECH Group
- Coordination and Public Relations

REINER SCHMIDT

Age 52, 15 years at FUCHS

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Finance and Controlling

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

Although the consequences of the worldwide financial and economic crisis continued to have an effect, the FUCHS PETROLUB Group was able to complete the fiscal year 2010 very successfully and set new records. The Group is strategically well positioned and capable of further expanding its lubricant business in attractive business areas and important growth markets.

Reports and board meetings

In the financial year 2010, the Supervisory Board performed its monitoring and advisory duties with great care in accordance with the requirements of law, the company's articles of association, and the Corporate Governance Code. The Supervisory Board was involved in all decisions of fundamental importance to the company directly and early on. The members of the Supervisory Board received informative reports from the Executive Board in good time, allowing them to prepare for the meetings. The Supervisory Board analyzed the situation in detail and monitored, supported, and advised the Executive Board in performing its duties based on this reporting. Insofar as necessary pursuant to legal stipulations and the company's articles of association, the Supervisory Board submitted its vote on all reports and proposed resolutions of the Executive Board following provision of these documents by the Executive Board and thorough inspection.

Five scheduled meetings took place, in which the company's strategic and operating development, its business segments and numerous important individual measures were discussed.

Two of the meetings took place in the first half of the year (March 24 and May 5, 2010) and three in the second half of the year (July 26, October 29 and December 13, 2010). All members of the Supervisory Board took part in all meetings with the exception of the meeting on July 26 at which one member was excused from attending, although he ensured that his vote was cast on the resolutions. The members of the Executive Board took part in all meetings of the Supervisory Board.

Trusting cooperation with the Executive Board

The Supervisory Board continued its open and trusting cooperation with the Executive Board in the last financial year. Even outside scheduled meetings, the Supervisory Board and Executive Board remained in close contact to ensure a constant flow of information and exchange of opinions between the Supervisory Board and Executive Board. The Chairman of the Executive Board informed the Chairman of the Supervisory Board promptly of all important events of key significance for assessing situations and developments and for managing the company. The remaining members of the Supervisory Board were informed comprehensively of all key issues by the Chairman of the Supervisory Board in the subsequent meeting at the latest.

Focus of consulting in the Supervisory Board

The Supervisory Board was regularly, promptly, and comprehensively informed about the company's corporate policy, business developments, profitability, and risk situation, as well as all relevant questions regarding strategic enhancements. In light of the worldwide financial and economic crisis, particular emphasis was also given to these issues in the reporting year. Corporate planning,

Prof. Dr. Jürgen Strube,
Chairman of the
Supervisory Board

incorporating financial and personnel planning, as well as the acquisition and investment policy, budget monitoring and Group strategy were further important topics of discussion. All significant investment, acquisition and cooperation projects were discussed in detail.

The balance sheet meeting took place on March 24, 2010. The annual and consolidated financial statements of FUCHS PETROLUB AG, the Executive Board's proposal on the appropriation of profits and the report on the company's relationship with associated companies were primarily reviewed, discussed and approved in the presence of the auditor. In this meeting, the Supervisory Board also approved the agenda, including resolution proposals, for the Annual General Meeting of FUCHS PETROLUB AG to be held on May 5, 2010, and prepared the list of candidates for the election of new shareholder representatives based on the Nomination Committee's proposals.

In the meeting on May 5, 2010, directly prior to the Annual General Meeting, the Executive Board reported primarily on the current situation of the Group. The Supervisory Board also used this meeting to prepare for the subsequent Annual General Meeting. Directly after the Annual General Meeting and election of the shareholders' representatives, Prof. Dr. Jürgen Strube was confirmed as Chairman of the Supervisory Board in the constituent meeting of the Supervisory Board.

Beside the regular Group management report with information on the 2010 half-year report, the future strategy of the FUCHS PETROLUB Group was the main focus in the meeting on July 26, 2010. Discussing and reviewing the business model took up a large portion of this meeting. The Group's assets, financial and income development, and those of important subsidiaries, are always a main focus of discussion in meetings, as are reports from the respective world regions and segments.

With the meeting on October 29 in Shanghai in the People's Republic of China, the members of the Supervisory Board continued their tradition of periodically updating themselves directly on the premises concerning major business segments and investment projects important for the Group. The modern facility, which was opened here in 2008, is the main office for FUCHS activities in China and also forms the FUCHS Group's research and development center in Asia. In this meeting, the Supervisory Board primarily dealt with the strategic alignment of business in East Asia. In this context, particular emphasis was placed on China as the largest lubricant market in the world today. The Supervisory Board also approved the purchase of land in Yingkou in the Chinese province of Liaoning for the purpose of extending and reconstructing the FUCHS lubricant facility already in place.

The meeting on December 13, 2010 was devoted to the Group's management report and various key topics. The 2011 budget was discussed in detail in terms of income, the balance sheet, cash flow, and capital expenditure, while the risk management and the compliance report were also examined. In addition to this, the Supervisory Board decided on the candidates for election of two new shareholders' representatives based on the proposal of the Nomination Committee and addressed further preliminary considerations regarding the Annual General Meeting to be held on May 11, 2011. The Supervisory Board also addressed the 2010 Declaration of Compliance with the German Corporate Governance Code and the question of which concrete targets are to be laid down in the Corporate Governance Report for its own composition (diversity). The Supervisory Board then finally addressed the training opportunities for its members.

On the basis of comprehensive written and oral reports, the Supervisory Board was in a position to determine that the Executive Board had properly conducted the company's business and taken the required measures in good time.

The Supervisory Board also examined the efficiency of its own activities in 2010 and does not see any significant need for improvement here. The Supervisory Board deems its committee to have a sufficient number of independent members.

Corporate Governance Report and Declaration of Compliance

The Supervisory Board regularly addresses the application and further development of the Corporate Governance Code. In 2010, the Supervisory Board and Executive Board again intensively discussed the recommendations and proposals of the German **CORPORATE GOVERNANCE** Code, in particular the amendments made in 2010, and submitted the **DECLARATION OF COMPLIANCE** pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 13, 2010.

See glossary page 166

See page 16

The notes on the Declaration of Compliance can be found in the Corporate Governance Report submitted by the Executive Board and Supervisory Board. The text of the Declaration of Compliance was made available to shareholders on the same day on the company website.

At no time were the actions and decisions that the Supervisory Board undertook or reached within the scope of its monitoring duty in conflict with the interests of one or more members of the Supervisory Board. There were also no conflicts of interest among members of the Executive Board. Members of the Executive Board, of the Supervisory Board, and their families did not receive any loans from the company.

Work of the committees in the Supervisory Board
To be able to perform its duties efficiently, the Supervisory Board has formed three committees, whose task is to draft resolutions and prepare meetings and resolutions of Supervisory Board meetings. These committees are the Audit Committee, the Compensation Committee and the Nomination Committee.

The Audit Committee is made up of the members of the Supervisory Board Dr. Erhard Schipporeit, Dr. Manfred Fuchs, and Prof. Bernd Gottschalk. The Chairman is Dr. Erhard Schipporeit, who has also been appointed as "Financial Expert". The Audit Committee held four meetings during the reporting year, on March 19, April 29, July 26, and October 28, 2010. The CFO and heads of the Controlling and Accounting departments regularly attended the meetings. The Committee focused on the annual and consolidated financial statements, monitoring of the financial accounting process, the effectiveness of the internal control system, of the risk management system, and of the internal audit system, as well as the audit of the financial statements. The interim financial reports were always discussed in detail and approved prior to publication. The Audit Committee also defined the focuses of the audit for the reporting year and awarded the audit assignment to the auditor. In addition to this, the Committee received the audit report from the internal Group audit and approved the audit plan for 2011. The Committee also addressed current compliance topics.

The Compensation Committee is made up of the Chairman of the Supervisory Board Prof. Jürgen Strube as its Chairman, as well as Vice Chairman of the Supervisory Board Dr. Manfred Fuchs and Prof. Bernd Gottschalk. The Compensation Committee supports the Supervisory Board in reaching personnel decisions. It held three meetings in the reporting year, on March 23, September 20, and December 13, 2010. Questions pertaining to diversity and appropriate involvement of women in the company made up a large part of the discussion. Within the scope of foresighted corporate planning, considerations were also given to how the duties of the Executive Board can be secured in situations of crisis and emergency, and what preventive measures can be employed to reduce risks. In addition, the Committee discussed Group-wide personnel development matters and the further development of future managers in the FUCHS PETROLUB Group.

As its members are Prof. Jürgen Strube (Chairman), Dr. Manfred Fuchs, Prof. Bernd Gottschalk, and Dr. Erhard Schipporeit, the Nomination Committee is made up exclusively of members of the Supervisory Board elected by the Annual General Meeting. The Nomination Committee proposes suitable candidates to the Supervisory Board for its own nominations that are then submitted to the Annual General Meeting. The Committee convened on December 13, 2010 to nominate two members of the Supervisory Board, which are then to be proposed to the 2011 Annual General Meeting for election. Within the scope of this election of shareholders' representatives in the Supervisory Board, the Committee also strives to include younger members in the interests of continuity. Efforts were also made to ensure appropriate involvement of women, international experience and diversity. The Supervisory Board will therefore propose to the next Annual General Meeting that Dr. Jürgen Hambrecht, Chairman of the Executive Board at BASF SE (until May 6, 2011), and

Ines Kolmsee, CEO at SKW Stahl-Metallurgie Holding AG, be appointed to the Supervisory Board at FUCHS PETROLUB AG. Should they be elected, they will succeed the two members who leave the Board prematurely, Prof. Dr. Jürgen Strube and Prof. Dr. Bernd Gottschalk. Should he be successfully elected by the Annual General Meeting, the Supervisory Board intends to appoint Dr. Hambrecht as Chairman of the Supervisory Board.

Audit of annual and consolidated financial statements discussed in detail

The Audit Committee of the Supervisory Board awarded the audit assignment to KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim as per the resolution passed by the Annual General Meeting on May 5, 2010. The auditor's declaration of independence was submitted and explained.

See glossary page 166

The financial statements for the financial year 2010 prepared pursuant to the German Commercial Code (HGB), as well as the management report, the consolidated financial statements prepared pursuant to the **IFRS** international accounting standards and the Group management report of FUCHS PETROLUB AG were audited and granted an unqualified auditor's opinion by KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim. The focuses of the audit defined for the reporting period by the Audit Committee upon the appointment of the auditors were examined in more detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable risk monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for early identification of any developments which might endanger the continued existence of the company. The Supervisory Board conducted its own thorough examination of the annual and consolidated financial statements, the company and the Group management reports and the proposal on appropriation of profits. In this connection, the Declaration of Corporate Governance was also dealt with in detail and passed. The audit reports of KPMG were submitted to all members of the Supervisory Board in good time and were discussed comprehensively in the Audit Committee on March 17, 2011, as well as in the balance sheet meeting on March 23, 2011. The auditor who took part in both meetings reported on the main results of the audit and was available to answer any questions or provide extra information. The Supervisory Board took note of and approved the auditors' final report and expressed no objections. The Supervisory Board approved the financial statements submitted by the Executive Board. The annual financial statements of FUCHS PETROLUB AG are hereby confirmed. The Supervisory Board consents to the Executive Board's proposal on the appropriation of profits.

The Executive Board reported on its relationship to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and submitted this report to the Supervisory Board. The external auditors examined the report, submitted in writing the results of this examination and issued the following audit opinion:

"We have audited in accordance with our professional duties and confirm that
1. the actual statements made in the report are correct and
2. in connection with the legal transactions listed in the report, the payments or other contributions made by the company were not unreasonably high, or the disadvantages have been compensated."

The Supervisory Board took note of and approved the results of the audit performed by the independent auditors.

In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board.

Changes in the Supervisory Board and the Executive Board

The regular elections of the two employee representatives to the Supervisory Board at FUCHS PETROLUB AG took place in February 2010. Lars-Eric Reinert was confirmed in the position, while Horst Münkel was newly appointed to the Supervisory Board. He thereby succeeds Hans-Joachim Fenzke, the member of the Supervisory Board who passed away on November 23, 2009.

The Annual General Meeting held on May 5, 2010 confirmed all four shareholders' representatives of the Supervisory Board at FUCHS PETROLUB AG in their office.

There were no personnel changes to the Executive Board in the reporting year.

The FUCHS PETROLUB Group ended what was a challenging financial year in 2010 with an excellent result. All those involved have earned our acknowledgment. The Supervisory Board hereby expresses its thanks and appreciation to the members of the Executive Board, all those in the Group's Executive Committee, the members of the Works Council and all employees of the FUCHS PETROLUB Group for their dedication, as well as their constructive, loyal, and successful work in the past year.

Mannheim, March 23, 2011

The Supervisory Board

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

In the following chapter, the Executive Board reports – also on behalf of the Supervisory Board – on Corporate Governance at FUCHS PETROLUB AG in line with Section 3.10 of the German Corporate Governance Code. The chapter also contains the Declaration of Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB).

Corporate governance at FUCHS PETROLUB AG is predominantly based on the regulations of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The Corporate Governance Code contains important regulations on managing and monitoring listed companies and also formulates both nationally and internationally recognized standards for sound and responsible corporate governance.

FUCHS PETROLUB AG sees corporate governance as a central prerequisite for achieving its company targets and increasing company value. We believe that sound and responsible management and supervision geared towards sustainable added value in particular include

- close and trusting cooperation between Executive Board and Supervisory Board
- respect for shareholders' interests
- open corporate communication
- transparency in accounting
- responsible handling of risks as well as legal and internal company guidelines

We are convinced that effective and transparent corporate governance is a key factor in the success of FUCHS PETROLUB AG. Corporate governance therefore plays an important part in how we see ourselves and is a standard that covers all departments and divisions within the company. Investors, financial markets, business partners, employees and the general public put their trust in us. We are keen to confirm this trust long-term and also continuously further develop corporate governance in the Group.

The Executive Board and Supervisory Board at FUCHS PETROLUB AG once again examined and worked through the stipulations of the Corporate Governance Code on multiple occasions and in detail in the last financial year, paying particular attention to the new requirements from May 26, 2010. All new Corporate Governance Code recommendations added in 2010 were implemented promptly, i.e. integrated in internal company procedures and decision-making processes. This applies in particular to the increasingly important role of diversity and giving appropriate consideration to women when filling management positions in the company. On the basis of this, the Executive Board and Supervisory Board together submitted the updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 13, 2010 and made this available to shareholders on the company's website – together with the declarations of previous years. FUCHS PETROLUB AG complies with all recommendations of the German Corporate Governance Code with two exceptions.

See text of the declaration of compliance page 25

DECLARATION OF CORPORATE GOVERNANCE*

MANAGEMENT AND CONTROL STRUCTURE – WORKING PRACTICES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

As a German stock corporation (AG), FUCHS PETROLUB AG, with its registered office in Mannheim, is subject in particular to the regulations of the German Stock Corporation Act (AktG), on the basis of which the German Corporate Governance Code was also developed. A basic principle in German stock corporation law is the two-tier board system with the Executive Board and Supervisory Board bodies, each of which has independent responsibilities. Sound Corporate Governance requires continuous further development of this two-tier board system, with all divisions being included. This begins with independent and responsible corporate management by the Executive Board which is monitored and advised by the Supervisory Board.

CORPORATE MANAGEMENT BY THE EXECUTIVE BOARD

The Executive Board holds responsibility to act as the management body and is bound both to the company's interests and to sustainably increasing company value. The members of the Executive Board together hold responsibility for the entire company management. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Board resolutions. Rules of procedure specify in more detail the work of the Executive Board. The distribution of responsibilities to the individual members of the Executive Board is set out in the schedule of responsibilities. For key business processes – such as specifying annual planning or major acquisitions – the rules of procedures for the Executive Board include gaining approval of the Supervisory Board for its actions.

The Executive Board reaches decision on key issues regarding corporate policy and strategy, as well as annual and multi-year planning. The Executive Board ensures appropriate risk management and risk controlling in the company, working towards compliance with legal regulations, regulatory stipulations and internal company guidelines (compliance). It also pays attention to diversity and ensuring appropriate consideration is given to women when filling management positions at the company. 22% of management positions are held by women. There are currently no women on the Executive Board. FUCHS PETROLUB strives for systematic and targeted promotion of talented women and to consider them appropriately when filling Executive Board and management positions.

The Executive Board at FUCHS PETROLUB AG was made up of five members in 2010. The composition of the Executive Board and the allocation of duties within the Executive Board (organization of responsibilities, regions and segments) are shown in detail on pages 8 and 9 of this annual report.

See pages 8 and 9

* Part of the Group management report

MONITORING OF CORPORATE MANAGEMENT BY THE SUPERVISORY BOARD

The Supervisory Board appoints the members of the Executive Board, defines the responsibilities of the members of the Executive Board and both advises and monitors the Executive Board in its management of the company. It is included in strategy and planning, as well as in all questions of fundamental importance for the company. The Chairman of the Executive Board maintains regular contact with the Chairman of the Supervisory Board. The continuous dialog between the Executive Board and Supervisory Board, which is based on mutual trust, forms an important foundation for the company's success.

The Supervisory Board at FUCHS PETROLUB AG is made up of four shareholder members, who are elected by the Annual General Meeting, as well as two members who are elected by the employees. The terms of office are identical. As per the recommendations of the German Corporate Governance Code, the two shareholder representatives to be elected by the Annual General Meeting on May 11, 2011 will be elected individually.

The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote.

The Supervisory Board at FUCHS PETROLUB AG is composed in a way that ensures qualified monitoring and advising of the Executive Board by the Supervisory Board. Based on their knowledge, skills and specialist experience, the candidates to be proposed for election to the Supervisory Board should be capable of performing the duties required of a member of the Supervisory Board at an international Group such as FUCHS PETROLUB AG and preserve the reputation of the FUCHS PETROLUB Group in the public arena. In its composition, the Supervisory Board primarily focuses on qualifications and diversity, striving also for appropriate involvement of women. In its meeting on December 13, 2010, the Supervisory Board agreed on the following targets for its composition with a view to Section 5.4.1 of the Corporate Governance Code:

- The required knowledge, skills and specialist experience are to refer in particular to the managing of an international company
- Special economic knowledge and experience is to be considered
- Special knowledge and experience in the application of financial accounting principles and internal control procedures
- Technical expertise, in particular in the field of (special) chemicals is to be considered
- Appropriate involvement of women in the Supervisory Board and Executive Board for new appointments
- Independence of the members of the Supervisory Board
- Conflicts of interest are to be avoided
- The (standard) age limit of 70 years at the time of election is to be considered

The Supervisory Board at FUCHS PETROLUB AG already observed these targets for its future composition within the scope of candidate selection for the upcoming appointment of members in 2011. The Supervisory Board will propose election of the candidates Dr. Jürgen Hambrecht and Mrs. Ines Kolmsee to the 2011 Annual General Meeting to replace Prof. Dr. Jürgen Strube and Prof. Dr. Bernd Gottschalk, the two members of the Supervisory Board stepping down. With the proposal of these candidates, the Supervisory Board strives to include younger members in the interests of continuity. At the same time, the Supervisory Board complied with diversity requirements, as a 25% female ratio among shareholder representatives on the Supervisory Board has been achieved and the internationality criterion also fulfilled.

Dr. Manfred Fuchs, a former member of the Executive Board at FUCHS PETROLUB AG has been a member of the Supervisory Board since 2004. He is the only member of the Supervisory Board that holds an appreciable investment in the company and that has a personal relationship to the company and its Executive Board. According to the Supervisory Board's rules and procedures, shareholder representatives on the Supervisory Board must always be independent. Several members of the Supervisory Board hold or used to hold high-ranking positions at other companies with which FUCHS PETROLUB AG maintains business relations. However, any and all business conducted between FUCHS PETROLUB AG and these companies has always taken place on the same conditions as granted to other third parties. In our opinion, these transactions do not affect the independence of the members of the Supervisory Board in question.

The term of office of the Supervisory Board is five years. The next term of office starts with the end of the Regular Annual General Meeting 2015.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board at FUCHS PETROLUB AG has formed three professionally qualified committees, which prepare and also supplement its work. The duties, responsibilities and work processes are all aligned with the requirements of the Corporate Governance Code and also take into account the binding regulations of the German Stock Corporation Act (AktG).

The **Compensation Committee** prepares resolutions of the Supervisory Board for personnel matters concerning members of the Executive Board, such as the appointment of members of the Executive Board and drafting of Executive Board contracts. The Compensation Committee was made up of Prof. Dr. Jürgen Strube (Chairman of the Committee), Dr. Manfred Fuchs (Deputy Chairman of the Committee) and Prof. Dr. Bernd Gottschalk in the reporting year.

The **Audit Committee** has the task of monitoring both the accounting process and the quality and independence of the audit, issuing the audit engagement for the auditor, determining the focuses of the audit and agreeing the fee for the audit, as well as monitoring the effectiveness of the financial accounting-based Internal Control System (ICS), of the risk management system, of the internal audit department and of the compliance measures. It is also responsible for preparing meetings and resolutions of the Supervisory Board dealing with these issues and questions. The Audit Committee is made up of Dr. Erhard Schipporeit (Chairman of the Committee), Dr. Manfred Fuchs and Prof. Dr. Bernd Gottschalk. The Chairman of the Audit Committee is an independent financial expert, who has acquired special knowledge in the application of financial accounting principles and internal control procedures in the light of his professional experience.

The **Nomination Committee** is made up solely of shareholder representatives in line with the Corporate Governance Code. All four shareholder representatives sit on the Nomination Committee. They consult on and nominate potential candidates for seats on the Supervisory Board. Chairman of the Nomination Committee is Prof. Dr. Jürgen Strube. Dr. Manfred Fuchs is Deputy Chairman.

The Compensation Committee and Audit Committee meet several times a year, while the Nomination Committee only convenes for meetings when these are necessary based on its allocation of duties. The respective Chairmen of the Committees regularly report to the Supervisory Board on the work of the Committees.

See page 6 and report of the Supervisory Board page 10

Information on the composition of the Supervisory Board and its Committees is also provided on pages 6 of this annual report. The report by the Supervisory Board on page 10 onwards provides further details of the work performed by the Committee in the reporting year.

See page 26 and notes to the consolidated financial statements page 156

The main features of the company's compensation system for members of the Executive Bodies are described on pages 26 and 27 of this report. The compensation for members of the Executive Board and Supervisory Board in accordance with Section 314 (1), no. 6 of the German Commercial Code (HGB) is disclosed in the notes to the consolidated financial statements on page 156.

OWNERSHIP OF SHARES IN THE COMPANY BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS

As at December 31, 2010, Stefan Fuchs held directly and indirectly 1,156,475 ordinary shares. The other members of the Executive Board together held 1,046 ordinary shares and 1,412 preference shares as at December 31, 2010.

As at December 31, 2010, Dr. Manfred Fuchs held directly and indirectly 1,061,382 ordinary shares. The other members of the Supervisory Board together held 133 ordinary shares and 6,050 preference shares as at December 31, 2010.

Further information can be found at www.fuchs-oil.com/director_dealings.html

As per Section 15a of the German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board are legally obliged to declare any acquisition or sale of shares in FUCHS PETROLUB AG or any other related financial instruments if the value of these transactions conducted by the members or persons related to them reaches or exceeds the sum of €5,000 within one calendar year. The transactions reported to FUCHS PETROLUB AG in the reporting year were duly published and can be viewed on the company's website at www.fuchs-oil.com/director_dealings.html.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

FUCHS PETROLUB AG has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting reach decisions on all tasks assigned to them by law (for example appropriation of earnings, amendments to the Articles of Association, election of members of the Supervisory Board, approval of the Executive Board and the Supervisory Board, measures affecting the capital structure and selection of the auditor). Each ordinary share authorizes the holder to one vote. The Schutzgemeinschaft Familie Fuchs holds around 51.7% of the ordinary shares. While the preference shares only grant voting rights in the cases prescribed by law, they grant the holders a preference right on the distribution of unappropriated profit and entitle them to an additional dividend (preference).

The holders of ordinary and preference shares exercise their codetermination and control rights at the Annual General Meeting held at least once a year. In compliance with the statutory and legal conditions, every shareholder is entitled to participate in the Annual General Meeting. Shareholders who do not wish to or are unable to attend the Annual General Meeting in person can have their voting right exercised by a voting representative (proxy), such as a bank, a shareholders' association or a voting representative appointed by the company, by granting a power of attorney.

The Regular Annual General Meeting typically takes place in May. The reports, documents and information required by the law on Annual General Meetings, including the annual report, can be accessed on the Internet, where the agenda of the Annual General Meeting and any counter-motions or nominations of shareholders to be made public can also be found.

In accordance with the Articles of Association, the Chairman of the Supervisory Board chairs the Annual General Meeting. He determines the order in which proceedings are conducted as well as the type and form of voting. He is also authorized to limit the shareholders' rights to pose questions and to speak for a reasonable period of time.

CORPORATE GOVERNANCE GUIDELINES

The Articles of Association of FUCHS PETROLUB AG, all Declarations of Compliance, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further documentation on Corporate Governance, such as the Global Diversity Guideline, can be accessed on the Internet at www.fuchs-oil.com/corporate_govern1.html.

Further information can be found at www.fuchs-oil.com/corporate_govern1.html

COMPLIANCE

We understand compliance to mean observing rights, laws and the company's Articles of Association, adhering to internal rules and standards, as well as making voluntary personal commitments. As a lubricant group with global operations and activities in the most diverse of business segments, FUCHS PETROLUB faces continuous competition. We accept the challenge of this competition without any constraints. For us, fair competition is the foundation of integrity and progress. It opens up new possibilities and development opportunities for us in the market.

The main guideline for the actions of all employees is observing applicable law. The management and employees are called upon without exception to observe applicable laws, directives and social standards within the scope of their duties, regardless of whether these are international or local rules. Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.

The Corporate Governance and Compliance divisions report directly to the Executive Board. These include a Chief Compliance Officer and a Compliance Organization, which together further develop, guide and implement the Compliance Program, as well as supporting and advising employees all over the world. There is a Compliance Officer for each national unit, who is also available to local staff as a contact for individual questions.

Compliance in the sense of measures for compliance with applicable laws and observation of internal guidelines by the Group companies is a key management duty of the Executive Board. The Executive Board laid out its requirements in terms of honest and professional behavior in 2004 in the form of the FUCHS Code of Conduct, which is applicable throughout the Group. The FUCHS Code of Conduct represents a binding framework to ensure legal and social-ethical behavior. It is supplemented by information and training measures, the consistent processing and sanctioning of compliance infringements, a Compliance Hotline for reporting criminal or anti-cartel infringements against laws or guidelines, regular compliance reporting, as well as by the compliance-related inspection procedures of the internal audit department. For the Compliance Hotline, an external law firm is available, whose employees forward any information immediately to the Chief Compliance Officer.

With our Compliance Program, we have taken far-reaching measures to ensure compliance with anti-corruption and anti-cartel legislation, as well as the Group guidelines based on this. Cartel violations or violations against the regulations combating corruption are not tolerated in any form and lead to sanctions against the staff in question. All FUCHS employees are required to actively contribute to implementing the Compliance Program in their area of responsibility. The Compliance System at FUCHS PETROLUB AG is regularly reviewed and amended as necessary.

MODEL FOR RESPONSIBLE ACTIONS IN THE ECONOMY – COMMITMENT TO SUSTAINABLE, SUCCESS-DRIVEN AND VALUE-ORIENTED CORPORATE GOVERNANCE

FUCHS PETROLUB AG subscribes to an initiative of German economic leaders that presented a model for responsible actions in the economy in November 2010. As a subscriber to the model, the Executive Board is committed to a success-driven and value-oriented system of Corporate Governance in the sense of the social market economy. Based on the model, this includes fair competition, social partnership, the performance principle and sustainability. In addition to this, the model explicitly addresses critical points being discussed in the public arena, such as profits, morals, downsizing, manager remuneration and rule infringements. The key contents of the model are not new for FUCHS PETROLUB AG, but rather offer an explicit description of the approach we have already adopted, making this outwardly transparent. Tradition and responsibility are values that have been in place for decades at FUCHS PETROLUB AG in many different facets, for example in our low employee turnover rate, our policy of internal recruitment and continuity through the Fuchs family.

With special technologies and application-specific, emission-reducing and environmentally-friendly lubricant products, the FUCHS PETROLUB Group makes a contribution to the sparing use of resources and thereby to sustainability in economic and ecological areas. In this context, the position of Chief Sustainability Officer was created at FUCHS on January 1, 2011. The Chief Sustainability Officer's duties in particular include development of a comprehensive concept for sustainability management.

APPROPRIATE MONITORING AND RISK MANAGEMENT

Sound Corporate Governance also includes responsible handling of risks by the company. The Executive Board ensures appropriate risk management and risk controlling in the company. Systematic risk management within the scope of our value-driven corporate governance ensures that risks are detected and assessed early on and that any risk items are optimized in good time. The Supervisory Board is informed regularly by the Executive Board of existing risks, their development and any measures that have been taken in this regard. The Audit Committee, set up by the Supervisory Board, regularly monitors the financial accounting process and examines the effectiveness of the internal control system, risk management system and audit system, as well as monitoring the audit. The internal control system, the risk management system and the internal audit system are continuously further developed and brought in line with the ever changing framework conditions.

You can find details on risk management in the FUCHS PETROLUB Group in the risk report (separate chapter in the Group management report). This contains the report on the accounting-based internal monitoring and risk management system required pursuant to Section 289 (5) and Section 315 (2), no. 5 of the German Commercial Code (HGB).

See risk report
page 76

HIGH DEGREE OF TRANSPARENCY THROUGH COMPREHENSIVE INFORMATION

FUCHS PETROLUB AG places great emphasis on keeping capital market participants up-to-date on the economic situation in the Group and key events through regular, prompt, uniform and comprehensive information. This reporting takes the form of the annual report, the semi-annual financial report and quarterly reports. All publications are made available within the specified deadlines.
In addition to this, FUCHS PETROLUB AG also provides information through scheduled and, where

Further information can be found at www.fuchs-oil.com

necessary, ad-hoc press releases. All information can be viewed on the Internet (website: www.fuchs-oil.com). This website also offers a financial calendar that contains the planned dates and times of all important events and publications.

Where directors' dealings are to be reported, these are also published on the website.

FUCHS PETROLUB AG has created the mandatory insider directory in accordance with Section 15b of the German Securities Trading Act (WpHG) and informed the affected persons, for whom access to insider information is essential to be able to perform their duties at FUCHS PETROLUB AG, of their legal obligations and the sanctions faced by anyone failing to comply with the regulations.

The members of the Executive Board and Supervisory Board are committed to the interests of the company. In reaching their decisions, they must neither pursue any personal interests nor business opportunities available to the company for their own personal gain. Any conflicts of interest must be declared to the Supervisory Board immediately. If applicable, the Annual General Meeting is also to be informed of conflicts of interest that have occurred and how they are being handled. There were no such conflicts of interest in the reporting year.

ACCOUNTING AND AUDIT

The consolidated financial statements and interim financial reports of FUCHS PETROLUB AG are prepared in accordance with the International Financial Reporting Standards (IFRS) in the way in which they are to be applied in the European Union. The statutory annual financial statements of FUCHS PETROLUB AG, relevant for the distribution of dividends are prepared in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Executive Board, the annual and consolidated financial statements are audited by the auditor appointed at the Annual General Meeting (KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim) and the consolidated financial statements accepted and the annual financial statements approved by the Supervisory Board. The interim financial reports and semi-annual financial reports are discussed with the Audit Committee prior to publication.

An agreement is reached with the auditor that he will inform the Chairman of the Supervisory Board and the Chairman of the Audit Committee shall be advised immediately of any issues uncovered during the audit that might give rise to statements of exclusion or reservation in the auditors' report, unless these issues can be resolved forthwith. The auditor is also to immediately report on all findings or conclusions important for the duties of the Supervisory Board that become apparent when performing the audit. The auditor is also to inform the Supervisory Board or make a note in the auditors' report if he detects any facts while performing the audit that render any part of the Declaration of Compliance submitted by the Executive Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) inaccurate.

TEXT OF THE DECLARATION OF COMPLIANCE

Declaration of Compliance, in accordance with Section 161 of the German Stock Corporation Act (AktG)

FUCHS PETROLUB AG complies with the recommendations of the "German Corporate Governance Code government commission" in the version valid since July 2, 2010 (also in future) with the following exceptions:

Section 5.4.6

FUCHS PETROLUB AG reports the compensation of the members of the Supervisory Board in the notes to the consolidated financial statements (Corporate Governance Report) stated according to fixed and variable components. No specific details of compensation are given, as these can be gained from the details in the Corporate Governance Report.

Section 6.6

FUCHS PETROLUB AG publishes its notifiable share dealings and related company financial instruments in accordance with Section 15 of the German Securities Trading Act (WpHG) on the company's website. There is, therefore, no additional information in the Corporate Governance Report.

Mannheim, December 13, 2010

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

The current Declaration of Compliance, as well as all previous Declarations of Compliance, can be accessed at any time on the Internet at www.fuchs-oil.com/declarationcompliance.html.

Further information can be found at www.fuchs-oil.com/declarationcompliance.html

Mannheim, March 23, 2011

FUCHS PETROLUB AG

The Executive Board

MAIN FEATURES OF FUCHS PETROLUB AG'S COMPENSATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BODIES*

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

In implementing the Appropriateness of Management Remuneration Act (VorstAG) from July 31, 2009, Executive Board compensation is based on the following criteria:

- the duties of the individual board member
- their personal performance
- the economic situation of the company
- the success and future perspectives of the company
- the reasonableness of the compensation, taking into account comparable external data
- the compensation structure applied at the company.

The performance-related compensation component is based on the principle of sustainability. As an indicator of sustainable company development, the FVA is based both on annual profit and capital employed, which itself is based on long-term decisions (capital expenditure, research and development, etc.). Sustainable economic success as a parameter for compensation has been and remains at the heart of the management philosophy in place at FUCHS.

To better incorporate the need for a more comprehensive assessment basis which extends over several years when assessing the variable compensation component, the FVA has been extended to include a performance factor. The long-term performance of the Executive Board is determined on the basis of achievement of medium and long-term targets. These targets are aligned to the strategic guidelines at FUCHS and are agreed for the entire Executive Board.

The members of the Executive Board also receive additional benefits in the form of remuneration in kind. These benefits essentially consist of private use of company cars and payment of insurance premiums. These are available to all members of the Executive Board in the same way.

The pension of Executive Board members is based on a percentage of the average fixed salary received by said members over the last three years prior to termination of their employment contract. This percentage increases successively with the duration of service of the Executive Board member. Pensions are paid to former members of the Executive Board who have reached the pension age.

* Part of the Group management report

The existing compensation system has been in force since January 1, 2010. In the interests of ensuring acceptance, the Executive Board and Supervisory Board sought the consent of the shareholders for the new Executive Board compensation system at the Annual General Meeting on May 5, 2010. This consultative AGM resolution was met with 94.87% approval.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board is specified in the FUCHS PETROLUB AG Articles of Association. These state that each member of the Supervisory Board shall receive fixed compensation of €15,000 for the last year, in addition to expenses, and a variable compensation linked to the success of the company of €100 for every €0.01 by which the disclosed average earnings per share exceeds €1.12. The variable compensation may not exceed double the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Furthermore, each member of the Supervisory Board shall receive a attendance allowance of €600 per Supervisory Board meeting. Each member of the committees formed by the Supervisory Board shall also receive a attendance allowance of €600 per committee meeting, insofar as each such committee meeting does not take place on the same day as a meeting of the Supervisory Board. Members of the Supervisory Board that are on the Audit Committee receive an additional fixed compensation of €10,000. The Committee Chairman receives double these compensations, the Deputy Chairman one and a half times.

New legislative stipulations in the last few years have led to the scope of duties that must be performed by Supervisory Board members being significantly expanded. The compensation of the members of the Supervisory Board is therefore to be adjusted accordingly and approved by the 2011 Annual General Meeting.

INFORMATION REQUIRED UNDER TAKEOVER LAW PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)*

Section 315 (4) of the German Commercial Code (HGB) stipulates additional disclosures in the Group management report regarding specific features of the capital and shareholder structure as well as specific agreements that might be significant in a takeover situation.

COMPOSITION OF THE SHARE CAPITAL

As at December 31, 2010, the company's subscribed capital was €70,980,000. The share capital is divided into 11,830,000 bearer ordinary shares with no par value and 11,830,000 bearer preference shares with no par value. As such, the percentage of share capital in the company is 50% per share class. Each share is assigned a nominal value of €3 on the balance sheet date. The ordinary shares grant the rights provided for by the German Stock Corporation Act (AktG). The preference shares grant the same rights, with the exception of the voting right. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act (AktG).

In accordance with the company's Articles of Association, the unappropriated profit is used in the following order:

a. for payment of any remaining profit shares on the non-voting shares from the previous years
b. for payment of a preference profit share of €0.14 per preference share of no par value
c. for payment of an initial profit share of €0.08 per ordinary share of no par value
d. for equal payment of further profit shares on the ordinary shares and the non-voting shares, unless the Annual General Meeting decides on another use.

LIMITATIONS THAT AFFECT VOTING RIGHTS OR THE TRANSFER OF SHARES

Together with members of the Fuchs family, RUDOLF FUCHS GMBH & CO KG, Mannheim forms the Schutzgemeinschaft Fuchs. Within the Schutzgemeinschaft Fuchs there are limitations with regard to the exercising of voting rights and the transfer of shares. The voting rights of all members in the Schutzgemeinschaft Fuchs are exercised uniformly by the management of the Schutzgemeinschaft. In the case of paid and free of charge transfer of shares from members of the Fuchs family or RUDOLF FUCHS GMBH & CO KG to third parties, the shares must first be offered internally within the Schutzgemeinschaft.

In addition to this, RUDOLF FUCHS GMBH & CO KG and several members of the Schutzgemeinschaft Fuchs also concluded a voting trust and escrow agreement. Based on this, shares may only be transferred to signatories of this voting trust and escrow agreement.

* Part of the Group management report

INVESTMENTS IN THE CAPITAL THAT EXCEED 10 % OF VOTING RIGHTS

The following direct or indirect investments in the company's capital exceed 10% of the voting rights.

The Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG holds 47.16% of the voting rights. The individuals who are members of the Fuchs family hold a further 4.58%. The Schutzgemeinschaft FUCHS therefore holds 51.74% of the voting shares in total.

SHARES WITH SPECIAL RIGHTS WHICH CONFER SUPERVISORY POWERS

There are no shares with special rights which confer supervisory powers.

TYPE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES PARTICIPATE IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

As is the case with other shareholders, those employees that participate in the company's capital can exercise their control rights directly pursuant to the legal requirements and terms of the company's Articles of Association.

LEGAL REQUIREMENTS AND TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION REGARDING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION

The company's Articles of Association in their current form concur with the legal requirements pursuant to Section 84, 179 of the German Stock Corporation Act (AktG) with regard to the appointment and dismissal of board members and amendments to the Articles of Association.

AUTHORITY OF THE EXECUTIVE BOARD TO ISSUE AND BUY BACK SHARES

The company's Articles of Association contain an authorized capital. The Executive Board is authorized, with the Supervisory Board's consent, to increase the share capital of the company by up to €35,490,000 in one or several tranches by May 5, 2014 by issuing up to 11,830,000 new, no-par-value bearer shares in exchange for cash or non-cash contributions. Ordinary and/or preference shares with no voting right can be issued.

SIGNIFICANT COMPANY AGREEMENTS THAT ARE IN PLACE IN THE EVENT OF A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company has reached an agreement with one bank that enables the immediate termination or repayment of lines of credit or loans granted should there be a change in control due to a takeover bid.

COMPANY AGREEMENTS FOR COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

At FUCHS, there are no agreements for compensation of the members of the Executive Board or employees in the event of a takeover bid.

35%

faster engine starts are achieved especially when the climatic conditions are unfavorable. This offers sustainable support for the efficiency of start-stop systems in hybrid vehicles and other modern passenger cars. All thanks to XTL technology.

"WE HAVE MADE A MAJOR BREAKTHROUGH WITH THE NEW XTL ENGINE OILS. USER BENEFITS INCLUDE: FASTER STARTS, REDUCED CONSUMPTION AND SIGNIFICANTLY HIGHER PERFORMANCE. AN INNOVATION FROM FUCHS."

MATTHIAS SPETHMANN | **Head of Global Product Management / Automotive Lubricants | FUCHS EUROPE SCHMIERSTOFFE / FUCHS PETROLUB | Mannheim, Germany**

FUCHS SHARES

After an inconsistent price trend in the first half of 2010, the stock exchanges reacted to the ever improving economic data at the start of the second half of the year with price gains. In this environment, FUCHS shares enjoyed significant increases, in particular in the fourth quarter – reaching their highest levels by the end of the year.

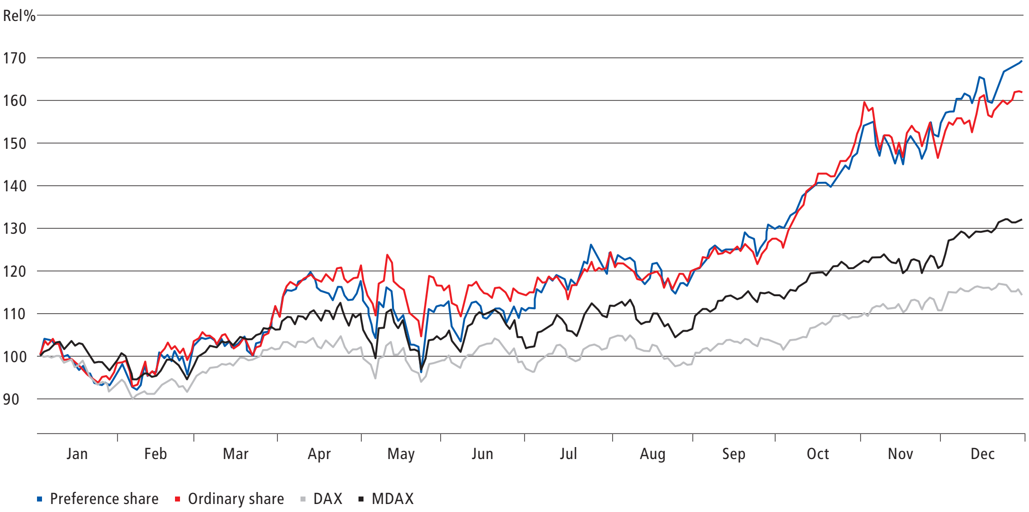
ABOVE-AVERAGE PRICE GAINS OF FUCHS SHARES IN THE SECOND HALF OF THE YEAR

See glossary page 166

At the end of the year, the FUCHS ordinary share closed at €98.70 in XETRA trading on December 30, 2010 and was therefore 62.7 % above the 2009 year end price (€60.65). At a price of €110.90 at the end of 2010, the preference share enjoyed a 71.1 % increase (64.80). The DAX and **MDAX** increased by 16.1 % and 34.9 % respectively in the same time period.

The market capitalization of FUCHS shares was €2.5 billion (1.5) as at December 31, 2010.

PRICE TREND OF ORDINARY AND PREFERENCE SHARES IN COMPARISON WITH DAX AND MDAX (JANUARY 1, 2010 – DECEMBER 31, 2010)



RETURN OF HIGHER TRADING VOLUMES FOLLOWING THE FINANCIAL AND ECONOMIC CRISIS

After dropping sharply in the previous year as a result of the worldwide financial and economic crisis, the trading volumes of the FUCHS shares increased again in 2010. The traded volume rose by 52.7% from €705.2 million in 2009 to €1,076.7 million in 2010. The average daily turnover of the ordinary share increased from €676,000 to €875,000, while the preference share enjoyed an increase in daily turnover from €2,101,000 to €3,331,000, again reaching its 2008 level.

FUCHS PREFERENCE SHARES IN MDAX SINCE 2008

FUCHS shares are listed for official trading on the Frankfurt and Stuttgart Stock Exchanges in Germany. They are also included in the XETRA electronic trading system.

At the end of 2010, two FUCHS PETROLUB AG shares were in circulation:

Share category	Security ID No.	Stock Exchange
Ordinary share	579040	Frankfurt am Main, Stuttgart
Preference share	579043	Frankfurt am Main, Stuttgart

The preference shares and ordinary shares of FUCHS PETROLUB AG have been listed in the Prime Standard of the German stock market since January 1, 2003. The preference shares, 100% of which are freely floated, have been a member of the second largest German share index, the MDAX, since June 2008. The MDAX lists 50 medium-sized German companies, predominantly from traditional sectors. In the ranking list, the FUCHS preference share consistently improved its position since its inclusion in the MDAX, both in terms of market capitalization and trading volume – the two most important index criteria.

VOTING RIGHTS ANNOUNCEMENT FROM THE US

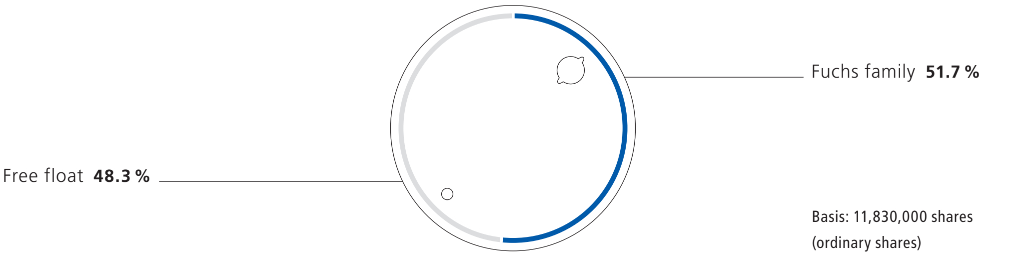
On October 20, 2010, SMALLCAP World Fund, Inc., Los Angeles, USA, informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its ownership of voting rights in FUCHS PETROLUB AG had exceeded the threshold of 3% of voting rights on October 14, 2010, with the company holding 3.01% (356,218 voting rights) on this date.

SHAREHOLDER STRUCTURE

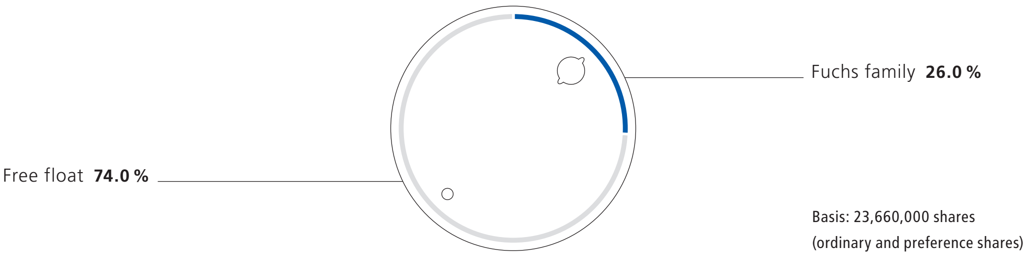
On December 31, 2010, the proportion of ordinary voting shares held by the Schutzgemeinschaft Familie Fuchs was 51.7 %. In relation to the total capital stock (ordinary and preference shares), the free float is nearly 75 %. It is spread almost evenly among institutional and private investors. An appreciable portion of the total capital stock is held abroad.

BREAKDOWN OF SHAREHOLDERS AS AT DECEMBER 31, 2010

ORDINARY SHARES



TOTAL CAPITAL STOCK



RESEARCH INTEREST IN FUCHS PETROLUB CONTINUES TO GROW

The attractiveness of FUCHS shares increased significantly over the course of the year. This was reflected in the continued increase in interest on the part of investors and the resultant rise in research activities of 20 analysts: Bankhaus Lampe, Berenberg Bank, Commerzbank, Cheuvreux Crédit Agricole, Deutsche Bank, DZ-Bank, equinet Bank, Goldman Sachs, HSBC Trinkaus & Burkhardt, Independent Research, Kepler Capital Markets, LBBW, Merck Finck & Co., Metzler Equity Research, Macquarie Securities Europe, Silvia Quandt Research, Steubing AG, UniCredit Research, Warburg Research, and WestLB.

INTENSIVE COMMUNICATION WITH INTERNATIONAL FINANCIAL AUDIENCE

We catered to the growing desire for information on the part of institutional investors by participating in seven investor conferences in Germany, as well as holding eleven roadshows in Europe and the US. Some 150 face-to-face talks were held with institutional investors and fund managers, both in Germany and overseas. Financial analysts were able to learn about the latest company developments on the respective publication dates in analysts' conferences and telephone conferences. In addition to this, the company's management team was available to institutional investors and analysts in many personal discussions.

Within the scope of a special conference event, held for the eleventh time in succession, analysts including FUCHS in their research portfolio were given the opportunity to inform themselves on the use of FUCHS special lubricants at a major crane manufacturer.

The business and financial press were kept continuously up-to-date through press conferences, telephone conferences, and press releases. Beside this, the press showed great interest in interviewing the company management.

The key forums for communication with private investors include our Annual General Meeting in Mannheim with over 1,600 shareholders and the information event traditionally held in Zurich the very next day with over 100 participants. The fifth Mannheim Capital Market Forum, an event held every two years at which the listed companies in Mannheim – including FUCHS PETROLUB – and one company from the Rhein-Neckar metropolitan region present themselves, was attended by 400 interested private investors.

We received almost 7,000 orders from investors, fund managers and investment banks from home and abroad for printed copies of our 2009 annual report and quarterly reports from the financial year 2010.

Further information can be found at www.fuchs-oil.com/investor_relations0.html

With 450,000 hits on FUCHS' website in 2010, the Internet ultimately plays a key role within the scope of overall communication.

SUCCESSFUL INVESTOR RELATIONS

We won a gold medal for our 2009 annual report in the "LACP Vision Award 2010" annual report competition held in the US. The Vision Awards of the LACP (League of American Communications Professionals) form the world's largest competition for annual reports. Indeed, more than 4,000 annual reports from 25 countries submitted applications.

The quality, reliability and transparency of the online ordering process for printed annual reports from DAX, MDAX, and TecDAX companies were assessed by Netfederation GmbH in Cologne. In the MDAX segment, we came in fifth and were the best company in the Rhein-Neckar metropolitan region.

See Group management report page 50

EARNINGS PER SHARE

Of the profit after tax of €171.6 million (121.4), some €0.9 million (0.6) is attributable to minority interests. Net profit after minority interests comes to €170.7 million (120.8). Earnings per ordinary share were €7.18 (5.07), while earnings per preference share were €7.24 (5.13). This represents an increase of around 41%.

See proposal on the appropriation of profits page 165

PROPOSAL TO INCREASE DIVIDENDS

A proposal will be submitted at the Annual General Meeting on May 11, 2011 to increase the dividend by €1.00 per share over the previous year to €2.64 (1.64) per ordinary share and to €2.70 (1.70) per preference share. An increase in the total dividend payout to €63.2 million (39.5) would result in an increase of the dividends of 61.0% per ordinary share and 58.8% per preference share.

KEY FIGURES FOR FUCHS PETROLUB SHARES

	2010		2009	
	ORDINARY	PREFERENCE	ORDINARY	PREFERENCE
Number of no-par-value shares at €3	11,830,000	11,830,000	11,830,000	11,830,000
Average number of shares	11,830,000	11,830,000	11,841,135	11,840,677
Dividends (in €)	2.64[1]	2.70[1]	1.64	1.70
Dividend yield (in %)[2]	3.6	3.4	3.9	4.0
Earnings per share (in €)[3]	7.18	7.24	5.07	5.13
Gross cash flow per share (in €)[4]	7.33	7.33	5.91	5.91
Book value per share (in €)[5]	23.00	23.00	16.52	16.52
Closing price (in €) XETRA	98.70	110.90	60.65	64.80
Highest price (in €) XETRA	98.80	110.90	62.10	67.18
Lowest price (in €) XETRA	56.55	60.29	23.20	23.67
Average price (in €) XETRA	74.18	79.14	42.37	42.73
Average daily turnover (in € thousand) XETRA and Parkett	875	3,331	676	2,101
Market capitalization (in € million)[6]	2,479.6		1,484.0	
Price-to-earnings ratio[7]	10.3	10.9	8.4	8.3

[1] Proposal to the Annual General Meeting
[2] Ratio of dividend to average annual share price
[3] Ratio of profit after minority interests to average number of shares
[4] Related to the average number of shares
[5] Ratio of shareholders' equity to number of shares
[6] Market capitalization at end of the year, taking into account shares bought back
[7] Ratio of average price to earnings per share

Further information can be found at www.fuchs-oil.com/aboutourstock.html

70%

is the figure by which FUCHS has increased its customer base and 30% by which the product portfolio was expanded due to the acquisition of the CASSIDA line, the number 1 food grade lubricants brand in the market.

"I FIND IT VERY EXCITING TO BE A MEMBER OF THE GLOBAL FOOD GRADE DIVISION, AS THERE ARE COUNTLESS OPPORTUNITIES FOR FUCHS TO GROW IN THIS MARKET. IT IS POWERFUL TO KNOW THAT OUR PRODUCTS ARE ALREADY APPROVED BY MAJOR FOOD AND BEVERAGE MANUFACTURERS AROUND THE WORLD."

ELIZABETH HONAN | **Food and Beverage Sales Manager / Lubricants for Foodstuff Applications | FUCHS LUBRICANTS | Harvey, IL, USA**

STRATEGIC OBJECTIVES AND BUSINESS MODEL

FUCHS is a global Group based in Germany that currently employs around 3,600 staff in a total of 52 operating companies.

FUCHS is focused on the development, manufacture, marketing and sales of lubricants and related specialties. The Group's strategy is focused on technology leadership in important niches and business segments. Within the scope of this strategy, tailor-made products with high customer benefit are developed and manufactured. At the same time, FUCHS' business model excels through an exemplary service commitment. The niche strategy differentiates FUCHS from the vertically-structured mineral oil companies, whose business model relies heavily on broad sales channels. Thanks to its size, international presence and strength of resources, FUCHS also enjoys an advantage over other independent lubricant suppliers, i. e. companies which are not part of a vertically structured Group.

The portfolio encompasses around 10,000 products for all applications and industries, including mining, steel production, agriculture, the automotive industry, transport, mechanical engineering, everyday consumers and more. The broad range of products on offer covers the entire lubricant requirements of more than 100,000 customers and enables supply and support to come from a single source.

The high level of innovative power is a key driver in the business model. One in eleven employees works in research and development. FUCHS develops applications directly at customer locations. This allows lubricants to be adapted to customer processes, or new lubricants to be developed at the same time as new machines and systems, in partnership with the customer.

At around 75%, direct sales represent the largest proportion of all sales revenue generated. Because customer relationships have often been in place for many years, the service needs of users can be quickly identified, allowing specifically adapted services to be offered to customers. The specialists working in sales have specific industry knowledge here, which therefore allows them to find solutions to specific issues both quickly and professionally.

The organizational and reporting structure at FUCHS is grouped according to the three geographic regions of Europe, North and South America, and Asia-Pacific, Africa. The international alignment of business provides opportunities that we persistently utilize.

We continuously develop our strong European market position to assume a strategically important global position in the areas of technology partnership, niche products, applications and service. We are driving forward expansion of our market position through organic, and also external growth. FUCHS is therefore not only active in the European market with 26 operating companies, but also supports a further six subsidiaries on the American continent and 20 subsidiaries in the Asia-Pacific, Africa region.

Different economic trends in the various regions and diverse customer sectors create compensatory opportunities. The FUCHS PETROLUB Group is strategically well positioned in the emerging markets and is tapping growth potential in Asia-Pacific, Africa, South America and Eastern Europe with its broad product portfolio.

The companies are generally held directly and 100% by FUCHS PETROLUB AG in Mannheim. This allows reporting paths to be kept short and also ensures efficient division of operational leadership and managerial duties under corporate law. For strategic reasons, we have **JOINT VENTURE** agreements in place in Switzerland, Turkey and the Middle East, each with a 50% holding, and one important minority holding in Saudi Arabia.

See glossary page 166

FUCHS pursues a value-driven growth strategy with long-term strategic goals. The central key performance indicator (KPI) employed is FUCHS Value Added (FVA), which is based both on income and capital investment. Management at local, regional and global level pays particularly close attention to the key drivers sales revenue, net contribution or gross margin, and development of other fixed and variable costs. Another focus is on capital employed as the driver for capital costs. Here, particular attention is paid to controlling fixed assets through investment appraisals and monitoring resources tied through inventories and trade receivables.

Consequently, all bonus payments made to local, regional and global management are aligned to the FVA key figure. Only when positive added value has been generated in a financial year will an entitlement to bonus payment arise. The level of this bonus depends on additional individual agreements and the level of FVA (FUCHS Value Added) generated in the respective area of responsibility. The KPI system explained on page 50 for the entire Group is broken down into the various areas of responsibility and adapted to the local area of responsibility using sustainable capital cost rates in a way that also caters to Group FVA.

See page 50

In addition to this, a detailed system that monitors achievement of budget goals and any deviation between target and actual figures is investigated within the scope of operational management of the companies. In the course of the annual budgeting process, goals are initially drawn up for companies and regions with regard to growth, net contribution or gross margin and development of other personnel and operating costs. A monthly target/actual comparison ensures that the budget goals are continuously tracked. When targets/goals are not achieved, the causes are promptly investigated, potential compensatory factors examined and corresponding measures introduced.

In light of the very fast and service-oriented delivery of lubricants and related specialties to our customers, the general economic environment and the order situation in certain customer industries provide particular clues as to the sales trends in the near future. However, developments in 2008 showed that this approach does not offer adequate security in terms of predicting the sales trends of the coming weeks and months. In fact, unforeseen fluctuations in the market and the environment are always possible. This means that quick reactions to this constitute an important success factor at FUCHS. The internal transparency and a low capitalization ratio prove helpful when making short-term capacity adjustments here.

The principles of responsible, transparent and sound corporate management govern all actions at FUCHS PETROLUB AG. We see corporate governance as a central prerequisite for achieving our company targets and increasing company value.

Sustainability is a core element of any corporate governance. Economic, social, and also ecological aspects are examined and harmonized. Lubricants support sustainability targets. Lubricants have the task of reducing friction, which in turn reduces the amount of energy input required and also saves emissions. Lubricants also have the task of wear protection. This extends the service life of equipment and saves resources. Added to this is the fact that biogenic lubricants are produced using renewable raw materials.

Meanwhile, legal factors with an effect on the business of the FUCHS PETROLUB Group are on the rise. Among other things, these come about due to environmental and health-based topics such as REACH or industrial health and safety guidelines. Preventive monitoring of compliance with legal requirements, such as under anti-monopoly legislation, is also becoming increasingly important. FUCHS protects itself from these risks through suitable organizational measures and a clear commitment to observing and complying with the legal framework conditions in place and the guidelines it sets itself.

The financing strategy at FUCHS is built on a broad shareholders' equity base. The mid-term goal is to secure financing of long-term assets through shareholders' equity and financing of working capital through loans and similar sources of financing, such as euro private placements or bonds. The level of shareholders' equity can be adjusted to this financing strategy in the mid and long-term through dividend payments or share buybacks. In the event of a major acquisition with special financing requirements, the Group would have access to various capital market instruments alongside its diverse lines of credit at banks. The high level of recognition enjoyed by FUCHS due to its permanent and intensive communication with the capital market would be an advantage in approaching the capital market.

In summary, the goals and building blocks of the business model can be described as follows:

- To expand our position as the largest independent manufacturer of lubricants and related specialties in the world with global presence
- To achieve value-driven growth by leadership in innovation and specialization
- To achieve organic growth in developing markets and both organic and external growth in mature markets
- To create a stable basis of financing through a balanced ratio of borrowed and equity capital
- To generate sustainable shareholder value, i. e. to create value beyond capital costs

MACROECONOMIC AND SECTORAL DEVELOPMENTS

The global economy recovered well in 2010 from the collapse caused by the financial and economic crisis. The 0.9% fall in global gross domestic product (GDP) in 2009 was followed by a healthy upturn, which should reach 4.8% according to the Kiel Institute for the World Economy (IfW). However, the speed of growth slowed down significantly in the second half of 2010.

While the strongest impulses once again came from the emerging markets – GDP increased by around 10% in both China and India – growth in the euro zone remained more moderate at 1.7%. Significant differences in the economic development of the individual countries were observed here (Germany: +3.6%, France: +1.5%). The US economy also recovered in 2010 with GDP growth of 2.9%. Despite the dip in exports toward the end of the year, Japan still recorded a GDP increase of 4.2% in 2010.

The International Monetary Fund (IMF) is predicting continuing improvement for 2011 and expects to see worldwide growth of 4.4%. However, the IMF also warns of the uncertain consequences of high national debt levels – particularly in the US – and increasing inflationary pressure due to the impending "overheating" of the economy in the emerging markets of China and India.

The global steel industry was stable in 2010. According to data published by the World Steel Association, world crude steel production enjoyed an increase of almost 17% over 2009. While in the euro zone and North America the respective pre-crisis levels have not yet been reached, the Asia region actually managed to record a 14% increase in production over 2008. This was primarily caused by Chinese crude steel production, which increased 9% over 2009, and 25% in comparison with 2008. China accounted for almost half of the world's crude steel production in 2010.

German steel production increased markedly by 34% in 2010 compared to the crisis year of 2009. The capacity utilization of the German steel industry reached an average of 84% for the year and was therefore more than 5% above the worldwide average. For 2011, the German Steel Trade Association (WV Stahl) expects to see an increase in production of just under 2% based on the continuing upward trend in economic activity.

The worldwide mechanical engineering sector was particularly hard hit by the global recession in 2009, but the results of a study by Roland Berger Strategy Consultants (January 2011) indicate that the sector is set to enjoy a full recovery by 2012. According to the study, the general shift of mechanical engineering to Asia is likely to continue after China took over from the US as the leading engineering nation in 2010.

However, in 2010, the US, Japan and most European countries were still able to partially compensate for the severe collapses they had suffered in the field of engineering. The development of the engineering sector in Germany was particularly positive. According to the German Engineering Federation (VDMA), German production increased 8.8% in 2010, with overall sector sales revenues also up 8.0%. The sharp increase was caused by a strong export demand, and also by improved levels of domestic order intake. The VDMA expects to see a 10% increase in production for 2011.

According to figures published by the German Association of the Automotive Industry (VDA), the global automotive industry enjoyed a pronounced recovery in 2010. Global passenger car production rose by just under 25% to 63.6 million vehicles. This allowed the sector to return to its pre-crisis level earlier than anticipated. The US and China were each able to record an above-average increase in production of 36%. With some 11.3 million vehicles being produced in 2010, China is home to the largest passenger car production of any country in the world.

European passenger car production rose by 14.2%. German automotive producers also saw good utilization levels due to the pronounced increase in overseas demand. Despite the downward trend in new car registrations, domestic passenger car production increased 11.8% in Germany. According to estimates of the German Association of the Automotive Industry (VDA), domestic car production in Germany is set to increase by 5% in 2011.

The global chemicals industry more than recovered in 2010 and even managed to surpass the production index of 2007, as reported by the European Chemical Industry Council (CEFIC). Global production was up by 12.5% over 2009, while the increase in production in the European Union for the financial year should be around 10% according to the CEFIC.

With an 11% increase in production, in 2010 the German chemical industry was able to record the strongest growth the sector has seen since 1976. It was possible to increase overall sector sales revenues by 17.5%, as reported by the German Chemical Industry Association (VCI). Although further growth is still being predicted, this is likely to be more moderate than in 2010. As such, the VCI expects to see 4% growth in sales revenues in the German chemical industry in 2011 with an increase in chemicals production of 2.5%.

Due to the positive economic framework, global lubricant demand for 2010 rose by 7% to 34.5 million tons (32.2). Yet, the overall lubricant market still remained just under 4% below the market level of 2008 (36.0) at the end of the year. This is due to the significant drop in demand suffered in the crisis year.

BREAKDOWN OF GROUP SALES REVENUES BY SECTOR (in %)

Automotive industry (vehicle manufacturing and components)	~ 20
Producer goods industry (including chemicals production)	< 20
Engineering	~ 10
Agriculture, construction	~ 10
Energy, mining	< 10

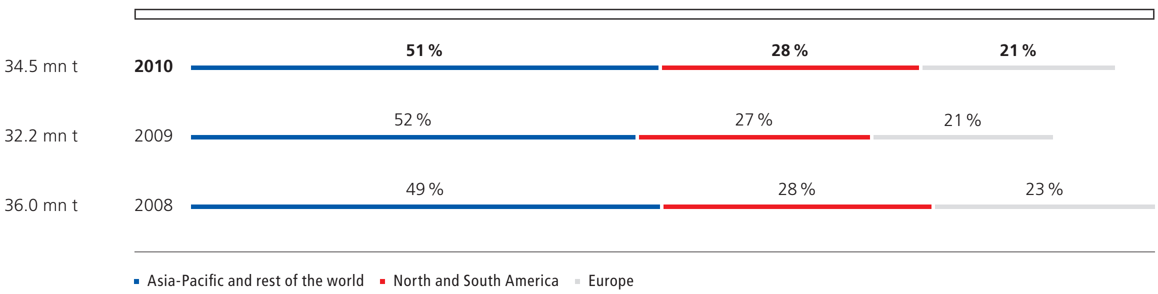
With the exception of Asia-Pacific, no other lubricant market region was able to return to its pre-crisis level. The US, Japan, Germany, Italy and Canada together represent around one third of the global market volume among the 20 largest lubricant nations. Although these countries recorded double-digit market growth rates over 2009, none of them was able to reach its 2008 volume.

India and China are the only countries whose lubricant demand has risen continuously since 2008. China and the US are today the two largest global lubricant nations. Together, the two countries represent around one third of worldwide demand.

According to figures published by Germany's Federal Office of Economics and Export Control (BAFA), lubricant demand in Germany rose to a level of around 1.0 million tons in 2010, following a drop of more than 20% to approximately 850,000 tons in 2009. This corresponds to growth of more than 15%.

From today's perspective, we believe that the global lubricant market can once again reach its pre-crisis level of 2008 at around 36 million tons in 2011, but it is unlikely that the peak of 2007 will be achieved.

DISTRIBUTION OF THE GLOBAL LUBRICANT MARKET
By regions



PERFORMANCE
SALES REVENUES

FUCHS COMPENSATES DROPS IN REVENUE FROM THE PREVIOUS YEAR

In 2010, the FUCHS PETROLUB Group countered the drop in sales revenue of the previous year caused by the crisis. The organic growth in sales revenues of €208.5 million (–215.0) on its own virtually made up for the crisis-induced decline of the previous year. Taking into account external growth of €6.1 million and the positive effects of currency exchange rates of €65.9 million, total sales revenues increased by €280.5 million or 23.8%. At €1,458.6 million (1,178.1), Group sales revenues therefore hit their highest level ever recorded.

Growth factors	€ million	%
Organic growth	208.5	17.7
External growth	6.1	0.5
Effects of currency conversion	65.9	5.6
Growth in sales revenues	**280.5**	**23.8**

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	**2010**	2009	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	874.7	742.5	120.8	2.2	9.2	132.2	17.8
Asia-Pacific, Africa	382.1	289.8	49.5	0.6	42.2	92.3	31.8
North and South America	245.1	176.9	50.2	3.3	14.7	68.2	38.6
Consolidation	–43.3	–31.1	–12.0	–	–0.2	–12.2	–
Total	**1,458.6**	**1,178.1**	**208.5**	**6.1**	**65.9**	**280.5**	**23.8**

HIGH GROWTH RATES INCREASE THE SIGNIFICANCE OF REGIONS OUTSIDE EUROPE

All three global regions recorded significant increases in sales throughout the course of the entire year. Due to the costs of raw materials, average prices also increased from the middle of the year onward. Beside this, a weaker euro also had a positive effect when converting sales revenues to the Group currency. The Asia-Pacific, Africa region benefited particularly from this. For example, the Australian dollar was 22.8% stronger and the South African rand 20.2% stronger than in the previous year.

At the start of 2010, our revenue expectations were based on an anticipated weakening of growth in the second half of the year. Happily, however, our expectations were exceeded. Not only did growth remain high for the financial year in the developing regions and countries, such as China and Brazil, significant year on year increases in sales revenues were also achieved in the US and in Europe.

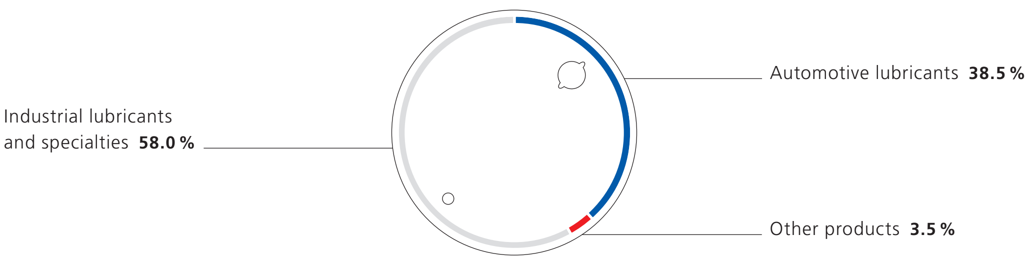
Since the Asia-Pacific, Africa region also generated an increase in sales revenues in the crisis year 2009, its share in Group sales revenues (by customer location) increased from just over 22% in 2008 to around 28% in 2010. In the same time period, Europe's share in Group sales revenues dropped from 62% to 55%.

Europe increased its sales revenues by €132.2 million or 17.8% to €874.7 million in 2010 (742.5), of which €120.8 million or 16.3% is attributable to organic growth. Virtually all European companies enjoyed double-digit growth in 2010. One key exception here is Great Britain, where the withdrawal from a notable toll processing business had an effect. Among other countries, above-average relative increases in sales revenues were achieved in Russia, Italy and Germany. Positive conversion effects totaling €9.2 million increased sales revenues by 1.2% and came predominantly from England, Poland and Russia.

At €382.1 million (289.8), the Asia-Pacific, Africa region generated €92.3 million or 31.8% more than in the previous year. €49.5 million or 17.1% of this marked increase was due to organic growth, while currency conversion had a positive effect of €42.2 million or 14.5%. China, Australia and South Africa were the cornerstones of this pronounced increase in sales revenues. However, several of the smaller companies also enjoyed pleasing increases in revenue.

At 38.6%, the greatest percentage increase in sales revenues of all regions was recorded by North and South America. At €245.1 million, this region generated €68.2 million more revenue than in 2009 (176.9). The organic increase in sales revenues was virtually equal in both North and South America. In total, the region saw organic growth of 28.4% or €50.2 million. The currency exchange effect was €14.7 million or 8.3%.

BREAKDOWN OF GROUP SALES REVENUES



DISCERNIBLE CURRENCY EFFECT

2010 was characterized by significant exchange rate fluctuations. One such fluctuation was experienced by the euro to US dollar rate, which moved sharply over the course of the year. However, overall the US dollar was only 5.0% stronger than in the previous year. The greatest relative conversion effects concerned other currencies, such as the Australian dollar (+22.8%), the South African rand (+20.2%), the Brazilian real (+18.7%) and the Polish zloty (+8.4%). Overall, the effects of currency exchange rates represented €65.9 million or 5.6% of the previous year's revenues.

EARNINGS

RECORD EARNINGS IN THE POST-CRISIS YEAR

In the year following the financial and economic crisis, the FUCHS PETROLUB Group recorded its highest earnings ever. Significantly increased sales revenues in all regions, accompanied by a below-average increase in costs, formed the basis of this success.

The 23.8% total increase in revenues was largely due to greater volumes, although increases in the costs of raw materials also played a part. This increase was accompanied by a gross margin that was stable overall, but displayed a downward trend over the course of the year. At 38.9% (38.8%), it was possible to maintain the previous year's level on average in 2010. Gross profit increased accordingly by 24.0% or €109.9 million to €567.0 million (457.1).

At the same time, sales and distribution, administration and research and development expenses only went up by €42.2 million or 14.9%. Revenue-based costs, such as freight and commission payments, were the main areas that saw rises. New appointments in sales was one reason for the increase in personnel costs. Despite this, however, the costs increased less than proportionately, which means that FUCHS succeeded in significantly improving operating profit by 38.9% or €67.7 million to €241.7 million (174.0).

The increased profit contribution of €8.3 million (7.2) from a minority holding also had a positive effect on earnings before interest and tax (EBIT). After taking into account other operating income of €0.1 million (– 1.3), FUCHS recorded an EBIT of €250.1 million (179.9). This represents an increase of €70.2 million or 39.0%. EBIT reached a new record level, both in absolute and relative terms. The EBIT margin (EBIT in relation to sales revenue) was at 17.1% (15.3%).

In light of the sound liquidity situation, the interest expense dropped in comparison with the previous years. With this the financial result improved to – €4.7 million (– 7.0). The **RATE OF TAXATION** was 30.1% (29.8%), which led to a tax expense of €73.8 million (51.5).

See glossary page 166

Net profit after tax increased by 41.4% or €50.2 million to €171.6 million (121.4) and the net profit margin also increased to 11.8% (10.3%).

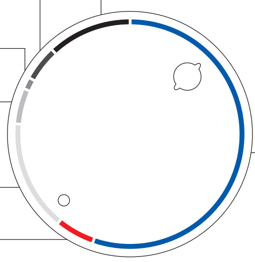
All regions enjoyed significant and disproportionately high earnings gains. The strongest relative gain was recorded in North and South America. This region improved its EBIT by 62.0% to €53.3 million (32.9). EBIT in the Asia-Pacific, Africa region improved by 40.1% to €76.9 million (54.9). This means that around half of the Group's EBIT comes from companies outside Europe, which serves to underline the broad regional nature of the Group. In Europe, EBIT increased by 29.8% to €125.3 million (96.5). The **EBIT MARGINS** in North and South America were 21.8% (18.6%), in Asia-Pacific, Africa 18.0% (16.5%) and in Europe 14.3% (13.0%).

See glossary page 166

See FUCHS shares page 36

Earnings per ordinary and preference share increased by around 41 % year on year to €7.18 (5.07) and €7.24 (5.13) respectively.

STRUCTURE OF THE INCOME STATEMENT



KEY PERFORMANCE INDICATORS AND MONITORING SYSTEM

See glossary page 166

Earnings before interest and tax (EBIT) is the important key performance indicator for the operating business. The key drivers here are sales revenues and raw material costs, as well as personnel and operating expenses.

EBIT reached €250.1 million (179.9) in 2010 and the EBIT margin (earnings before interest and tax in relation to sales revenues) was 17.1 % (15.3 %).

The FUCHS Value Added (FVA) is the key ratio employed in the FUCHS PETROLUB Group and is derived from the EBIT after deducting the costs for average capital employed. The FVA encourages value-driven company management of the FUCHS PETROLUB Group.

At FUCHS, average capital employed is calculated as the sum of shareholders' equity, financial liabilities and pension provisions, as well as the accumulated scheduled goodwill amortization of former years. Cash and cash equivalents are deducted from this.

The year-end figures of the reporting year and the previous year, together with the figures from the three quarterly reports of the reporting year, form the basis for calculating the average capital employed. Using this for the calculation, the average capital employed in 2010 was €586.2 million (548.4). This figure also takes into account the €85.2 million in accumulated scheduled goodwill amortization provided up to 2004 in line with the former IAS regulations.

See glossary page 166

Thanks to efficient automation technology and specialized production processes, we are capable of supplying the most diverse of packaging units within the shortest time while meeting the strictest quality requirements.

A weighted interest rate (WACC), derived from financial market data at the end of the year, is used to calculate the costs of the capital employed. At 11.5% before tax, the WACC for 2010 is the same as in the previous year.

The Group's FVA in 2010 was €182.7 million (116.8), which represents an increase of around 56%. This was due to the pronounced improvement in EBIT of 39% combined with only a moderate increase in the average capital employed in the last financial year (+7%).

A positive FVA means that the return on capital employed (ROCE) was above the cost of capital (WACC), and consequently a premium was earned on the cost of capital. The ROCE in 2010 is 42.7% (32.8%).

The external analysis also incorporates further KPIs. The return on sales (profit after tax in relation to sales revenues) was 11.8% (10.3%).

The Group's return on equity (profit after tax in relation to the average shareholders' equity, based on the quarterly figures) was 36.6% (35.3%).

NET ASSETS AND FINANCIAL POSITION

EQUITY RATIO AGAIN INCREASED

See glossary page 166

The FUCHS PETROLUB Group financed the growth and acquisition-based expansion of 2010 entirely with **SHAREHOLDERS' EQUITY**. Equity capital rose by €153.0 million to €545.9 million (392.9) and therefore now represents 61.0% (52.7%) of the balance sheet total.

Investments in the company's own infrastructure and acquisitions, in particular the acquisition of a food grade lubricants business, led to an increase in long-term assets to €358.8 million (307.2) in the reporting year. Of the long-term assets, €201.2 million (180.5) can be attributed to property, plant and equipment and €123.2 million (95.0) to intangible assets, especially goodwill. Long-term assets represent 40.1% of the balance sheet total and are therefore fully financed with equity.

See glossary page 166

The Group's short-term assets are dominated by trade receivables, which make up 24.8% or €221.4 million (171.8) of the balance sheet total, and inventories, which make up 20.9% or €187.2 million (149.3) of the balance sheet total. Both items have increased in proportion to the growth in sales revenues. At 19.6% of sales revenues, the Group's **NET OPERATING WORKING CAPITAL** (trade receivables plus inventories minus trade payables) is slightly above the previous year's level (18.9%). The figures were calculated based on the annualized sales revenues of the fourth quarter. Cash and cash equivalents represent a further 10.3% of total assets or €92.1 million (89.9), while other receivables and tax receivables made up €34.7 million (27.5).

Long-term funds available to the Group apart from shareholders' equity of €545.9 million (392.9) are pension provisions of €74.4 million (83.8). The decline compared to the previous year is due to a one-off payment made to the English pension fund. Within the scope of this measure, long-term benefit obligations were transferred without recourse to an external pension provider.

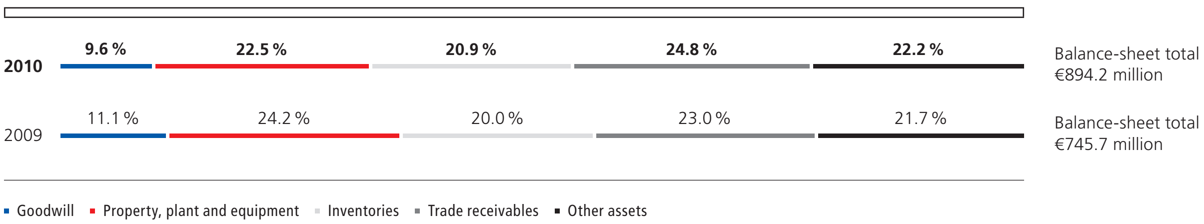
During the course of 2010, a euro private placement bond (German Schuldschein) taken up at the beginning of 2009 as a precautionary measure was paid back. The remaining total financial liabilities of €19.7 million (58.2) are virtually all of a short-term nature and were essentially used instead of Group loans in countries with special foreign exchange regulations or other special conditions. Taking into account liquid funds of €92.1 million (89.9), the Group had a positive net cash position of €72.4 million (31.7). In addition to this, the Group also had access to unused lines of credit totaling just under €180 million worldwide (210).

Due to the higher level of business ,trade payables increased to €114.5 million (91.2), provisions increased to €56.2 million (45.4) and tax liabilities increased to €27.3 million (23.8).

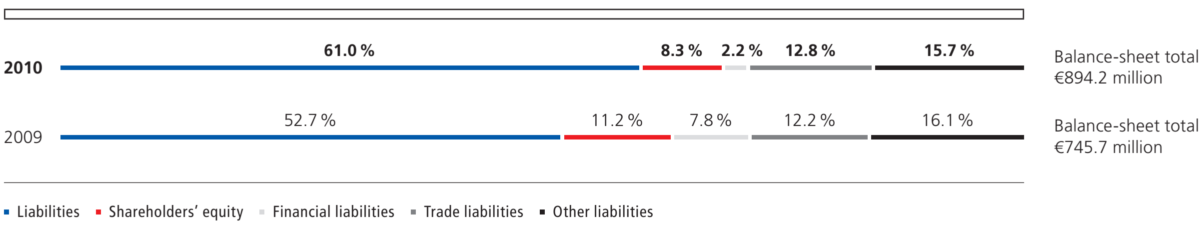
The high equity ratio and the good level of liquid funds available demonstrate that FUCHS is both a stable supplier and a solvent customer. With a view to future business, FUCHS therefore presents itself not only as a reliable technical partner, but also an economically stable partner.

STRUCTURE OF ASSETS AND CAPITAL

Assets



Liabilities



STATEMENT OF CASH FLOWS

See glossary page 166

The Group generated free **CASH FLOW** of €77.7 million in 2010. This does not match the record value of €180.8 million from the previous year, but unlike the previous year the Group financed strong growth in sales revenues in 2010. 2010 also saw greater expenditure on acquisitions and investments than was the case in 2009.

On the basis of profit after tax of €171.6 million (121.4), gross cash flow is €173.4 million (139.9). This includes depreciation and amortization of long-term assets of €23.3 million (22.7).

To finance the growth in sales revenues in 2010, €47.1 million of additional working capital (inventories plus trade receivables minus trade payables) was required, while in the crisis year some €63.4 million was released. After taking into account the changes in other assets and liabilities, the cash flow from operating activities is €133.2 million (206.3).

At €32.5 million, investments in long-term assets were higher than the previous year (30.1). €31.4 million (5.4) was spent on acquisitions, which included the acquisition of a food grade lubricants business in 2010. Taking account of the proceeds from the disposal of long-term assets of €1.9 million (2.6) and dividends received of €6.5 million (7.4), the total cash flow from investment activities was €55.5 million (25.5).

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The Group used the free cash flow of €77.7 million (180.8) to finance the dividends for the previous year of €40.1 million (37.7) and redeem bank and leasing liabilities, which were reduced by €39.9 million (67.5). At €92.1 million, cash and cash equivalents remained at the previous year's level (89.9).

CAPITAL EXPENDITURE AND ACQUISITIONS

CAPITAL EXPENDITURE

At €32.4 million (29.9), FUCHS invested around 8% more in property, plant and equipment, as well as intangible assets (excluding acquisitions) in 2010 than in the previous year.

The new facility in Mumbai (India) began production in December, and our employees in Mannheim moved into the new Sales Center in the second half of the year. In parallel to this, the shell of the new R&D Center was completed in Mannheim. In Johannesburg (South Africa), a neighboring property with buildings was acquired over the course of the year. This allowed a rapid extension of the existing facility. In addition to this, further projects which FUCHS is keen to use to drive forward future growth were continued. Examples here are constructions projects for new facilities in Brazil, China and Russia. Work on implementation of these projects is expected to begin in 2011.

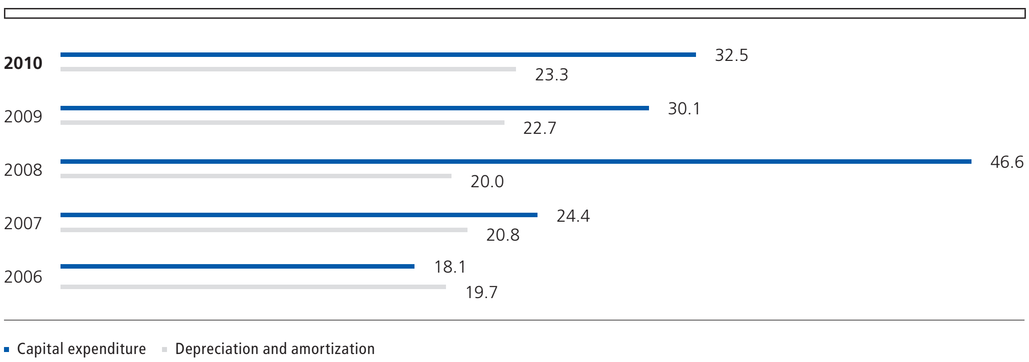
DEPRECIATION AND AMORTIZATION

Property, plant and equipment and intangible assets were written down by €23.2 million (22.7) in 2010.

INVESTMENTS IN COMPANIES

On October 1, 2010, FUCHS took over the food grade lubricants business from Shell International Petroleum. Sales revenues in 2009 were around €21 million. In addition to this, Titan Chemicals' adhesive lubricants business was acquired in India.

CAPITAL EXPENDITURE AND DEPRECIATION AND AMORTIZATION – TANGIBLE AND INTANGIBLE ASSETS
(excluding goodwill in € million)



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OVERALL POSITION

For some years the FUCHS PETROLUB Group has been assessing its assets and financial position on the basis of the net gearing ratio. Just as in the previous year, net gearing, which is the ratio of financial liabilities minus cash and cash equivalents to shareholders' equity, was 0. In both years, cash and cash equivalents exceeded the Group's financial liabilities on the accounting date.

Return on capital employed is used as a KPI for measuring the Group's earning power. At 42.7% (32.8%), FUCHS not only achieved a significantly higher figure in 2010 than in the previous years, but also an excellent return compared to the industry average.

The Group's ability to distribute dividends and repay debts is assessed on the basis of its free cash flow. Following a record in 2009, 2010 was significantly lower at €77.7 million (180.8). However, in light of the strong growth in sales revenues and the acquisition made, this is still an excellent result. It allows the 60% higher dividends for 2010 to be paid entirely from the Group's own funds.

All in all, in 2010, the FUCHS PETROLUB Group became even stronger with greater financial power.

SUPPLEMENTARY REPORT

No transactions of particular importance which have an appreciable bearing on the earnings, net assets, and financial position of the FUCHS PETROLUB Group occurred after the close of the financial year.

SEGMENT REPORT BY REGION

The segment reporting corresponds with the Group's internal organization and structure of reporting by geographic region.

Following the severe drop due to the crisis in the previous year, global lubricant consumption increased by 7% to around 34.5 million tons (32.2) in 2010. This still remains 4% below the consumption of 2008. Only the Asia-Pacific, Africa region, in which more than half of all lubricants are used, exceeded by just under 1% its pre-crisis level of 2008. Consumption is still around 5% below 2008 levels in the Americas and some 13% below 2008 levels in Europe.

Sales revenue in the FUCHS PETROLUB Group, broken down by **customer location**, was generated in the following regions:

Amounts in € million	**2010**	Share in %	2009	Share in %	Change	in %
Europe	796.2	54.6	671.8	57.0	124.4	18.5
Asia-Pacific, Africa	410.3	28.1	323.1	27.4	87.2	27.0
North and South America	252.1	17.3	183.2	15.6	68.9	37.6
Total	**1,458.6**	**100.0**	**1,178.1**	**100.0**	**280.5**	**23.8**

Sales revenues by customer location increased in the Europe region by 18.5% to €796.2 million (671.8) in 2010. Sales revenues with customers in Asia-Pacific, Africa increased by 27.0% in the same time period, reaching €410.3 million (323.1). The greatest increase was recorded in North and South America. At €252.1 million, 37.6% more sales revenues were generated with customers in this region than in 2009 (183.2).

EUROPE

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EUROPE

Segment information (in € million)	**2010**	2009
Sales revenues by customer location	796.2	671.8
Sales revenues by company location	874.7	742.5
of which with other segments	41.2	27.0
Scheduled depreciation	14.5	12.9
Impairment losses	0.7	1.4
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	125.3	96.5
Segment assets	453.9	385.9
Segment liabilities	137.7	116.4
Additions to long-term assets	41.6	24.0
Employees (average numbers)	2,156	2,217
KPIs (in %)		
Ratio of EBIT to sales revenues	14.3	13.0

In 2010, virtually all European subsidiaries enjoyed significant recovery from the severe drop in sales revenues suffered in the previous year. Despite the fact that in many locations the revenue levels of 2008 were again reached, it was not the case for the region as a whole. For example, our company in Great Britain recorded significantly lower sales revenues in the reporting year after withdrawing from a low-margin toll processing business in 2009. Beside this, the industrial market environment was still suffering from the effects of the crisis, particularly in southern Europe. At €874.7 million, the European companies in total generated 17.8% more sales revenues than in 2009 (742.5). The euro was weaker against both the British pound and the Polish zloty on a year-on-year basis. This had a positive effect of €9.2 million or 1.2% when converting to the Group currency.

Earnings before interest and tax (EBIT) in the region enjoyed adisproportionately high increase. An EBIT of €125.3 million (96.5) was recorded which represents an increase of 29.8% or €28.8 million and the EBIT margin (EBIT in relation to sales revenues) rose to 14.3% (13.0%).

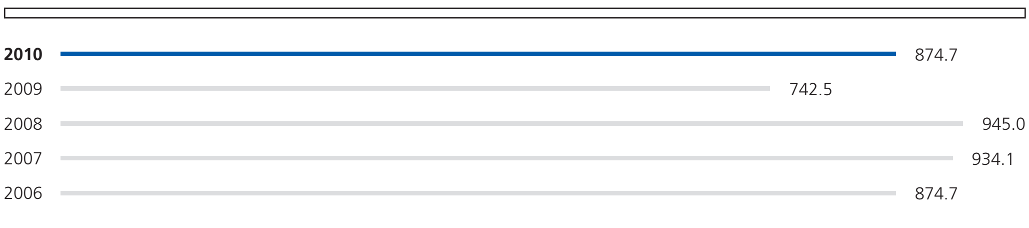
The strongest companies in the region in terms of sales revenues and income are based in Germany, France and Great Britain. However, our companies in Italy, Poland and Spain also generated appreciable sales revenues and profit contributions. In addition to this, many of the other European companies were able to make encouraging contributions to the Group's growth in sales revenues and earnings. For example, our company in Russia has enjoyed strong growth and delivers now impressive sales revenue and profit contributions.

The upturn in revenue was recorded in the automotive industry and the associated steel and metal processing industry. Besides this, new customer business was developed in a targeted manner in defined areas. Increases in the costs of raw materials and rising personnel and operating costs led to pressure on the margins over the course of the year, although it was possible to compensate this through the sound development of sales revenues.

In Germany, FUCHS EUROPE SCHMIERSTOFFE moved into its new Sales Center in the course of the year and construction work on the new Technology Center continued.

The Group's specialties division was strengthened over the course of the year through the acquisition of a food grade lubricants business. Control of this promising worldwide business lies with FUCHS LUBRITECH GMBH, which is based in Kaiserslautern. The FUCHS LUBRITECH Group was able to significantly improve both its sales revenues and earnings in the reporting year. The international alignment is bearing fruit.

DEVELOPMENT OF SALES REVENUES IN EUROPE BY COMPANY LOCATION
(in € million)



ASIA-PACIFIC, AFRICA

See consolidated financial statements page 98

ASIA-PACIFIC, AFRICA

Segment information (in € million)	**2010**	2009
Sales revenues by customer location	410.3	323.1
Sales revenues by company location	382.1	289.8
of which with other segments	0.1	0.0
Scheduled depreciation	2.9	2.6
Impairment losses	0.0	1.2
Income from investments accounted for using the equity method	8.3	7.2
Segment earnings (EBIT)	76.9	54.9
Segment assets	203.5	142.9
Segment liabilities	62.4	46.8
Additions to long-term assets	12.0	3.8
Employees (average numbers)	806	789
KPIs (in %)		
Ratio of EBIT to sales revenues	18.0	16.5

Having already been able to largely steer clear of the recession experienced in the two other world regions in 2009, the companies in the Asia-Pacific, Africa region increased their sales revenues by a further 31.8% to €382.1 million in 2010 (289.8). The strong organic growth in the region was supported by a positive currency exchange effect, which was mainly attributable to the increase in value of the Chinese renminbi, the Australian dollar and the South African rand against the euro. The companies in these three countries also recorded very encouraging organic growth rates.

Just as in Europe, EBIT also enjoyed a disproportionately high growth in this region. At €76.9 million (54.9), 40.1% more was recorded than in the previous year. This includes €8.3 million (7.2) from our Saudi-Arabian minority holding, whose sales revenues were not consolidated. The fact that virtually all companies in the region recorded increases in earnings in the reporting year, and the region as a whole now generates 30% of Group profit, is very pleasing. The region achieved an overall EBIT margin of the consolidated companies of 18.0% (16.5%).

Our two companies in China also benefited from the country's strong economic growth. These holdings, operated together as FUCHS CHINA, are now the third largest revenue contributor within the Group and also make an appreciable contribution to Group income.

The automotive sector and its supply industries are the driving force behind the lubricant demand in China. Together with other specialties, the Chinese and Australian mining business contribute to the region's success.

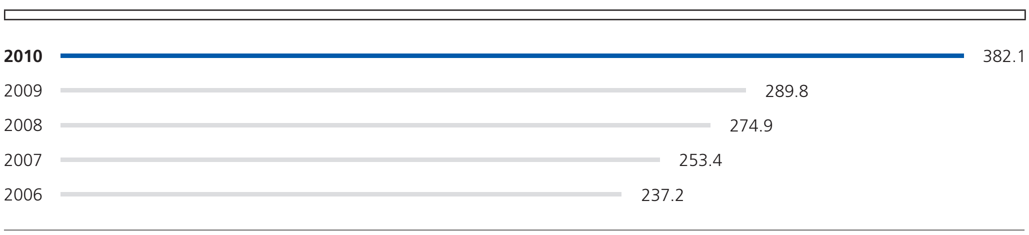
The Australian economy is seeing major benefits from China's economic growth. Our Australian company has used this favorable environment and now ranks among the Group's five strongest companies in terms of revenue generated. At the same time, the company's earning power has seen a further increase. The startup of the new grease production plant also contributed to this.

Above-average income is also being generated by our company in South Africa, which once again enjoyed considerable growth in both sales revenues and income and is now set to grow even further following the purchase of a neighboring property.

In India, not only was the new facility started up at the end of the year, the specialty business was also strengthened through the acquisition of a distribution business.

The profit contribution of our Saudi Arabian holding increased again, but our joint venture sales organization located in the United Arab Emirates was not quite able to repeat its exceptional results of the previous year.

DEVELOPMENT OF SALES REVENUES IN ASIA-PACIFIC, AFRICA BY COMPANY LOCATION
(in € million)



NORTH AND SOUTH AMERICA

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NORTH AND SOUTH AMERICA

Segment information (in € million)	**2010**	2009
Sales revenues by customer location	252.1	183.2
Sales revenues by company location	245.1	176.9
of which with other segments	2.0	4.1
Scheduled depreciation	4.6	4.1
Impairment losses	0.1	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	53.3	32.9
Segment assets	178.2	152.1
Segment liabilities	28.9	17.9
Additions to long-term assets	5.5	1.8
Employees (average numbers)	498	505
KPIs (in %)		
Ratio of EBIT to sales revenues	21.8	18.6

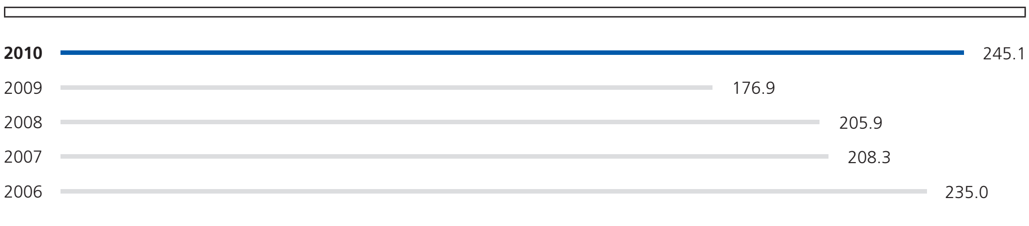
The most dynamic Group region in 2010 was North and South America, which increased its sales revenues by 38.6%, reaching €245.1 million (176.9). North and South America both contributed equally to the organic growth of 28.4%. Beside this, all currencies in the region except the Argentinian peso saw gains against the euro, which led to positive currency exchange rate effects of 8.3%.

At +62.0%, the increase in EBIT was particularly high, reaching €53.3 million (32.9). The EBIT margin reached 21.8% (18.6%).

The companies in North America enjoyed both an improved business environment and favorable new customer business. The recovery in automotive production, a robust mining business and the measures introduced to win new customers all had a positive effect. In combination with the leaner cost structures, which were tightened in the crisis, it was possible to record an impressive increase in earnings.

In South America, the high demand for industrial products offers a good environment for our well-positioned and highly successful companies. We also expect to see a further boost in growth as soon as the planned construction of a larger facility can be realized in Brazil.

DEVELOPMENT OF SALES REVENUES IN NORTH AND SOUTH AMERICA BY COMPANY LOCATION
(in € million)



30%

energy savings are offered by advanced carriage systems and drive technology that require high-grade forging parts. High-performance and environmentally friendly LUBRODAL metalforming lubricants are used on modern forging lines throughout the world.

"WITH LUBRODAL, FUCHS HAS DEVELOPED A BALANCED PRODUCT RANGE FOR HOT FORMING OF STEEL AND NE METALS. LUBRODAL IS ENJOYING INCREASED USE ON ALL FIVE CONTINENTS AND IS WELL ON ITS WAY TO BECOMING THE MARKET LEADER."


DR. HELMUT W. SEIDEL | **Head of LUBRODAL Division / Forges** |
FUCHS LUBRITECH | **Kaiserslautern, Germany**

RESEARCH AND DEVELOPMENT

Research and development are key factors in the success of the FUCHS PETROLUB Group. As machine components become increasingly complex, they require special lubricant solutions which can only be engineered through intensive research and development.

Newly developed lubricants are perfectly matched to their respective applications. Building on the developments of the central research and development departments, the FUCHS Group is increasingly adapting its products to local customer requirements in regional laboratories. Our US and Chinese laboratories are playing a key part in these developments of complex process liquids. Local technical expertise is an integral part of the FUCHS philosophy to react quickly and distinctly to customer requirements. Success is guaranteed through the combination of targeted development, outstanding application engineering, excellent customer support, sophisticated logistics, and the same high quality standards worldwide, all built on an exceptionally committed staff.

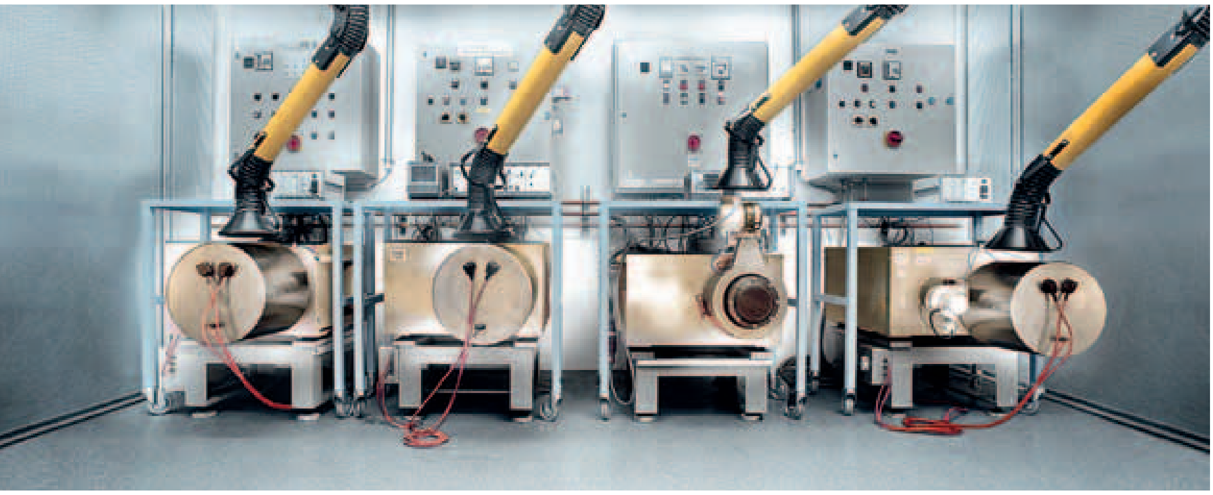
The Group's research and development expenses were €25.1 million (22.2) in 2010. The average number of employees in 2010 was 316 (314) engineers and scientists.

The research and development departments launched many new products in the market in the reporting period. Indeed, 2010 was the most effective year in the history of the FUCHS Group in terms of new developments. We have around 400 projects of the most diverse nature running in the Group to launch new or improved products in the market.

The development expertise in the Group has also been extended to include additional fields of application. In future, particular focus will be placed on areas such as cavity preservation, wire rope lubricants or flotation (separation of suspended particles from liquids).

A few of the many products launched in 2010 are highlighted below.

On the basis of findings in the field of surface reactivity of additives, the Group company WISURA developed a combined high performance fine blanking oil and metalforming oil. With the product WISURA FSP 5002, the company succeeded in replacing oils with high chlorine content for fine blanking of sheet metal. The product offers an amazing cutting depth of up to 8.2 mm. As such, it is not only a high performance cutting and metalforming oil, it also has a USP in this product segment thanks to its lack of any chlorine compounds.



Research and development is a key factor in the success of FUCHS. This increases the speed of our innovation and makes us the leading innovator in virtually all areas of application.

In the field of processing fluids for the aviation industry, products in the ECOCOOL TN 2525 range were able to successfully gain the approval of important European aircraft engine manufacturers after passing the extremely complex tests and strict quality assurance requirements stipulated by the aviation industry. EC 2525 products are used in highly demanding applications such as the processing of titanium alloys for aircraft engine components. They must be capable of handling purge pressures of up to 300 bar.

In the course of the reporting year, FUCHS introduced a new engine oil designed specially for lubrication of commercial vehicle engines powered by LNG or CNG (liquid or compressed natural gas) (Cummins approvals). With this development, FUCHS has made a technical contribution to the safe operation of commercial vehicles powered by low-emission natural gas engines.

The development departments made an extraordinary contribution within the scope of the new XTL base oil technology, which is used in our new engine oils. This base oil technology offers exceptional viscosity/temperature characteristics, enabling both reduced fuel consumption and significantly lower engine wear when using these oils.

These projects not only underline the technological expertise and performance of FUCHS, but also impressively demonstrate the Group’s focus on environmental and sustainability aspects.

EMPLOYEES

EXPERIENCED SPECIALISTS CREATE VALUE

We employ experienced and well-trained staff to ensure that all functions are performed by the right mix of specialists and all-rounders.

2010 presented us with the challenge of strengthening our worldwide teams of high performers and specialists. We are intensifying cooperation with our customers and preparing ourselves for further growth here.

Beside training for young people, the development and support of our key high-potential employees and new staff will again be a main focus for us in 2011.

CORPORATE CULTURE

FUCHS promotes a corporate culture characterized by appreciation, trust and respectful interaction. Global companies are exposed to many diverse social and cultural influences. We see these as an advantage, which we use for creative solutions. When filling internal and external positions, we have always placed emphasis on ensuring that qualified female applicants were among the candidates. For this reason 22% of management positions in the FUCHS PETROLUB Group are today held by women.

At many subsidiaries, demographic changes are presenting us with the challenge of developing measures in health management, further training or for combining work and family. We promote motivation and commitment among staff through modern employment agreements and guidelines. The diversity of the measures ensures that the physical and mental performance of our employees remains at a high level.

TRAINING

Driving specialization requires qualified employees, who FUCHS traditionally trains in-house wherever possible. Training in the company allows young people to make a flexible and needs-based start to their career.

At our German companies, we train staff in eight different professions. We also offer determined and qualified school leavers the option of dual training, whereby training within the company is accompanied by a course of studies at the Baden-Wuerttemberg Cooperative State University (DHBW), culminating in a bachelor’s degree.

Beside the various training and DHBW university courses, FUCHS also offers internships in conjunction with their study at our domestic and foreign subsidiaries, as well as the option of writing a scientific thesis. Many of our current high performers are former trainees, interns or diploma students. Encouraging these potential future FUCHS employees is an important investment in our future.

DEVELOPMENT OF POTENTIAL

We promote diversity through individual further development in the company. Targeted, requirements-based personnel development forms the basis for the development of employees with high potential. Here, we place particular emphasis on the dedicated support of talented women and ensure that appropriate consideration is given to women when filling management positions at the company.

Our company-owned educational establishment, the FUCHS ACADEMY, ensures continuous training and the further education of our employees. As a global training instrument, the FUCHS ACADEMY offers regular seminars on the most diverse of technical subjects and also provides our sales experts with sound background knowledge. The FUCHS ACADEMY also offers the perfect platform for the development and training of junior staff and high potentials.

Due to the international structure of our organization, intercultural competence is an important success factor for our staff. We encourage this early on through placement of our trainees and interns at our subsidiaries across the globe. Targeted support through language training ensures that the Group's language, English, is always available as a solid basis for exchanging knowledge and ideas. With worldwide internal placements, FUCHS also ensures optimum know-how transfer from our carriers of knowledge and expertise to new employees. Whenever necessary and sensible, we organize both short "training placements" and long-term deployments to our subsidiaries throughout the world. By giving them independent responsibilities early on, young employees quickly become acquainted with the FUCHS-specific corporate culture.

We have dedicated particular attention to the further development of our sales team in North America. The comprehensive training concept supports further specialization of both new and experienced sales staff.

A successful company must be able to rely on an excellent management team and well-trained employees. Through targeted support we create a basis for ensuring that future openings are suitably filled. Wherever possible, positions are filled from within our company by staff with relevant operating experience. Good preparation, social skills, an entrepreneurial attitude and employee focus are the key requirements for assuming responsibility at the companies in the FUCHS PETROLUB Group.

ATTRACTIVE EMPLOYER

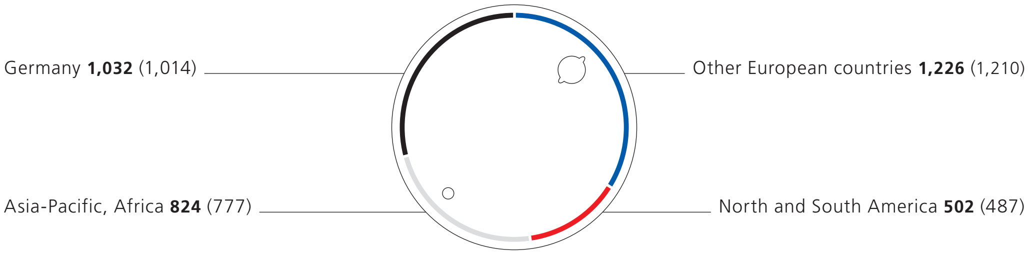
Winning qualified employees is a real challenge, particularly in the growth markets such as Brazil, Russia, India and China (BRIC countries). Human Resources plays a very important part here. The range of applicants in these countries can be both limited and rather daunting, but FUCHS copes with this through professional selection procedures to ensure recruitment of suitable and qualified employees. Our goal is to find the best talents in the respective field and to motivate them for our company and products. With targeted HR marketing, for example through participation in company contact fairs or the regional information fairs of universities, we increase awareness and ensure that FUCHS is seen as an attractive employer for school leavers and students. We also offer inhouse career forums to give school leavers the ability to get a better picture of the training we offer and our operational procedures.

INCREASE IN NUMBER OF EMPLOYEES

On December 31, 2010, the FUCHS PETROLUB Group employed 3,584 people worldwide (3,488). The total number of employees therefore increased by 96 or 2.8% compared to the previous year. The largest increase was in the Asia-Pacific, Africa region, where the number of staff members increased by 47 compared to the previous year (+6%). 34 more people were employed in the Europe region (+1.5%) and 15 more people were employed in the Americas (+3.1%) compared to December 31, 2009.

Looking at the overall development at national level, it becomes clear that just under 50% of the new employees (46) were hired in the BRIC countries.

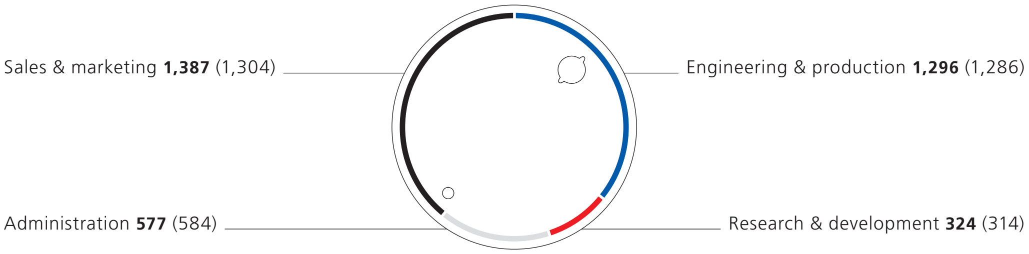
GEOGRAPHICAL WORKFORCE STRUCTURE
Amounts 2010 (previous year's amounts in brackets)



2,552 (2,474) people or 71.2% of staff were employed abroad and 1,032 (1,014) were employed in Germany.

Worldwide, 36% (37%) of the workforce is employed in engineering and production, while 39% (37%) works in marketing and sales, 16% (17%) in administration and 9% (9%) in research and development.

FUNCTIONAL WORKFORCE STRUCTURE
Amounts 2010 (previous year's amounts in brackets)



FURTHER DISCLOSURES

DECLARATION OF CORPORATE GOVERNANCE

See page 17

The declaration of corporate governance to be submitted pursuant to Section 289a of the German Commercial Code (HGB) can be found in the Corporate Governance Report on pages 17 to 24 and is part of the Group management report. It is also available on the Internet at www.fuchs-oil.com/dcg.html.

Further information can be found at www.fuchs-oil.com/dcg.html

MAIN FEATURES OF THE COMPANY'S COMPENSATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BODIES

See page 26

The main features of the company's compensation system for members of the Executive Bodies are described on pages 26 and 27 of the Corporate Governance Report and form part of the Group management report.

DISCLOSURES REQUIRED UNDER TAKEOVER LAW PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

See page 28

The disclosures required under takeover law pursuant to Section 315 (4) of the German Commercial Code (HGB) can be found on pages 28 and 29 and form part of the Group management report.

DEPENDENT COMPANY REPORT

The Fuchs family holds the majority of the capital stock with voting rights. Due to these circumstances, RUDOLF FUCHS GMBH & CO KG, the asset management company through which most of the Fuchs family's ordinary stock is held, is the dominant enterprise for FUCHS PETROLUB AG, which is a dependent company.

A dependent company report has therefore been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instructions or in the interest of the controlling company."

KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim, the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.


AT 403

50%

process cost savings are made in the field of metalworking thanks to the innovative ECOCOOL MODULAR SYSTEM. Alongside greater flexibility in production, longer tool lives at lower usage levels are also achieved.

"THE INNOVATIVE POWER OF FUCHS IN THE AEROSPACE INDUSTRY IS CHARACTERIZED BY THE GLOBAL TEAMWORK OF MACHINING EXPERTS AND CHEMISTS. WE WORK IN CLOSE COOPERATION WITH UNIVERSITIES AND EXPERTS FROM THE INDUSTRY TO DEVELOP COOLING LUBRICANTS FOR THE MATERIALS OF THE FUTURE."

CARMEN FREILER | **Head of European Product Management / Metalworking and Quenching Fluids | FUCHS EUROPE SCHMIERSTOFFE | Mannheim, Germany**

RISK REPORT

The risk policy at FUCHS PETROLUB is designed to secure the company's going-concern existence and to sustainably increase company value. Corporate success requires opportunities to be recognized and the risks associated with these opportunities to be identified and assessed. Macroeconomic opportunities arise from the good economic environment of each global region and the measures derived to cater to this. The broad scope of our product portfolio, our cooperation with local and international customers, as well as our global positioning enable us to develop many sectors and niches, such as the food grade lubricants market. The risks associated with this are analyzed. We also attempt to control and largely avoid inappropriate risks. Where appropriate, we transfer risks that lie beyond our core processes to other risk takers or reduce them through appropriate risk controlling measures.

THE GROUP'S RISK MANAGEMENT SYSTEM

The FUCHS PETROLUB Group's risk management system (RMS) is a comprehensive, traceable system that covers all company activities and processes. It incorporates all organizational policies and procedures for both detecting and handling the risks associated with the Group's business. It is also part of the FUCHS planning, governance and reporting processes in all operating units and central functions. The Internal Control System (ICS) is integrated in the risk management system.

A generally recognized framework (COSO model – Committee of Sponsoring Organizations of the Treadway Commission) forms the basis for the company-wide risk management and internal control system. The scope and alignment of the risk management system are laid down and, if necessary, adjusted by the Executive Board, taking into account company-specific requirements. Despite this, however, residual risks still remain. Even appropriately designed and fully functional systems cannot offer absolute security with regard to the identification and controlling of risks.

The risk management system employs the following elements: strategic planning, mid-term planning and budgeting, reporting and permanent controlling, risk reporting, the internal control system, the compliance management system and internal audit. Early and systematic identification, assessment, monitoring, and documentation of risks are performed to ensure that risks are largely avoided and that any counter-measures required are introduced early on. Regular risk inventories are an important instrument in global risk governance. These are performed by the management of the operating companies (every 6 months) and in the central functions (annually), and serve to detect risks where they occur or where the risk elimination specialists operate. In addition to this, ad-hoc reporting is used should any significant new risks occur. Risks are identified using suitable risk categories, with subsequent assessment in terms of their likelihood of occurrence and both gross potential loss (i.e. before counter measures are implemented) and net potential loss (i.e. after counter measures have been implemented). The assessment of potential loss generally refers to the quantitative effects on EBIT. The expected value of the loss is calculated for evaluation and analysis purposes. The risk data is processed using an intranet-based system.

SIGNIFICANT FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

The internal control system incorporates the basic principles, procedures and measures to secure the effectiveness and profitability of business operations, true and fair accounting treatment and compliance with the applicable legal requirements for the company.

The FUCHS PETROLUB Group's internal control system consists of a three-tier control hierarchy and incorporates controls at company level for controlling and monitoring the entire company, individual business processes, and individual business transactions. Instruments such as a code of conduct, corporate governance report and Group guidelines, as well as routines and institutions such as risk reporting, the Supervisory Board's Audit Committee, the Compliance Committee and the internal audit department are all in place at company level. The details of these regulations and instruments are laid down in the lower tiers of the control hierarchy. The monitoring of individual business processes takes place via appropriate and prompt reporting, which alongside financial reporting also includes other Group-relevant reports such as forecasts, budget reports and compliance reports. To secure true and fair financial reporting, organizational arrangements are in place both locally in the individual companies and centrally at the company's headquarters in Mannheim (e.g. compliance with the "four eyes" principle, approval procedures, segregation of duties, IT access control, etc.).

With regard to the financial accounting processes of the companies involved and the Group accounting process at FUCHS PETROLUB AG, the features of the internal control and risk management system we consider to be substantial are those which ensure that accounting at FUCHS PETROLUB AG is consistent and in accordance with the legal requirements, generally accepted German accounting principles, **INTERNATIONAL FINANCIAL REPORTING STANDARDS** (IFRS) and internal Group guidelines, as well as those which ensure that transactions are recorded and assessed consistently and appropriately throughout the Group within the scope of accounting disclosure, thereby providing accurate and reliable information. The key features can be described as follows:

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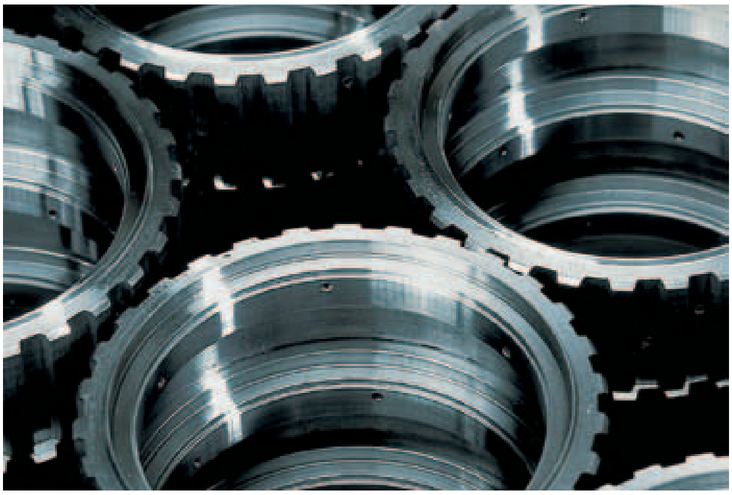
- The FUCHS PETROLUB Group's system of accounting has a decentralized organizational structure. The subsidiaries provide detailed reports on business performance in the form of income statements on a monthly basis and further financial statements on a quarterly and annual basis, the contents of which are periodically analyzed and reviewed within the Group for completeness, accuracy and plausibility.
- A uniform disclosure of transactions in reporting is secured by a range of Group-wide specifications, such as the FUCHS Accounting Manual, the Financial Guideline, Investment Guideline, Receivables Guideline and the Guideline for Inter-Company Payments. Any amendments with regard to existing regulations on reporting are timely analyzed, taking into account the effects on the annual financial statements of the FUCHS PETROLUB Group, and if applicable they are communicated to the Group subsidiaries for implementation. The financial reporting takes place via an intranet-based and group-wide standardized reporting application.

- The departments and units involved in the financial accounting process have the right tools and personnel to ensure accurate accounting. The employees are carefully selected, trained, and receive ongoing training.
- The IT systems used in accounting offer protection against unauthorized access in the form of dedicated security concepts. The IT systems are largely standardized.
- The effectiveness of the internal control system and risk management system with regard to the financial accounting process is reviewed by our Group audit. This takes place within the scope of the annual audit plan and the performance tests of the individual units, departments, and foreign subsidiaries this includes. Alongside this, Group accounting and the internal audit department perform a follow-up of the results of the annual financial statement audits. Both of these departments report directly to the Chief Financial Officer at FUCHS PETROLUB AG. The Supervisory Board receives regular reporting on the results of risk inventories and the audit results.

Even our Group internal control system cannot guarantee the absolute security that no errors occur with regard to the financial accounting process. KPMG confirmed within the scope of the (Group) annual audit that the early risk detection system applied by FUCHS PETROLUB is suitable for early detection of risks that threaten the going-concern of the Group. KPMG detected no significant weaknesses with regard to the internal controls over financial reporting within the scope of its audit.



The high degree of specialization at FUCHS leads to an extraordinarily diverse range of products,consisting of several thousand lubricants and related specialties for the most diverse of applications.

INDIVIDUAL RISKS

Macroeconomic risks

The global business operations of the FUCHS PETROLUB Group require examining the economic and/or political opportunities and risks in those countries in which FUCHS operates. Significant risks exist in the volatility of raw material costs, potential increases in geopolitical tensions and the continuing uncertainty with regard to the further effects of the global financial crisis on the real economy. Since the FUCHS PETROLUB Group is represented in 42 countries with 52 operating companies, manufactures a large number of lubricants and related specialties for a wide range of applications, and supplies more than 100,000 customers in over 100 countries, it has a diversified structure. This minimizes the risk of dependency on individual companies, products, customers, sectors or regions.

Sector risks

Sector-typical risks, such as intensive competition in the sales markets, are countered with concepts such as innovative power and maintenance of a technological edge. FUCHS is the technological leader in strategically important niches and business segments. Continuous research in developing new products, as well as further development of existing products, forms the basis for anchoring and expanding our market position. Application support stimulates cooperative research and development work directly on site with customers, whereby lubricants for new machines, components, units and production processes are constantly being developed. The Group's profitability will continue to be backed in future by this innovation and niche strategy, global presence, a high degree of specialization and ongoing cost management.

Preregistration for the European chemical regulation REACH (Registration, Evaluation, and Authorization of Chemicals) is now complete and all staff-related and organizational measures have been implemented to comply with the regulations and monitor further development.

The aim of the GHS (Globally Harmonized System) legislation, which came into force on January 20, 2009, is to introduce a uniform worldwide system for classifying and labeling chemicals. This leads to reevaluation of the toxicity properties of materials and formulations. Products from the FUCHS range could then become subject to special labeling requirements or a ban on sales. Alternative formulas have already been developed for products for which modifications became necessary or where it is likely that they will become necessary. Structures have also been created to support the implementation of GHS worldwide.

Procurement risks

Due to the availability, market changes and oligopoly situation of suppliers, the increase in prices of raw materials represents a particular risk for FUCHS. Possible reasons for price fluctuations include reduced availability of raw materials or concentration on just a few vendors. The headquarters' purchasing department constantly monitors the procurement markets, allowing immediate action to be taken in the event of any unfavorable developments. We also continuously strive to broaden our procurement basis as a way of further securing supply of base oils and other important chemicals.

Inventory risks

The large number of customers and the broad portfolio of products in connection with short delivery times require maintaining a broad base of inventories in terms of raw materials, finished products and packaging materials. Inventory management is efficiently organized, ensuring that these requirements can be met throughout the entire Group. The volatility we are seeing, both in terms of procurement prices and customer demand, leads to valuation risks, which are taken into account appropriately through a loss-free valuation.

Risks from receivables

Due to the continuing uncertainty in the context of the global financial crisis and its effects on the real economy, the liquidity situation of our customers also requires constant monitoring. The subsidiaries and the controlling department in the FUCHS PETROLUB Group have therefore introduced early warning systems, which are used to control and monitor the aging structure, compliance with payment terms for trade receivables per customer/company and their creditworthiness. During the periodically performed internal audits, the implementation of the measures is additionally checked.

Risks from research and development

Innovation and a high degree of specialization form the basis for sustainable market success of the FUCHS PETROLUB Group. Yet the high level of complexity and limited predictability of research and development projects lead to risks. Here, we pursue a strategy of risk minimization by developing most products in cooperation and coordination with our customers. In addition to this, common research in a network together with universities or corresponding research institutes makes an important contribution to promoting innovation and the high degree of specialization.

Financial risks
Detailed guidelines and stipulations, approved by the Executive Board and both monitored and controlled by the central treasury department at FUCHS PETROLUB AG, are in place for key financial risks, such as currency and interest rate risks. Currency risks are managed (where necessary) by entering into term and currency-matched financing and by making use of **DERIVATIVES**. We employ these instruments for hedging purposes only. There are currently no significant interest rate risks. The refinancing risk is also low, due to the creditworthiness of FUCHS. There is sufficient liquidity.

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Currency risks consist of (operating) transaction risks (income and expenditures in foreign currency) which, among other things, result from the procurement of raw materials, as well as translation risks (conversion of balance sheets / income statements outside the Eurozone into euros) that come about from currency translation for individual companies on various reporting dates.

Transaction and translation risks counterbalance each other at Group level and have a compensatory effect.

Pension risks
The pension risks essentially result from defined benefit plans, which lead to long-term payment obligations that themselves depend on the development of biometric factors as well as salary and pension level trends. Changes in the discount rate also lead to valuation changes in pension obligations. Defined benefit plans are mainly in place in Germany. Besides they are also used in the US and England. In the meantime, defined contribution-based plans have been introduced in these countries for new pension commitments.

Existing defined benefit obligations in the US were frozen in 2009 and transferred to a defined contribution system. The UK pension obligations for pensioners were transferred to a life insurance company in 2010. In Germany the pension fund was basically closed back in 1983.

The covering funds (plan assets) reserved for covering the benefit obligations in the US and England are invested in the capital market and subject to corresponding investment risks, although these are limited through various measures. Investment management is performed by professional fund managers, who work according to our specifications.

Legal, regulatory and location risks
Regulations and legislation affecting the Group include legal risks against which FUCHS protects itself through comprehensive legal and insurance advice, as well as through its own expert staff. Appropriate insurance coverage is in place.

There are currently no pending or threatened court cases likely to have a significant effect on the companies in the FUCHS PETROLUB Group. However, the legal position of the co-shareholder at one of our two joint ventures in the Middle East remains unclear. The shareholder in question has filed a suit against FUCHS PETROLUB AG due to alleged violation of corporate obligations. The legal and economic consequences of this are currently difficult to assess. However, the contribution of the joint venture to the earnings before interest and tax (EBIT) of the FUCHS PETROLUB Group is below 3%.

The international business transactions carried out by the FUCHS PETROLUB Group also include local tax obligations. In the case of taxation risks, sufficient provisions have been made. There are no known tax risks with a significant impact on the Group. Other risks associated with international business include risks in the areas of product liability, competition and cartel legislation, occupational safety, patent law, trademark law, and environmental protection. The Compliance Organization set up by the FUCHS PETROLUB Group, including a Compliance Committee and corresponding reporting lines, as well as training measures allow the Group to deal with any risks resulting from this in the appropriate manner. There are no known significant risks in this arena. Further countermeasures have been established through the continuous improvement of the operational and organizational structure, the quality management system and in ensuring suitable insurance coverage.

Certain country-specific and location risks occur due to our global presence. Potential risks in this context include forces of nature, pandemics, terror, nationalization or confiscation of assets, legal and regulatory risks, capital transfer embargoes, war and other turbulence. The security measures in such locations are constantly reexamined, assessed and adjusted accordingly. The political risk is taken into account for individual investment projects. The risk of damage to property, liability risks, transport risks, as well as risks posed by potential interruptions in business, are sufficiently covered throughout the Group by existing insurance policies.

Risks from acquisitions and investments

The FUCHS PETROLUB Group counters the complexity of acquisition and investment projects and the risks associated with these through fixed procedures for controlling and minimizing such risks.

There are currently no discernible risks from acquisition or investment activities.

IT risks

The organizational and IT-based networking of sites and systems includes further risks. These lie in the increasing complexity of electronic communication technology, which can lead to data loss/theft, operational interruptions and malfunctions, or even to a complete system failure. To this end, processes, guidelines and measures have been developed to be able to meet these risks in an appropriate manner. Furthermore, regular investments are made in modern hardware and software, implementation of detailed backup and recovery procedures and the consistent use of virus scanners and firewalls. Comprehensive training sessions for all employees enable them to keep up-to-date with the latest developments.

There are currently no discernible IT-relevant risks for the FUCHS PETROLUB Group.

Human resources risks
HR risks result from the fluctuation of employees in key positions as well as the acquisition and development of specialist staff and managers. The FUCHS PETROLUB Group counters these risks through intensive programs of further training, as well as performance-related compensation packages, substitution plans and early succession planning.

There are currently no significant, discernible risks from the HR department.

Product and environmental protection risks
Manufacturing chemical products involves risks associated with the production, filling, storage and transport of raw materials, products and waste. A failure can lead to personal injury, damage to the environment or production downtime.

To counter potential risks in these areas, high technical (safety) standards are applied when constructing, operating and maintaining production plants. In addition to the rigorous monitoring of quality standards for preventing business interruptions, FUCHS is taking concerted action to maintain soil and water conservation. As is standard in the industry, FUCHS is also insured against any potential damage that may result from this.

From today's perspective, sufficient provisions have been made for all known product and environmental risks.

Other risks
There are currently no other significant risks.

OVERALL RISK

The global economy has clearly started to recover. However, the significant fluctuations in the prices of raw materials, currencies and tangible assets show that the economic recovery still carries risks and could still lead to sales revenue and income risks at FUCHS. From today's perspective, however, there are no discernible risks that threaten the Group's going-concern existence. We consider it highly improbable that all the individual risks would occur at the same time.

The FUCHS PETROLUB Group's solid financial position, together with its equity ratio of more than 60%, debt ratio of zero, global presence, broad customer base and comprehensive range of problem-solving solutions for customers, limits the risks and also provides opportunities to further reinforce and expand the Group's market position and thereby ensure continued growth in sales revenues and earnings.

FORECAST REPORT

GROUP ALIGNMENT AND ECONOMIC FRAMEWORK

The FUCHS PETROLUB Group has a proven business model, based on broad regional exploitation of business opportunities across many industry sectors. This business model is also to be consistently implemented and employed over the course of the next few years. Thanks to the broad diversification in the existing business model and the business opportunities still open in many local niches, we will focus on cultivating these niches and regional market segments in the following months and years. However, we are not planning any further diversification into other business areas beyond the field of lubricants.

The sales markets in the regions of the world enjoying particularly fast economic development currently offer, and are likely to continue to offer over the course of the next few years, diverse applications suitable for the technological solutions and processes available in the FUCHS PETROLUB Group. FUCHS sees excellent business opportunities in many global regions based on the ever increasing demand for technology/solutions and the service demand associated with this. Indeed, FUCHS continuously develops new products that can reduce costs in complex processes and solve technical problems. At the same time, existing products are centrally and regionally modified to match the ever changing requirements. In the case of the latter, this involves a large number of solutions to problems, not basic technological impetuses.

Economic forecasts for 2011 are predicting that the growth in the global economy experienced in 2010 will continue, although it is unlikely to remain as dynamic. Good growth is also being forecast for 2012, as consumer confidence and willingness to invest are both set to improve again in light of the continuing recovery of various national economies, and the consequences of the crisis being increasingly overcome.

In terms of demand for lubricants, this represents a favorable environment and one from which the FUCHS PETROLUB Group should also benefit. However, the development of raw material prices will play a key role. Following a period of relative stability at the start of the year, raw material costs increased significantly in 2010. Further price increases have also already occurred or are likely to still occur in 2011. This volatility is being made even more acute by the increase in geopolitical risks, particularly in North Africa and the Middle East and most recently by the natural and nuclear disaster unfolding in Japan. Whether and to what extent this results in growth and income risks for FUCHS PETROLUB AG remains to be seen.

The national debt crisis in various countries, the ongoing critical situation at many banks, the imbalances in exchange rates, a high degree of central bank liquidity and the inflationary risks that result from this are all significant risks in terms of further global economic development. These risks may not only have considerable effects on the Group's sales markets. Potentially severe exchange rate fluctuations could also have a significant effect on the Group in terms of raw material purchasing by Group companies, conversion of the balance sheet and income statement, and dividend income of the holding company.

ANTICIPATED PROFIT AND FINANCIAL POSITION

The planning for 2011 assumes a favorable economic environment. In light of this, the Group expects to record organic growth in sales revenues tying on to the average growth rate of 4 to 5%, which has been observed over a longer period of time. Beside this, the effects of currency exchange rates could also play a part, although the positive influences observed in 2010 are unlikely to be repeated. We would also expect moderate external growth results from the acquisition made in the fourth quarter of 2010. Whether further acquisitions can be made in 2011 remains to be seen.

We expect to see a further increase in raw material costs, in some cases even in the double-digit range. In light of the increasing raw material prices, the gross margin in 2011 will not reach the 38.9% achieved in 2010. Above all, it will not be possible to repeat the high gross margins achieved in the first half of 2010.

At the same time, personnel and operating costs will also increase due to both inflation and business levels. In addition to this, FUCHS is preparing the ground for future growth with its investments. The agreed measures will pay off in the mid-term thanks to the additional business, although, they will involve higher costs compared to the previous year. Overall, FUCHS will strive to tie on the record level of earnings before interest and tax achieved in 2010.

The investments planned for 2011 will exceed the €32.5 million mark recorded in 2010. Beside completion of the laboratory building in Mannheim, construction work is also set to start on new facilities in Brazil, China and Russia. Measures to increase the efficiency of other important facilities are also planned. The new staff we have hired in Research and Development and Sales will ultimately enable us to exploit our growth potential more effectively in key markets.

In light of the good financial position and the pleasing gross cash flow expected, it should be possible to finance these investments and the business-related increase in working capital internally. In addition to this, appreciable cash and cash equivalents should be available in 2012, allowing a healthy dividend to be paid for 2011. The aim is to ensure a sustainable and shareholder-friendly dividend policy.

It is difficult to predict from today's perspective to what extent funds will be used for acquisitions. If acquisitions do not require borrowing, the FUCHS PETROLUB Group should not have any net financial debt at the end of 2011. It is currently difficult to predict to what extent existing liquidity may potentially be used for share buybacks in future.

Planning for 2012 assumes positive overall economic framework conditions. Since the Group has not planned any strategic changes and the projects and areas to be processed are defined, the earnings, net assets, and financial position should in principle not differ from developments in 2011. However, progress and changes both to framework conditions and company-specific factors are associated with various risks.

OPPORTUNITIES AND ANTICIPATED DEVELOPMENT

The FUCHS PETROLUB Group is strategically well positioned. Based on the overall positive environment expected for 2011, its broad alignment over many regions and sectors should give the Group the opportunity to absorb raw material price increases and inflation in terms of personnel and operating costs despite all associated risks. We expect above-average growth rates to continue in the growth regions. The consistently innovative development of products and solutions, which creates added value for our customers, will also bring us further opportunities.

Risks come from the political and macroeconomic issues already mentioned, which can unsettle the global economy, as we all experienced in 2008. The situation in Japan and the geopolitical events in North Africa and the Middle East pose particular risks and threaten the recovery of the global economy. The fact that a wide range of industries maintain supply chains with Japan could on its own hinder growth of the global economy, as could sharply rising oil prices.

In summary, FUCHS therefore expects 2011 to be another successful year for the Group, taking into account the opportunities and risks of future developments. We expect the market position enjoyed by FUCHS to see continuous improvement, both in the markets characterized by fast growth and in the fierce competition on the established markets. Based on this, we also expect the earnings position to remain positive and the balance sheet to remain solid. This should provide us with sufficient scope for a shareholder-friendly dividend policy. The company is also well equipped to handle any acquisitions, even if these require appreciable capital. Should the right acquisition opportunities present themselves, this will allow us to actively achieve a broader and/or deeper market penetration in the field of lubricants and related specialties.

These statements also apply to 2012, provided, of course, that the present, positive environment for FUCHS continues into 2012.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors.

BUSINESS DEVELOPMENT IN THE FIRST TWO MONTHS OF 2011

The improved economic situation experienced over the course of 2010 still applies in many countries at the start of 2011. In light of this, the FUCHS PETROLUB Group has been able to record encouraging sales revenues and income in the first two months of the new fiscal year.

FINANCIAL REPORT
CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

in € million	Notes		**2010**		2009
Sales revenues	(1)		1,458.6		1,178.1
Cost of sales	(2)		−891.6		−721.0
Gross profit			**567.0**		**457.1**
Selling and distribution expenses	(3)	−223.5		−191.1	
Administrative expenses		−76.7		−69.8	
Research and development expenses		−25.1		−22.2	
			−325.3		−283.1
Operating profit			**241.7**		**174.0**
Other operating income and expenses	(4)		0.1		−1.3
Investment income	(5)		8.3		7.2
Earnings before interest and tax (EBIT)			**250.1**		**179.9**
Financial result	(6)		−4.7		−7.0
Earnings before tax (EBT)			**245.4**		**172.9**
Income taxes	(7)		−73.8		−51.5
Profit after tax			**171.6**		**121.4**
Profit attributable to minority interest	(8)		−0.9		−0.6
Profit attributable to equity holders of FUCHS PETROLUB AG			**170.7**		**120.8**
Earnings per share in € [1]	(9)				
Ordinary share			7.18		5.07
Preference share			7.24		5.13

[1] Basic and diluted in both cases.

STATEMENT OF COMPREHENSIVE INCOME

in € million	2010	2009
Profit after tax	**171.6**	**121.4**
Income and expenses recognized in equity		
Change in fair values of hedging instruments	0	0
Change in foreign currency translation adjustments		
foreign subsidiaries	23.0	8.4
investments accounted for using the equity method	0.5	−0.1
Actuarial gains/losses on defined benefit pension commitments [1]	−4.0	−11.9
Deferred taxes on income and expenses recognized directly in equity [1]	2.2	3.3
Other changes	0	0
Total income and expenses recognized in equity	**21.7**	**−0.3**
Total income and expenses for the period	**193.3**	**121.1**
thereof shareholder of FUCHS PETROLUB AG	192.4	120.5
thereof minority interests	0.9	0.6

[1] For further information, please refer to note 24 in the consolidated financial statements.

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BALANCE SHEET

in € million	Notes		Dec. 31, 2010		Dec. 31, 2009
Assets					
Intangible assets	(14)		123.2		95.0
Property, plant and equipment	(13)		201.2		180.5
Investments accounted for using the equity period	(15)		6.8		4.5
Other financial assets	(16)		5.7		6.6
Deferred tax assets	(17)		21.9		20.6
Long-term assets	(12)		**358.8**		**307.2**
Inventories	(18)		187.2		149.3
Trade receivables	(19)		221.4		171.8
Tax receivables	(20)		2.3		2.0
Other receivables and other assets	(21)		32.4		25.5
Cash and cash equivalents	(22)		92.1		89.9
Short-term assets			**535.4**		**438.5**
Total assets			**894.2**		**745.7**
Equity and liabilities					
Subscribed capital		71.0		71.0	
Group reserves		302.6		199.7	
Group profits		170.7		120.8	
FUCHS PETROLUB Group capital			544.3		391.5
Minority interest			1.6		1.4
Shareholders' equity	(23)		**545.9**		**392.9**
Pension provisions	(24)		74.4		83.8
Other provisions	(25)		6.6		7.0
Deferred tax liabilities	(17)		16.1		14.9
Financial liabilities	(26)		0.1		45.7
Other liabilities			2.6		2.1
Long-term liabilities			**99.8**		**153.5**
Trade payables	(27)		114.5		91.2
Provisions	(28)		56.2		45.4
Tax liabilities	(29)		27.3		23.8
Financial liabilities	(30)		19.6		12.5
Other liabilities	(31)		30.9		26.4
Short-term liabilities			**248.5**		**199.3**
Total equity and liabilities			**894.2**		**745.7**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € million	Outstanding shares (units) [1]	Subscribed capital AG	Capital reserves AG	Reserve for own shares	Equity capital generated in the Group	Other comprehensive income [2]	**FUCHS PETROLUB Group Capital**	Minority interest	**Shareholders' equity**
As at December 31, 2008	23,861,100	77.8	87.8	–117.9	290.3	–24.1	**313.9**	1.4	**315.3**
Share buy-back	–201,100			–5.8			**–5.8**		**–5.8**
Redemption of own shares/ Reduction of share capital		–6.8	6.8	123.7	–123.7		**0.0**		**0.0**
Dividend payments					–37.1		**–37.1**	–0.6	**–37.7**
Profit after tax 2009					120.8		**120.8**	0.6	**121.4**
Change in income and expenses recognized directly in equity					–8.6 [1]	8.3	**–0.3**		**–0.3**
Changes in scope of consolidation and other changes							**0.0**		**0.0**
As at December 31, 2009	23,660,000	71.0	94.6	0.0	241.7	–15.8	**391.5**	1.4	**392.9**
Dividend payments					–39.5		**–39.5**	–0.8	**–40.3**
Profit after tax 2010					170.7		**170.7**	0.9	**171.6**
Change in income and expenses recognized directly in equity					–1.8 [1]	23.5	**21.7**		**21.7**
Changes in scope of consolidation and other changes					–0.1		–0.1	0.1	0.0
As at December 31, 2010	23,660,000	71.0	94.6	0.0	371.0	7.7	**544.3**	1.6	**545.9**

[1] Actuarial gains/losses after tax from defined benefit plans and similar obligations.
[2] The other changes concern the reserves for foreign currency translation of the Group.

Changes in shareholders' equity are illustrated in the notes under item 23. See page 127

STATEMENT OF CHANGES IN LONG-TERM ASSETS

in € million	GROSS AMOUNTS ACQUISITION AND MANUFACTORING COSTS						
2009	Dec. 31, 2008	Differences	Changes in the scope of consoli-dation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2009
Intangible assets							
Licenses, industrial property rights and similar values	42.4	0.4	0.0	2.9	0.2	0.1	45.6
Goodwill [1]	88.5	1.9	0.0	1.7	0.0	0.0	92.1
Other intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	130.9	**2.3**	**0.0**	**4.6**	**0.2**	**0.1**	**137.7**
Property, plant and equipment							
Land, land rights and buildings	139.9	2.2	0.0	4.7	2.2	10.5	155.1
Technical equipment and machinery	157.4	4.2	0.0	4.9	2.5	4.1	168.1
Other equipment, factory and office equipment	80.4	2.0	0.0	11.6	8.3	1.9	87.6
Work in progress	16.9	0.1	0.0	7.3	0.0	–16.6	7.7
	394.6	**8.5**	**0.0**	**28.5**	**13.0**	**–0.1**	**418.5**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment accounted for using the equity method [2]	4.5	0.0	0.0	0.0	0.0	0.0	4.5
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Loans to participating interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	6.4	0.0	0.0	0.2	1.4	0.0	5.2
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	13.5	**0.0**	**0.0**	**0.2**	**1.4**	**0.0**	**12.3**
Long-term assets (excluding deferred taxes)	**539.0**	**10.8**	**0.0**	**33.3**	**14.6**	**0.0**	**568.5**
2010	Dec. 31, 2009	Differences	Changes in the scope of consoli-dation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2010
Intangible assets							
Licenses, industrial property rights and similar values	45.6	1.3	0.0	29.5	0.4	0.0	76.0
Goodwill [1]	92.1	3.7	0.0	0.0	0.0	0.0	95.8
Other intangible assets	0.0	0.0	0.0	0.3	0.1	0.0	0.2
	137.7	**5.0**	**0.0**	**29.8**	**0.5**	**0.0**	**172.0**
Property, plant and equipment							
Land, land rights and buildings	155.1	7.9	0.0	9.3	2.0	1.7	172.0
Technical equipment and machinery	168.1	8.1	0.0	6.2	1.3	3.2	184.3
Other equipment, factory and office equipment	87.6	3.1	0.0	7.3	2.6	1.2	96.6
Work in progress	7.7	0.3	0.0	8.8	0.0	–6.1	10.7
	418.5	**19.4**	**0.0**	**31.6**	**5.9**	**0.0**	**463.6**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment accounted for using the equity method [2]	4.5	0.4	0.0	8.3	6.4	0.0	6.8
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Loans to participating interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	5.2	0.0	0.0	0.1	1.0	0.0	4.3
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	12.3	**0.4**	**0.0**	**8.4**	**7.4**	**0.0**	**13.7**
Long-term assets (excluding deferred taxes)	**568.5**	**24.8**	**0.0**	**69.8**	**13.8**	**0.0**	**649.3**

[1] The amortization on goodwill accumulated by December 31, 2004 was balanced according to IFRS 3.79 with historical acquisition costs.

[2] The inflows to the financial assets also contain partial proceeds of the investement accounting for using the equity method, in addition to the capital expenditures.

DEPRECIATION AND AMORTIZATION								NET AMOUNTS	
Dec. 31, 2008	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2008
30.4	0.2	0.0	3.2	0.0	0.2	0.0	33.6	12.0	12.0
7.0	0.7	0.0	0.0	1.4	0.0	0.0	9.1	83.0	81.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37.4	**0.9**	**0.0**	**3.2**	**1.4**	**0.2**	**0.0**	**42.7**	**95.0**	**93.5**
55.9	0.7	0.0	3.7	1.2	1.4	0.0	60.1	95.0	84.0
108.2	3.2	0.0	7.5	0.0	2.2	0.0	116.7	51.4	49.2
61.8	1.6	0.0	5.7	0.0	8.0	0.0	61.1	26.5	18.6
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	7.6	16.8
226.0	**5.5**	**0.0**	**16.9**	**1.2**	**11.6**	**0.0**	**238.0**	**180.5**	**168.6**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	4.5
1.0	0.2	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	−0.1	0.0	0.0	0.0	0.0	0.0	−0.1	5.3	6.4
0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3
1.0	**0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.2**	**11.1**	**12.5**
264.4	**6.6**	**0.0**	**20.1**	**2.6**	**11.8**	**0.0**	**281.9**	**286.6**	**274.6**

Dec. 31, 2009	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2009
33.6	0.4	0.0	4.8	0.0	0.4	0.0	38.4	37.6	12.0
9.1	0.7	0.0	0.0	0.6	0.0	0.0	10.4	85.4	83.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
42.7	**1.1**	**0.0**	**4.8**	**0.6**	**0.4**	**0.0**	**48.8**	**123.2**	**95.0**
60.1	3.2	0.0	4.0	0.1	1.5	0.0	65.9	106.1	95.0
116.7	5.9	0.0	7.5	0.0	1.2	0.0	128.9	55.4	51.4
61.1	2.6	0.0	6.2	0.0	2.4	0.0	67.5	29.1	26.5
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	10.6	7.6
238.0	**11.7**	**0.0**	**17.7**	**0.1**	**5.1**	**0.0**	**262.4**	**201.2**	**180.5**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8	4.5
1.2	−0.1	0.0	0.0	0.1	0.0	0.0	1.2	1.1	1.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
−0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	4.4	5.3
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
1.2	**−0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**1.2**	**12.5**	**11.1**
281.9	**12.7**	**0.0**	**22.5**	**0.8**	**5.5**	**0.0**	**312.4**	**336.9**	**286.6**

STATEMENT OF CASH FLOWS

in € million	**2010**	2009
Profit after tax	**171.6**	**121.4**
Depreciation and amortization of long-term assets	23.3	22.7
Change in long-term provisions	–15.7	1.8
Change in deferred taxes	2.5	1.3
Non cash income from release of negative goodwill	0.0	–0.1
Non cash income from investments accounted for using the equity method	–8.3	–7.2
Gross cash flow	**173.4**	**139.9**
Change in inventories	–26.3	49.3
Change in trade receivables	–39.0	11.7
Change in other assets	–6.6	–4.8
Change in trade payables	18.2	2.4
Change in other liabilities (excluding financial liabilities)	13.3	7.5
Net gain/loss on disposal of long-term assets	0.2	0.3
Cash flow from operating activities	**133.2**	**206.3**
Investments in long-term assets	–32.5	–30.1
Acquisition of subsidiaries and other business units	–31.4	–5.4
Disposal of subsidiaries and other business units	0.0	0.0
Proceeds from the disposal of long-term assets	1.9	2.6
Dividends received	6.5	7.4
Cash flow from investing activities	**–55.5**	**–25.5**
Free cash flow	**77.7**	**180.8**
Dividends paid	–40.1	–37.7
Purchase of own shares	0.0	–5.8
Repayment private placement bond	–40.0	0.0
Changes in bank and leasing commitments	0.1	–67.5
Effects on cash from changes in scope of consolidation	0.0	0.3
Cash flow from financing activities	**–80.0**	**–110.7**
Cash and cash equivalents at the end of the previous period	**89.9**	**19.5**
Cash flow from operating activities	133.2	206.3
Cash flow from investing activities	–55.5	–25.5
Cash flow from financing activities	–80.0	–110.7
Effect of currency translations	4.5	0.3
Cash and cash equivalents at the end of the period [1]	**92.1**	**89.9**

The paid taxes on income total €60.4 million (52.4). They are included in the cash flow from operating activities.

€3.1 million (4.9) was paid for interest. Interest payments received totaled €1.3 million (2.1).

in € million	2010	2009
Details of the acquisition and disposal of subsidiaries and other business units (in € million)		
Total of all purchase prices[2]	31.4	5.4
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets[3]	31.4	2.9
Total of all sale prices	0.0	0.0
Total of sold cash and cash equivalents	0.0	0.0
Total of sold net assets	0.0	0.0

1 Cash and cash equivalents comprise total liquid funds of the Group.
2 All purchase prices were paid in cash or cash equivalents.
3 Acquired net assets of food grade lubricants business of Shell International Petroleum and Titan Chemicals Private Limited, India.

Statement of cash flows is illustrated in the notes under item 35. See page 149

SEGMENTS

	EUROPE			ASIA-PACIFIC, AFRICA			NORTH AND SOUTH AMERICA		
in € million	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
Sales revenues by customer location	796.2	671.8	124.4	410.3	323.1	87.2	252.1	183.2	68.9
Sales revenues by company location	874.7	742.5	132.2	382.1	289.8	92.3	245.1	176.9	68.2
of which with other segments	41.2	27.0	14.2	0.1	0.0	0.1	2.0	4.1	–2.1
Scheduled depreciation [1]	14.5	12.9	1.6	2.9	2.6	0.3	4.5	4.1	0.4
Impairment losses [1]	0.7	1.4	–0.7	0.0	1.2	–1.2	0.1	0.0	0.1
Income from investments accounted for using the equity method	0.0	0.0	0.0	8.3	7.2	1.1	0.0	0.0	0.0
Segment earnings (EBIT)	125.3	96.5	28.8	76.9	54.9	22.0	53.3	32.9	20.4
Financial result									
Income taxes									
Profit after tax									
Segment assets [2]	453.9	385.9	68.0	203.5	142.9	60.6	178.2	152.1	26.1
Segment liabilities [3]	137.7	116.4	21.3	62.4	46.8	15.6	28.9	17.9	11.0
Financial liabilities									
Pension provisions									
Cash and cash equivalents									
Group liabilities [4]									
Investments in property, plant and equipment and intangible assets	41.6	24.0	17.6	12.0	3.8	8.2	5.5	1.8	3.7
Employees (average numbers)	2,156	2,217	–61	806	789	17	498	505	–7
Key performance indicators (in %) Ratio of EBIT to sales revenues [5]	14.3	13.0		18.0	16.5		21.8	18.6	

1 Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
2 Including investments accounted for using the equity method, excluding financial receivables.
3 Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities; Group value including tax liabilities.
4 Segment liabilities, financial liabilities, pension provisions, minus cash and cash equivalents.
5 EBIT in segments excluding results and impairment losses of investments accounted for using the equity method, as their sales revenues are not included, either; sales revenues by company's location.

	TOTAL FOR OPERATING COMPANIES			HOLDING COMPANIES INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
	2010	2009	Change	**2010**	2009	Change	**2010**	2009	Change
	1,458.6	1,178.1	280.5	0.0	0.0	0.0	1,458.6	1,178.1	280.5
	1,501.9	1,209.2	292.7	−43.3	−31.1	−12.2	1,458.6	1,178.1	280.5
	43.3	31.1	12.2	−43.3	−31.1	−12.2	0.0	0.0	0.0
	21.9	19.6	2.3	0.6	0.5	0.1	22.5	20.1	2.4
	0.8	2.6	−1.8	0.0	0.0	0.0	0.8	2.6	−1.8
	8.3	7.2	1.1	0.0	0.0	0.0	8.3	7.2	1.1
	255.5	184.3	71.2	−5.4	−4.4	−1.0	250.1	179.9	70.2
							−4.7	−7.0	2.3
							−73.8	−51.5	−22.3
							171.6	121.4	50.2
	835.6	680.9	154.7	58.6	64.8	−6.2	894.2	745.7	148.5
	229.0	181.1	47.9	25.2	81.8	−56.6	254.2	262.9	−8.7
							19.7	58.2	−38.5
							74.4	83.8	−9.4
							92.1	89.9	2.2
							256.2	315.0	−58.8
	59.1	29.6	29.5	2.3	0.4	1.9	61.4	30.0	31.4
	3,460	3,511	−51	74	76	−2	3,534	3,587	−53
	16.5	14.6					17.1	15.3	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BASIS OF PREPARATION

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2010, have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, to be applied within the EU, and in accordance with the supplementary regulations to be applied as specified by Section 315a (1) of the German Commercial Code (HGB), as applicable on the balance sheet date. All of the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), that were required for the 2010 financial year have been applied.

The following amendments to standards and interpretations were binding for the first time in the financial year 2010:

- Amendment to IAS 27 "Consolidated and Separate Financial Statements",
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items",
- Revised version and subsequent amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards",
- Amendment to IFRS 2 "Share-based Payment",
- Revised version of IFRS 3 "Business Combinations",
- Improvements to International Financial Reporting Standards (2009),
- IFRIC 12 "Service concession arrangements",
- IFRIC 15 "Agreements for the construction of real estate",
- IFRIC 16 "Hedges of a net investment in a foreign operation",
- IFRIC 17 "Distributions of non-cash assets to owners",
- IFRIC 18 "Transfers of assets from customers".

The amended regulations have no material effect on the net assets, financial position and results of operations of the Group.

The following standards and/or amendments to standards and interpretations will only become binding as of the financial year 2011 and were also not adopted early:

- Revised version of IAS 24 "Related Party Disclosures",
- Amendment to IAS 32 "Financial Instruments: Presentation",
- Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards. Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",
- Amendment to IFRIC 14 "IAS 19 – Prepayments of a Minimum Funding Requirement",
- Improvements to International Financial Reporting Standards (2010).

We do not anticipate that above-listed new or amended regulations will have any significant effects on the net assets, financial position and results of operations of the Group.

Furthermore, the following standards and amendments of standards and interpretations were published by the IASB in English which have not yet been adopted by the European Union:

- IFRS 9 "Financial Instruments",
- Amendment to IAS 12 "Income Taxes",
- Amendment to IFRS 1 "First-time Adoption of International Reporting Standards",
- Amendment to IFRS 7 "Financial Instruments. Disclosures".

We do not anticipate that above-listed new regulations will have any significant effects on the net assets, financial position and results of operations of the Group.

The currency used in this report is the euro (€). All amounts are stated in millions of euros (€ million), unless otherwise indicated. In order to simplify the presentation, some individual items have been grouped together in the balance sheet and the income statement; however, these items are listed separately and explained in the notes.

SCOPE OF CONSOLIDATION

Fundamentally, all German and international subsidiaries are included in the consolidated financial statements of FUCHS PETROLUB AG, Mannheim, Germany. The year-end financial statements of the subsidiaries are prepared with the same balance sheet date as the consolidated financial statements (December 31). Full disclosure of shareholdings is given in note 42.

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The financial results of certain subsidiaries that have no material effect upon the consolidated financial results of the Group have not been included in FUCHS PETROLUB's consolidated financial statements.

The scope of consolidation includes a total of 56 (57) companies. The changes to the scope of consolidation in 2010 are stated in the section below.

Four affiliated companies, which are managed jointly with other companies, have been consolidated pro rata.

As in the previous year, ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia was included in the consolidated financial statements using the equity method.

One German and one international subsidiary as well as three other holdings, which in aggregate have a negligible impact on the Group's assets, liabilities, financial position and earnings, are not included in the scope of consolidation.

Use was made of the exemption from the disclosure requirement for the following subsidiaries included in the consolidated financial statements:
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen,
as per Section 264b of the German Commercial Code (HGB) and for
BREMER & LEGUIL GMBH, Duisburg,
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim
FUCHS FINANZSERVICE GMBH, Mannheim,
FUCHS LUBRITECH GMBH, Kaiserslautern, and
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg,
as per Section 264 (3) of the German Commercial Code (HGB). The large and medium-sized corporations were also exempted from preparing a management report.

CHANGES IN THE SCOPE OF CONSOLIDATION

In the course of aggregating the operating business of the Lubritech Group, K.S. PAUL GMBH was merged with FUCHS LUBRITECH GMBH with effect from January 1, 2010 (merger by absorption). The contract, which was certified by notary, is dated June 30, 2010, and the corresponding shareholders' resolutions were passed on July 8, 2010. The transaction was entered in the commercial register at the Kaiserslautern district court on September 17, 2010.

The comparability of the Group's balance sheet and income statement to the previous year is not impaired by the aforementioned change. The assets of the merged company remain included in the consolidated financial statements.

CONSOLIDATION PRINCIPLES

The acquisition accounting for acquisitions prior to March 31, 2004 has been accounted in accordance with the regulations of IAS 22. For acquisitions after March 31, 2004, the principles of IFRS 3 apply. All business combinations are accounted for using the purchase method of accounting.

The assets and liabilities acquired before March 31, 2004 are assessed at the pro rata fair value. The positive difference between the acquisition costs and the portion of the net fair value will be stated as goodwill. For acquisitions after March 31, 2004, the capitalization of the acquired assets and liabilities occurs at the full fair value. The difference between the acquisition costs and the full fair value represents goodwill.

In accordance with IAS 38.107, no further scheduled goodwill amortization will occur as of the financial year 2005. Pursuant to IAS 36, the recoverable amount of goodwill is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment. For the purpose of testing impairment, the goodwill will be assigned to the cash generating units. A cash-generating unit is generally formed by a subsidiary. If the recoverable amount is lower than the carrying amount of a cash-generating unit, an impairment of goodwill is recognized in the income statement to either the value in use or the fair value (whichever is higher), less costs to sell. Fair value is determined based on discounted cash flows. Discount rates of 8.0% (7.5%), 10.0% (9.0%), and 12.0% (10.5%) after tax will be applied in order to reflect the different country risk profiles (value in use). The Group's mid-term planning, which consists of the budget plan 2011 and the plan years 2012 and 2013, serves as the basis for planning. A reduction of 20% in the cash flow was assumed for calculating sensitivity. Based on previous experience we believe that larger variations are unlikely. If the actual cash flows were 20% lower than the assumed cash flows no impairment of the group's goodwill would be necessary, except in the case of one European subsidiary (€1.1 million devaluation risk).

The consolidation principles apply accordingly for the joint ventures consolidated pro rata and the associated company valued using the equity method.

Intercompany sales, expenses and income as well as receivables and liabilities between consolidated companies are netted off. Inter-company profits resulting from sales and services rendered between consolidated companies are eliminated. This does not apply to profits or losses which in total are of minor importance for forming a true and fair view of the Group's assets, liabilities, financial position and earnings.

Minority interests in the consolidated shareholders' equity and consolidated net profit are shown separately from the parent company's ownership interest.

FOREIGN CURRENCY TRANSLATION

The translation of financial statements prepared in foreign currencies by consolidated companies is accounted for in accordance with IAS 21 on the basis of the functional currency concept. The functional currency is the currency of the primary economic environment in which a company operates. All subsidiaries use their local currency as their functional currency. For the companies included in the consolidated financial statements, a foreign currency transaction will be valued in its functional currency and converted by the spotrate valid on the day of the business transaction.

In the financial statements of FUCHS PETROLUB AG and its subsidiaries, assets and liabilities in foreign currencies are translated at the exchange rates on the balance sheet date. Any exchange rate gains or losses not yet realized on the balance sheet date are recognized in the income statement.

For consolidation purposes, the financial statements of the subsidiaries prepared in a foreign currency have been translated to euros as follows:

Expenses and income are recognized at the average annual exchange rate in line with the simplification rule of IAS 21.40; shareholders' equity at historical exchange rates and assets and liabilities at the exchange rate applicable on the balance sheet date. The resulting translation adjustments are recognized directly in shareholders' equity. The item is explained in the statement of comprehensive income. The respective cumulative translation differences are released to income at the time of deconsolidation of subsidiaries.

See page 90

The currency differences resulting from the consolidation of intercompany debts are also recognized in the income statement and are included under "other operating income and expenses".

See statement of changes in long-term assets page 94

In the statement of changes in long-term assets, the starting and closing balances have been translated at the exchange rate on the balance sheet date, and the other items have been translated at average exchange rates. Any differences arising from exchange rate movements are shown in a separate column as exchange rate differences within acquisition and manufacturing costs and with depreciation and amortization adjustments.

Currency translation for the pro rata equity capital of associated companies is performed at the respective exchange rates on the balance sheet date. Translation of the annual results concerned is carried out at the average exchange rate on the balance sheet date. Dividend payments by associated companies are translated at the exchange rate on the date of the distribution.

The exchange rates with a significant influence on the consolidated financial statement have moved against the euro as follows:

Closing rate (1 €)	**Dec. 31, 2010**	Dec. 31, 2009	Change in foreign currency in %
US dollar	1.325	1.433	+8.2
British pound	0.857	0.900	+5.0
Chinese renminbi yuan	8.763	9.800	+11.8
Australian dollar	1.304	1.605	+23.1
South African rand	8.813	10.622	+20.5
Polish zloty	3.972	4.135	+4.1
Brazilian real	2.214	2.508	+13.3
Argentinian peso	5.272	5.476	+3.9
Russian ruble	40.47	43.39	+7.2
South Korean won	1,502.61	1,670.94	+11.2

Average annual exchange rate (1 €)	**2010**	2009	Change in foreign currency in %
US dollar	1.328	1.394	+5.0
British pound	0.859	0.892	+3.8
Chinese renminbi yuan	9.002	9.536	+5.9
Australian dollar	1.447	1.777	+22.8
South African rand	9.744	11.716	+20.2
Polish zloty	4.003	4.340	+8.4
Brazilian real	2.347	2.787	+18.7
Argentinian peso	5.205	5.217	+0.2
Russian ruble	40.39	44.25	+9.6
South Korean won	1,538.81	1,777.68	+15.5

ACCOUNTING AND VALUATION METHODS

In conformity with IAS 27, the financial statements of FUCHS PETROLUB AG and its subsidiaries in Germany and abroad are prepared in accordance with uniform accounting and valuation principles. Valuations that deviate from the Group's principles in the annual financial statements of associated companies are retained where they are of negligible significance.

The primary assessment concept is the inclusion of historical purchasing or manufacturing costs. Reference is made to exceptions.

The preparation of the consolidated financial statements in conformity with the IFRS principles (as applied in the EU) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Group's financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on experience values, the current level of knowledge, information currently available, as well as other factors which are deemed to be applicable under the respective circumstances. Estimates are necessary for valuation, disclosure, and measurement of

- impairment losses and/or allowances,
- write-ups,
- pension obligations,
- provisions for taxes and restructuring,
- need for inventory write-downs,
- feasibility of deferred tax assets.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors. The estimates and assumptions used are regularly reviewed. Changes are accounted for in the year of correction and – if necessary – in any subsequent years.

SALES REVENUE AND OTHER OPERATING INCOME

Sales revenues include revenues from ordinary business activities net of sales deductions and elimination of intra-group transactions. Sales revenues also include fees for chemical process management services.

Sales revenue and other operating income are realized upon delivery of the products and services when all essential risks and opportunities have been transferred to the owner.

COST OF SALES

Cost of sales includes the manufacturing costs associated with products sold as well as the purchase costs of merchandise sold. In accordance with IAS 2, it contains not only direct material and manufacturing costs, but also indirect production related overheads. These include depreciation of production buildings and equipment, write-downs of inventories, etc.

SELLING AND DISTRIBUTION EXPENSES

Selling expenses include the costs of the sales departments and operations, advertising expenses, commission expenses, and shipping costs.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise the personnel and related costs of the management and administration departments, if these have not been allocated to other departments as internal services.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are recognized in the income statement as incurred since they do not meet the extensive preconditions of IAS 38 with regard to capitalization.

FINANCIAL RESULT

Financing costs will be differentiated in the income statement and accounted for using the effective interest method, provided they are not capitalized as part of the historical cost of the asset in line with IAS 23.8.

Interest income will be differentiated in the income statement and accounted for using the effective interest method. Dividends will be recorded at the time of the payment claim.

Interest expense arising from pension obligations will be netted against the expected investment returns of the pension fund on the basis of actuarial calculations and disclosed in the financial result.

INTANGIBLE ASSETS

Acquired intangible assets are measured at cost in accordance with IAS 38. It must be determined whether the useful life of an asset is finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This applies to goodwill and acquired trademark rights which are recorded as assets with an indefinite useful life in accordance with IFRS 3.

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Indefinite-lived intangible assets are not subject to scheduled amortization, but undergo an impairment test at least once a year and also whenever there are indications of an impairment. The procedures in connection with impairment testing are described in the section “Consolidation principles”. Definite-lived intangible assets will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

For software, a useful life of three to five years is scheduled within the Group. Other intangible assets, such as patents and licenses, are amortized as per their respective, contractually agreed useful life. The amortization will be recorded in the income statement under the department costs for manufacturing, administration, distribution, as well as research and development.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are measured at their cost of acquisition or manufacture, reduced by scheduled depreciation. Government grants are offset against acquisition costs. Straight-line depreciation is applied over the useful life of the property, plant and equipment.

Within the Group, property, plant and equipment are amortized on the basis of the following estimated useful lives:

Useful life	
Buildings	20 to 40 years
Plant and machinery	5 to 20 years
Vehicles	5 years
Factory and office equipment	3 to 10 years

IMPAIRMENT FOR DEFINITE-LIVED INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The carrying value of long-term assets is evaluated whenever circumstances or events dictate in accordance with IAS 36. The recoverable amount of the assets is compared to their carrying value to determine whether any impairment exists. An impairment loss is recognized if the recoverable value of an asset (defined as the higher of the asset’s net selling price or its value in use) is lower than the carrying amount. If the reason for a previously recognized impairment loss no longer exists, the impairment is reversed up to its brought-forward depreciated or amortized cost of purchase or manufacture.

LEASING

Long-term assets also include leased assets. IAS 17 includes rules for determining, on the basis of the risks and rewards of the parties to a lease, whether the lessor or the lessee is the economic owner of the assets. In the case of finance leases, the assets are capitalized by the lessee and in the case of operating leases the assets are recorded by the lessor. The payment obligations resulting from the future leasing installments are shown at their present values as other financial liabilities. The lease payments should be apportioned between the finance charge and the reduction of the outstanding liability.

If economic ownership remains with the lessor (operating lease), the lease payments are recognized as expenses over the lease term.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

Associated companies are carried in the consolidated financial statements at equity. The Group's share of profits is recognized as an addition in the statement of changes in assets and dividend payments are shown as deductions.

In accordance with IAS 39 shares and investments in non-consolidated subsidiaries and affiliated companies are shown at cost minus depreciation, as these assets are unlisted shares in corporations, for which the fair value to be attributed cannot be reliably determined.

Loans are shown at cost or, in the case of non-interest-bearing loans, at their present value. Identifiable risks are taken into account by recognizing impairments.

For securities held as long-term assets, according to IAS 39 a distinction must be made between securities which are held for trading purposes, available-for-sale securities and held-to-maturity securities. The FUCHS PETROLUB Group does not hold any securities for trading purposes. Available-for-sale securities are recorded at their fair values if these exist; if not, they are recorded at amortized costs. If they are recorded at fair value, unrealized profits and losses are recognized in shareholders' equity net of deferred taxes. Held-to-maturity financial assets are measured at cost or at fair value. This fair value is equal to the market value on the balance sheet date without deduction of transaction costs.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recorded if the company is a contractual party in relation to a financial instrument. Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized if the contractual obligations have been settled, extinguished or have expired. Regular-way purchases and sales of financial instruments are generally recognized in the balance sheet on their settlement date. Derivatives are recorded on their day of trading.

Pursuant to IAS 39, financial instruments are divided into the following measurement categories:

FINANCIAL ASSETS

- Financial assets to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a positive fair value. They are disclosed under other assets.

- Held-to-maturity investments consist of non-derivative financial assets with fixed or determinable payments. These financial instruments have a fixed term, for which the company has the ability and intent to hold until maturity, and they do not fall under other measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

- Loans and receivables: These comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale. In addition to trade receivables this category includes financial assets contained in other non-current financial assets and in other receivables and other assets. Initial measurement is done at fair value, which generally matches the nominal value of the receivable or loan. Interest-free and low-interest long-term loans and receivables are recorded at present value. Subsequent measurements are generally done at amortized cost under consideration of the effective interest method.

- Available-for-sale financial assets comprise financial assets which are not derivatives and do not fall under any of the previously stated measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

FINANCIAL LIABILITIES

- Financial liabilities to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a negative fair value. They are disclosed under other liabilities.

- Other financial liabilities: among other things, these include trade payables, bank liabilities and customer advance payments. They are carried at amortized costs, which generally correspond to the repayable amount.

Pursuant to IAS 39, derivative financial instruments, such as the forward exchange transactions used by the Group are recognized in the balance sheet at their fair market values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The valuation of these financial instruments is based on generally recognized evaluation models and mathematical processes (present value method for forward exchange transactions) on the basis of current market data.

As derivatives are used solely within the framework of risk limitation or hedging strategies, the regulations for hedge accounting can be applied provided that the measures are documented properly. In this respect, IFRS differentiates in particular between fair value hedges and cash flow hedges.

A fair value hedge is based on the change in value of an asset or a liability. Since the corresponding change in value of the underlying transaction affects net income, then the (opposing) change in value of the derivative is also recorded in the income statement. A cash-flow hedge arises when the derivative secures compensation for the risks in the future cash flow of an existing underlying transaction or most probable future transaction (e. g. the possible exchange rate disadvantage of a scheduled revenue item in foreign currency). The effectiveness of a cash flow hedge is determined by how precisely a specific underlying transaction is secured with a corresponding derivative. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (group reserves) and recycled to the income statement when the hedged cash transaction effects profit or loss. Conversely, the profit or loss arising from the non-effective part of a hedge is always recognized in the income statement.

The FUCHS PETROLUB Group uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates. All hedging instruments are recognized in the income statement. The hedge accounting rules were not applied, thus no hedging instruments are recognized directly in equity.

Revenue from interest-bearing assets is recognized on the outstanding receivables at the reporting date using the interest rates calculated under the effective interest method.

If there is objective evidence for an impairment of a receivable or loan, an individual valuation adjustment is undertaken. When assessing the need for an impairment, regional, sector and company-specific conditions are considered. In addition, use is made of external ratings as well as the assessments of debt collection agencies and credit insurers when available. In this way, it can be ensured that all receivables and loans which are not of excellent credit quality are immediately impaired. Receivables and loans are derecognized when their uncollectibility is finally determined. If the reason for write-downs no longer exists, the write-down is reversed up to the amortized cost and recognized in income. Impairment losses on financial instruments are booked separately in an allowance account.

See page 140

Detailed information on financial instruments can be found in the notes to the balance sheet under note 34.

DEFERRED TAXES

In accordance with IAS 12, deferred taxes should be recognized for all taxable temporary differences between tax base and IFRS-compliant accounting methods at the consolidated companies, and for consolidation measures with an effect on the income statement. Deferred tax assets essentially relate to tax effects on eliminated intercompany profits within the group, particularly in the category of inventories, and to pension provisions. They also include tax credits which result from the expected use of loss carryforwards over subsequent years and which are likely to be realized with sufficient certainty. Deferred tax assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group’s uniform depreciation rules and applicable tax laws. Deferred taxes are calculated on the basis of tax rates applicable on the date of realization pursuant to the legislation in the countries involved.

INVENTORIES

Inventories are stated at the lower of cost or market value. The majority of inventory is valued using the weighted average cost method; however, the FIFO method is used in some cases. In accordance with IAS 2, manufacturing costs include materials and supplies that are consumed in production. In addition, all overheads related to the production process, taxes on consumption, and depreciation of production equipment are included. General administrative expenses and the expenses of company welfare institutions, voluntary welfare benefits and company pension plans as well as financing costs (IAS 23) are not included in the cost of manufacture.

Write-downs are effected to cover risks arising from slow-moving items or reduced saleability. Uniform write-down stipulations are in place throughout the Group for any cases in which certain shelf lives are exceeded.

RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivables and other assets are stated at their cost of acquisition. Credit risks are accounted for by appropriate valuation allowances. Individual allowances are recognized if receivables cannot be collected or if collection is unlikely. Non-interest-bearing receivables with terms of more than one year are discounted. Receivables in foreign currencies are translated at exchange rates on the balance sheet date.

CASH AND CASH EQUIVALENTS

The liquid funds include cash at banks with a maturity of less than three months, checks not yet tendered, drafts and cash in hand. They are measured at cost of acquisition. Assets denominated in foreign currencies are converted at the exchange rates on the balance sheet date.

The development of liquid funds, which, pursuant to IAS 7, corresponds to cash and cash equivalents, is shown in the consolidated statement of cash flows.

SHAREHOLDERS' EQUITY

Costs for procuring the shareholders' equity are deducted directly from the shareholders' equity.

Preference share capital is shown in the balance sheet as shareholders' equity because the requirements of IAS 32 for an equity instrument are fulfilled. Dividends on both preference shares and ordinary shares are shown as shareholders' equity expenses.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions are recognized using the projected-unit-credit method in accordance with IAS 19. This method covers not only the pensions and acquired entitlements known on the balance sheet date, but also future anticipated increases in pensions and salaries, with the relevant input factors being estimated. The calculation is based on actuarial expertise taking into account the relevant biometric factors.

Actuarial gains and losses are recognized directly in retained earnings in the period in which they occur. The charges from forming the pension provisions in the amount of the current service expense are allocated to personnel expenses in the departments, whereby the interest portion is included in the financial result.

OTHER PROVISIONS

Other provisions are recognized when a present obligation to third parties exists as a result of a past event, which will result in an outflow of funds (i. e., probability of occurrence is greater than 50%) and a reliable estimate can be made of the amount of the obligation.

The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Long-term provisions with a remaining term of more than one year are discounted at usual market conditions to their present value at the balance sheet date.

LIABILITIES

Liabilities are stated in the balance sheet at their acquisition costs brought-forward. The valuation of liabilities in connection with derivatives (fair value hedge accounting) may deviate from this rule. These liabilities as well as the derivatives themselves are recorded at their fair values. Liabilities from finance leases are stated at the present value of the future lease payments and shown under other financial liabilities.

NOTES TO THE INCOME STATEMENT

SALES REVENUES 1

Sales revenues by product groups are broken down as follows:

in € million	2010	Share in %	2009	Share in %	Change absolute	Change in %
Automotive lubricants*	562.0	38.5	465.6	39.5	96.4	20.7
Industrial lubricants and specialties*	846.1	58.0	654.1	55.5	192.0	29.4
Other products	50.5	3.5	58.4	5.0	–7.9	–13.5
	1,458.6	**100.0**	**1,178.1**	**100.0**	**280.5**	**23.8**

* and related products

The main areas of the automotive lubricants product segment are engine oil, gear oil, and shock-absorber oil. At €562.0 million (465.6), sales revenues in this segment increased by 20.7%. This segment share in Group sales revenues reduced to 38.5% (39.5%).

The industrial lubricants and specialties product segment mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. Sales revenues in this operating segment rose by 29.4% to €846.1 million (654.1). At 58.0% (55.5%), the segment represents the largest part of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. This segment declined by €7.9 million or 13.5% to €50.5 million (58.4). One reason for this is the discontinuation of the toll blending business in Great Britain.

The development of sales revenues by geographic region can be seen under segment reporting on pages 98 to 99.

See page 98

COST OF SALES 2

in € million	2010	2009
Cost of purchased raw materials, supplies, goods for resale and purchased services	808.0	645.4
Cost of materials	**808.0**	**645.4**
Personnel and other costs	83.6	75.6
	891.6	**721.0**

3 SELLING AND DISTRIBUTION EXPENSES

in € million	2010	2009
Freight	50.0	41.2
Commission payments	31.5	23.6
Personnel and other costs	142.0	126.3
	223.5	**191.1**

4 OTHER OPERATING INCOME AND EXPENSES

This item includes all operating income and expenses that cannot be allocated directly to the functions.

in € million	2010	2009
Income from the disposal of fixed assets	0.5	0.2
Income from the reversal of provisions	1.7	4.2
Income from the reversal of write-downs	5.1	3.7
Income from cost allocations, commission payments, licenses, and cost charging	0.5	0.4
Income from rents and leases	0.2	0.2
Currency exchange gains	4.9	4.1
Miscellaneous operating income	6.7	17.8
Other operating income	**19.6**	**30.6**
Losses from the disposal of fixed assets	0.3	0.4
Write-downs of receivables	4.7	5.9
Currency exchange losses	4.8	4.1
Restructuring costs and severance payments	0.6	5.2
Impairments	0.7	2.6
Miscellaneous operating expenses	8.4	13.7
Other operating expenses	**19.5**	**31.9**
Other operating income and expenses	**0.1**	**–1.3**

Income from the reversal of provisions includes risks and obligations, which are no longer expected to occur or which are no longer expected to occur in this amount.

Miscellaneous operating income also includes subsidies and compensation payments received, as well as sales of empty containers and income from other sales and services. In the previous year, miscellaneous operating income was partly attributable to an €8.5 million refund of mineral oil tax received by a European subsidiary.

Write-downs of receivables include irrecoverable receivables of €1.0 million (0.7).

The impairment charges relate to a goodwill write-down at a European subsidiary.

Among other things, miscellaneous operating expenses include the purchase costs for other sales, as well as provisions for risks from non-operating items.

INVESTMENT INCOME

5

Investment income comprises the pro rata earnings of associated companies:

in € million	2010	2009
Income from investments accounted for using the equity method	8.3	7.2

FINANCIAL RESULT

6

in € million	2010	2009
Other interest and similar income		
Subsidiaries	0.0	0.0
Others (mainly banks)	1.3	2.1
Interest income	**1.3**	**2.1**
Interest and similar expenses		
Others (mainly banks)	–2.8	–4.8
Interest attributable to finance leases	–0.2	–0.2
Pension obligations		
Interest expense	–7.0	–7.1
Expected return on plan assets	4.0	3.0
Interest expenses	**–6.0**	**–9.1**
Net interest income	**–4.7**	**–7.0**
Write-downs due to impairment of financial assets	0.0	0.0
Other financial income (expenses)	0.0	0.0
Financial result	**–4.7**	**–7.0**

The netted interest component of additions to pension provisions of –€3.0 million (–4.1) comprises interest expenses of €7.0 million (7.1) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €4.0 million (3.0).

7

INCOME TAXES

Taxes on income comprise income taxes paid or payable in the various countries, plus deferred taxes. Calculation of deferred taxes are based on the tax rates expected to apply in the various countries at the time of realization, based on the tax laws applicable or passed at the balance sheet date.

in € million	**2010**	2009
Current taxes	71.0	49.5
Deferred taxes	2.8	2.0
Total	**73.8**	**51.5**

Current taxes comprise €0.2 million (1.6) back taxes for previous financial years.

The German tax rate is based on the corporation tax rate of 15.83% and includes the solidarity surcharge of 5.5%. Including trade tax, the total tax burden in Germany is about 30.5%.

Profits generated by our companies outside Germany are taxed at the respective local rates. As in the previous year, the tax rates applied in the various countries range from 12.5% to 40.5%.

Tax assets and liabilities are netted to the extent that they relate to the same taxation authority and may be offset.

The difference between anticipated and recognized income tax expense is attributable to the following:

in € million	**2010**	in %	2009	in %
Earnings before tax (EBT)	245.4		172.9	
Expected tax expense	74.9	30.5	51.9	30.0
Taxation rate differences	−2.7	−1.1	−4.4	−2.5
Non-deductible expenses	1.1	0.5	1.4	0.8
Impairment of deferred tax assets	0.0	0.0	1.4	0.8
Tax-free income	−0.1	−0.1	0.0	0.0
Income from associated companies	−2.5	−1.0	−2.2	−1.3
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	−0.1	0.0	−0.4	−0.2
Taxes for prior periods	0.2	0.1	1.6	0.9
Withholding taxes	3.5	1.4	0.5	0.3
Other	−0.5	−0.2	1.7	1.0
Actual tax expense	**73.8**	**30.1**	**51.5**	**29.8**

The local taxation rates saw reductions over the previous year in Great Britain, Greece, Hungary, Slovenia and Taiwan, whereas tax rates went up in Korea.

PROFIT ATTRIBUTABLE TO MINORITY INTERESTS 8

Profits attributable to minority interests amount to €0.9 million (0.6), of which €0.3 million relates to German minority interests and €0.6 million to shareholders in Austria, the Ukraine, Greece and France.

EARNINGS PER SHARE 9

in € million	2010	2009
Profit after minority interests	**170.7**	**120.8**
Earnings per ordinary share in €		
Earnings per share	7.18	5.07
Weighted average number of ordinary shares	11,830,000	11,841,135
Earnings per preference share in €		
Earnings per share	7.24	5.13
Weighted average number of preference shares	11,830,000	11,840,677

Pursuant to IAS 33, the additional dividend of €0.06 per share to be distributed to the preference shareholders is allocated in advance. The remainder of the Group's profit after taxes and minority interests is distributed on a weighted basis among the two share classes.

The own shares acquired in 2008 and 2009 within the scope of the share buyback program were entered in the commercial register in March 2009. As per the regulations of IAS 33.20, these shares are no longer included in the calculation of earnings per share.

Diluted earnings per share are the same as basic earnings per share.

10 OTHER TAXES

in € million	2010	2009
	4.4	4.0

The amount shown relates to non-income taxes, which are included in the costs of manufacturing, administrative expenses, selling and distribution expenses, and research and development expenses. €3.3 million of this amount are attributable to foreign Group companies in Argentina, France, Great Britain and the USA.

11 PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	2010	2009
Wages and salaries	179.3	159.1
Social security contributions and expenses for pensions and similar obligations	36.6	34.7
of which for pensions	5.2	4.8
	215.9	**193.8**

Personnel expenses include performance-based compensation. The previous year's values have been adjusted.

Pension expenses do not include the interest expense arising from pension provisions, which is included in the net financial result, nor does it include any income from pension scheme assets for financing pension obligations.

Employees (annual average numbers)	2010	2009
Salaried staff	2,588	2,584
Wage earners	946	1,003
	3,534	**3,587**

The average number of persons employed by pro rata consolidated companies is included on the basis of the proportionate interest held and is therefore 34 (30).

NOTES TO THE BALANCE SHEET

LONG-TERM ASSETS 12

Long-term assets include the items recognized in the balance sheet as intangible assets, property, plant and equipment, investments accounted for using the equity method, and other financial assets. The statement of changes in long-term assets on pages 94 and 95 shows a breakdown of these items and the changes therein in 2010.

See page 94

PROPERTY, PLANT AND EQUIPMENT 13

The additions in the current year essentially concern the completion of the Sales Center and continuation of construction work on the Technology Center at the Mannheim site. This item also includes completion of construction work at a new facility in India, as well as the acquisition of land and construction of a grease plant in the Asia-Pacific, Africa region.

Property, plant and equipment includes lease assets (finance leases) totaling €4.4 million consisting mainly of an office building in Mannheim with a carrying amount of €3.9 million. The option to purchase included in the leasing agreement was exercised, with the administration building being acquired by purchase with effect from October 31, 2011.

In addition, leased vehicles and computer equipment totaling €0.2 million are included in technical equipment and machinery and other equipment.

There were no indications of impairment in the reporting year in the impairment tests carried out for the subsidiaries. The impairment test method is described in the “Consolidation principles” section.

See page 102

14 INTANGIBLE ASSETS

Goodwill

in € million from	Company financial statements	Business combinations	Total
Historical acquisition costs			
Balance at January 1, 2010	37.1	54.9	92.0
Currency translation effects	3.1	0.7	3.8
Additions	0.0	0.0	0.0
Disposals/changes in scope of consolidation	0.0	0.0	0.0
As at December 31, 2010	**40.2**	**55.6**	**95.8**
Accumulated amortization			
Balance at January 1, 2010	–7.1	–2.0	–9.1
Currency translation effects	–0.7	0.0	–0.7
Impairment losses	–0.6	0.0	–0.6
Disposals/changes in scope of consolidation	0.0	0.0	0.0
As at December 31, 2010	**–8.4**	**–2.0**	**–10.4**
Carrying amount as at December 31, 2010	**31.8**	**53.6**	**85.4**

According to IFRS 3, goodwill is an intangible asset with an indefinite useful life. Since January 1, 2005, goodwill is no longer subject to scheduled amortization, but undergoes an impairment test at least once a year in line with IAS 36 and also whenever there are indications of an impairment. Impairment losses are recognized as and when appropriate.

Recognized goodwill totals €85.4 million (82.9). Of that amount, €53.6 million (52.9) relates to business combinations and €31.8 million (30.0) to the financial statements of subsidiaries. A total goodwill of €68.1 million (65.9), consisting of €41.8 million (41.6) from business combinations and €26.3 million (24.3) from acquired goodwill is attributable to FUCHS CORPORATION, USA. The impairment test for this goodwill is also based on the uniform group evaluation scheme which is described in the section "Consolidation principles".

Impairment for goodwill totaling €0.6 million was charged in the financial year 2010 for one European subsidiary and is recorded under other operating expenses.

Industrial property rights and similar values

Intangible assets also include industrial property rights and similar rights and assets. These consist mainly of capitalized licenses for computer software, acquired formulas and product technologies, restraints on competition, and acquired customer lists. These rights and assets amount to €37.6 million (12.0) in total. The increase compared to the previous year can be attributed to the acquisition for €30.4 million of the food grade lubricants business from Shell International Petroleum with effect from October 1, 2010. This comprised the acquisition of formulae, bans on competition and customer lists at a value of €28.0 million. The rest of the purchase price relates to inventories. Beside this, the distribution business of Titan Chemicals Pvt. Ltd. in India with adhesive lubricants was acquired for €1.0 million.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 15

The investment in associated companies is accounted for using the equity method. It is measured by determining the proportionate equity based on the financial statements prepared in accordance with the respective national legislation and adapted in line with the requirements of IFRS. The company's assets amount to €63.8 million, its liabilities to €33.6 million, its sales revenues to €183.8 million, and its net profit for 2010 to €29.5 million.

OTHER FINANCIAL ASSETS 16

This item includes shares in unconsolidated affiliated companies, investments in and loans to subsidiaries, long-term securities, and other loans. In accordance with their financing nature, the long-term portion of the receivables relating to delivery agreements in France of €4.3 million (5.1) is disclosed under "Other loans".

The statement of changes in long-term assets on pages 94 and 95 shows the changes in and the amount of the individual items.

See page 94

17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred taxes recognized in the balance sheet result from the following temporary differences and items:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
in € million	**2010**	2009	**2010**	2009
Property, plant and equipment	0.7	0.5	–13.0	–10.7
Other long-term assets	2.6	1.8	–6.0	–5.1
Inventories	4.6	3.3	0.0	0.0
Other short-term assets	1.6	1.8	–0.4	–0.3
Long-term provisions	13.4	13.5	–0.2	–1.8
Financial liabilities	0.0	0.9	0.0	0.0
Other long-term liabilities	0.6	0.5	–3.0	–1.8
Short-term provisions and liabilities	6.5	3.7	–1.6	–0.6
Expected use of loss carryforwards	0.0	0.0	0.0	0.0
Sum of deferred taxes asset / liability	**30.0**	**26.0**	**–24.2**	**–20.3**
Tax offset	–8.1	–5.4	8.1	5.4
Total assets / liabilities	**21.9**	**20.6**	**–16.1**	**–14.9**

Deferred tax assets of €21.9 million (20.6) are attributable to measurement differences between the carrying amounts of other long-term assets, inventories (elimination of intercompany profits), pension obligations, and short-term provisions and liabilities in the IFRS balance sheet and their tax base. The deferred tax liabilities result mainly from temporary differences between the carrying amounts of long-term assets in the IFRS balance sheet and their tax base.

The deferred tax assets listed in the preceding table are net, that is, after deduction of impairments. For the deferred tax assets from temporary differences for a company in the Asia-Pacific, Africa region, impairments of €0.2 million were recognized since there was no expectation in the foreseeable future of them being realized.

Tax loss carryforwards in the Group amount to €1.9 million (2.0). Existing mainly in one company of the Asia-Pacific, Africa region. The deferred tax assets of €0.6 million (0.7) recognized in this connection are impaired as it is not probable that loss carryforwards will be utilized in the foreseeable future.

A deferred tax liability of €1.3 million is recorded for future tax burdens from planned dividend payments from foreign subsidiaries. In addition, there are retained earnings at the subsidiaries which are to remain invested permanently and consequently will not result in a deferred tax debt.

The change in the net amount of deferred taxes is €0.1 million in the year under review. Taking into account the deferred taxes for the financial year 2010 recognized directly in equity and resulting essentially from the allocation of pension obligations of €2.3 million, the deferred tax expense reported in the income statement amounts to €2.8 million.

€12.7 million (9.8) of the total deferred tax assets of €21.9 million (20.6) are recognized directly in equity due to the offsetting of actuarial gains and losses.

INVENTORIES 18

Inventories comprise the following:

in € million	Dec. 31, 2010	Dec. 31, 2009
Raw materials and supplies	76.1	62.8
Work in progress	9.6	11.7
Finished goods and merchandise	101.5	74.8
	187.2	**149.3**

Write-downs of inventories totaling €1.0 million (1.7) were recognized in the income statement in the year under review due to reduced saleability. On the balance sheet date, the residual carrying amount of inventories that were written down amounted to €2.6 million. Inventories of €808.0 million (645.4) were recorded as costs of materials in the reporting period.

Inventories of €2.4 million were acquired in the course of acquisition of the food grade lubricants business from Shell International Petroleum.

TRADE RECEIVABLES 19

in € million	Dec. 31, 2010	Dec. 31, 2009
Receivables due from affiliated companies	0.0	0.0
Receivables due from associated companies	0.4	0.1
Receivables due from other companies	221.0	171.7
	221.4	**171.8**

Changes in write-downs of trade receivables during the year are detailed below:

in € million	2010	2009
Impairments as at January 1	**16.2**	**16.6**
Currency translation effects	0.9	0.1
Additions (impairment expenses)	3.7	5.2
Utilization	0.2	1.9
Reversals	5.1	3.8
Change in the scope of consolidation	0.0	0.0
Impairments as at December 31	**15.5**	**16.2**

In the year under review, write-downs of receivables recognized in the income statement totaled €3.7 million (5.2). The income from the reversal of write-downs is €5.1 million (3.8). Trade receivables include write-downs totaling €15.5 million (16.2) reflecting identifiable risks.

The table below reflects the extent of credit risks connected with trade receivables:

Receivables by maturity (in € million)	Dec. 31, 2010	Dec. 31, 2009
Receivables neither overdue nor impaired	**180.1**	**146.6**
Overdue receivables that are not impaired:		
Less than 30 days	29.9	21.0
30 to 60 days	8.7	4.5
61 to 90 days	4.2	2.3
91 to 180 days	2.5	1.9
181 to 360 days	0.6	0.3
more than 360 days	0.9	0.7
Total of overdue receivables	**46.8**	**30.7**
Minus collectively assessed allowances	–6.6	–6.8
Impaired receivables, gross	**10.0**	**10.7**
Minus individually assessed allowances	–8.9	–9.4
Trade receivables	**221.4**	**171.8**

SHORT-TERM TAX RECEIVABLES (INCOME TAX) 20

This item comprises tax refund claims which are mainly attributable to Argentinian and Italian income taxes.

SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS 21

in € million	Dec. 31, 2010	Dec. 31, 2009
Tax receivables	2.6	11.9
Other assets	29.8	13.6
	32.4	**25.5**

At €1.6 million (1.4), tax receivables predominantly concern VAT receivables.

The Group's other assets include customer loans of €3.6 million (4.1) in connection with delivery agreements in France. The long-term part of this loan is disclosed under other long-term financial assets.

Other assets also include advance rental payments, prepaid expenses and other customer loans and receivables from other sales. Other assets comprise impairment losses of €4.8 million (5.1) in total.

CASH AND CASH EQUIVALENTS 22

Cash and cash equivalents of €92.1 million (89.9) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

SHAREHOLDERS' EQUITY 23

A solid equity capital backing is indispensable for the continued existence of the company. Gearing (the ratio of financial liabilities minus cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators of the capital structure.

Subscribed capital

The subscribed and fully paid capital of FUCHS PETROLUB AG remained unchanged during the reporting year:

in € million	
As at December 31, 2010	71.0

Consisting of

11,830,000 ordinary shares	at €3 each = €35,490,000
11,830,000 preference shares	at €3 each = €35,490,000

The shares of FUCHS PETROLUB AG are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. Under the Articles of Association, each preference share receives a premium of €0.06 per share compared to an ordinary share.

Authorized capital amounts to €35.5 million. Authorized capital expires on May 5, 2014 and entitles the Executive Board to increase the share capital, with the consent of the Supervisory Board, one or more times by issuing up to 11,830,000 new no-par value shares (ordinary and/or preference shares without voting rights) against cash or contributions in kind. In the financial year 2010, no use was made of the authorization granted by the Annual General Meeting on May 6, 2009.

The conditional capital approved by the Annual General Meeting on May 24, 2005 expired on May 23, 2010. New conditional capital was not approved.

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB AG (agio) and the unappropriated profits and currency reserves of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. Positive and negative goodwill amounts arising in accounting for acquisitions of subsidiaries consolidated in the period to December 31, 1994 were also netted under this item. Differences arising on the translation of the financial statements of foreign subsidiaries are taken directly to equity and carried under currency reserves.

Own shares acquired through the share buyback program in 2008/2009 and redeemed in 2009 are also offset against the Group reserves.

In addition, the Group reserves are reduced by recognizing actuarial gains and losses directly in equity. As at December 31, 2010, the accumulated offsetting of actuarial losses of €38.3 million is €25.6 million (22.5) net after taking into account deferred taxes of €12.7 million.

Group reserves do not include net profit after tax, which is shown in the Group profits item.

See consolidated financial statements page 92

The changes in reserves in the financial years 2009 and 2010, including the acquisition of own shares and the offsetting of actuarial gains and losses, are shown in the Group's statement of changes in equity on page 93.

See page 93

Group profits
Group profits correspond to the Group's net profits after taxes and minority interests.

Proposal on the appropriation of profits of FUCHS PETROLUB AG
The Executive Board will recommend to the Supervisory Board that it presents the following dividend proposal at the 2011 Annual General Meeting: €2.64 per ordinary share entitled to dividend and €2.70 per preference share entitled to dividend. Dividends of €1.64 per ordinary share and €1.70 per preference share were paid for the financial 2009.

Minority interests in shareholders' equity
This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. €0.3 million (0.3) is attributable to minority interests in Germany and €1.3 million (1.1) to shareholders in Austria, Ukraine, France and Greece.

24 PENSION PROVISIONS

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS PETROLUB Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans. A defined benefit plan is provided for employees of Group companies in Germany. These benefits are based on length of service and remuneration and are financed by provisions. The domestic defined benefit pension plans have been closed since 1983. The occupational pension plans provided by Group companies outside Germany are defined contribution plans and also funded defined benefit plans. Meanwhile, contribution-based plans have been introduced for new pension commitments in the USA and Great Britain.

The provisions recognized in the balance sheet are determined in accordance with IAS 19, with measurement based on actuarial opinions. The provisions are calculated using the projected unit credit method. Besides basic biometric data and the current long-term capital market interest rate, assumptions with regard to future salary and pension increases are also factored in. In Germany, the biometric data is based on the 2005 G mortality tables by Prof. Dr. Klaus Heubeck.

In Germany, measurement is based on the following assumptions:

in %	**2010**	2009
Discount rate	5.0	5.0
Salary trend	2.5	2.5
Pension trend	1.8	1.75

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters,

in %	**2010**	2009
Discount rate	4.8 to 8.5	4.8 to 10.0
Average discount rate	4.9	5.7
Salary trend	2.0 to 8.0	2.0 to 8.0
Average salary level trend	3.3	3.8
Pension trend	1.0 to 3.3	3.4 to 4.1
Average pension level trend	3.3	3.4
Expected return on plan assets	6.0 to 6.7	6.2 to 8.3
Average expected return on plan assets	6.3	6.6

Taking into account the basis of measurement described above, the funding status of the pension obligations is as follows:

Funding status (in € million)	**Dec. 31, 2010**	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Present value of pension benefits financed by provisions	55.9	54.9	52.2	52.8	59.1
Present value of funded pension benefits	65.5	92.3	71.3	91.9	103.7
Total pension benefits	121.4	147.2	123.5	144.7	162.8
Fair value of plan assets	47.7	63.5	53.4	77.8	82.2
Net obligation	**73.7**	**83.7**	**70.1**	**66.9**	**80.6**
Similar obligations	0.7	0.1	0.5	0.2	0.1
Net obligation as at December 31	**74.4**	**83.8**	**70.6**	**67.1**	**80.7**
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0	0.0	0.0	0.0

As of 2008, actuarial gains and losses are recognized directly in equity in the period in which they occur and are offset against Group reserves. In the financial year 2010 actuarial losses of €4.0 million are offset against Group reserves. These adjustments are set out in the statement of changes in equity of the Group on page 93. At December 31, 2010, total actuarial losses of €38.3 million are recognized in shareholders' equity.

See page 93

Existing defined benefit obligations in the US were frozen in 2009 and transferred to a premium-based pension scheme. The due dates and payments of these balances are scheduled for 2011. The present value of funded pension benefits comprises €3.6 million for financing the gap in coverage.

In Great Britain, the portion of pension obligations due to pensioners was transferred without recourse to an external pension provider. This was financed through withdrawals from the plan assets. At the same time, a one-off payment of €13.5 million was made into the plan to finance the active top performers. The one-off payment reduced the disclosed pension provisions.

The changes in the present value of pension benefits are shown in the following table:

Pension benefits (in € million)	2010	2009
Present value as at January 1	147.2	123.5
Currency effects	5.2	4.1
Current service cost	1.2	1.8
Past service cost	0.0	2.5
Interest expense	7.0	7.1
Actuarial gains and losses	5.7	15.6
Outsourcing to external pension provider	−36.9	0.0
Benefits paid	−8.0	−7.4
Present value as at December 31	**121.4**	**147.2**

Changes to plan assets during the year are detailed below:

Plan assets (in € million)	2010	2009
Fair value as at January 1	63.5	53.4
Currency effects	3.5	3.7
Expected return on plan assets	4.0	3.0
Contributions	4.4	4.1
Special payment	13.5	0.0
Benefits paid	−5.5	−4.4
Outsourcing to external pension provider	−36.9	0.0
Actuarial gains and losses	1.2	3.7
Fair value as at December 31	**47.7**	**63.5**

Plan assets are made up of shares at 58% (39%), bonds at 33% (52%) and raw material funds at 9% (9%). The average actual return on plan assets was 9.9% (11.4%). For 2011 we expect a return of 6.3%.

In Great Britain, a part of the pension obligations was outsourced to an external pension provider in the reporting year. Here, a special payment of €13.5 million was paid into the plan assets, with plan assets of €36.9 million subsequently being transferred to the pension provider, resulting in a net outflow from the plan of €23.4 million.

Ongoing contributions of €3.0 million are planned for 2011.

Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €10.8 million (13.7) and are made up of the following components:

Pension expenses (in € million)	**2010**	2009
Current service cost	1.2	1.3
Interest expense	7.0	7.1
Expected return on plan assets	−4.0	−3.0
Past service costs	0.0	0.0
Effects of plan settlements	−0.1	2.5
Expenses for defined benefit pension plans	**4.1**	**7.9**
Expenses for defined contribution pension plans	6.7	5.8
Total pension expense	**10.8**	**13.7**

At €3.2 million (3.2), the share of pension contributions paid by the employer in Germany has been included in defined contribution pension plans.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans.

Pension expense breaks down among the following functions or cost types:

Pension expenses (in € million)	**2010**	2009
Cost of manufacture	1.6	1.5
Research and development expenses	0.8	0.7
Selling and distribution expenses	2.8	2.5
Administrative expenses	2.7	2.2
Other operating income	−0.1	−1.0
Other operating expenses	0.0	3.7
Financial result	3.0	4.1
	10.8	**13.7**

25 OTHER LONG-TERM PROVISIONS

in € million	Dec. 31, 2009	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	**Dec. 31, 2010**
Other long-term provisions	7.0	0.1	0.0	0.5	–1.0	0.0	6.6

This item mainly includes provisions for part-time working arrangements for older employees. Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from two to six years. The discount rate is between 3.5% and 5.0% (3.5%). Provisions amounting to €5.4 million (5.7) were recognized for funding partial retirement obligations.

26 LONG-TERM FINANCIAL LIABILITIES

Long-term financial liabilities include interest-bearing liabilities of the FUCHS PETROLUB Group with a residual term of more than one year. They break down as follows:

in € million	**Dec. 31, 2010**	Dec. 31, 2009
Liabilities due to banks	0.0	42.8
Other financial liabilities	0.1	2.9
	0.1	**45.7**

No property has been pledged as collateral for bank liabilities.

Liabilities due to banks were mainly attributable to a euro private placement bond (German Schuldschein) with a face value of €40.0 million in 2009. The payment was received on March 24, 2009, and was paid back early on September 24, 2010. The loan was charged with a Euribor interest rate plus margin.

Other financial liabilities include finance lease obligations of €0.1 million (2.9). In the previous year, this included the finance lease agreement for the administration building in Mannheim. The building will be acquired by purchase by FUCHS PETROLUB AG in October 2011 after expiration of the leasing agreement. The corresponding leasing obligation has been reclassified under short-term financial liabilities. The finance lease obligations resulting from the future leasing installments are recognized in the balance sheet at their present value. The corresponding nominal minimum lease payments amount to €0.1 million (3.1). These minimum lease payments were discounted using interest rates of between 4.0% (4.0%) and 9.1% (9.3%). The average value was 5.7% (4.1%).

The long-term financial liabilities fall due as follows:

Maturities (in € million)	
2012	0.0
2013	0.1
After 2013	0.0
	0.1

TRADE PAYABLES 27

Trade payables are considered to be current liabilities, as they are generated by operating business. As a rule, they are recognized at amortized costs. Foreign-currency liabilities are translated at the closing rate.

in € million	Dec. 31, 2010	Dec. 31, 2009
Trade payables	110.8	86.6
Bills payable	3.1	4.1
Advance payments received	0.6	0.5
	114.5	**91.2**

SHORT-TERM PROVISIONS 28

Short-term provisions mainly consist of the following:

in € million	Dec. 31, 2010	Dec. 31, 2009
Obligations for personnel and social expenses	32.7	24.5
Obligations for ongoing operating expenses	4.3	4.6
Other obligations	19.2	16.3
	56.2	**45.4**

The obligations arising from personnel and social expenses mainly relate to provisions for ex gratia payments, profit-sharing schemes, commissions, bonuses, and premiums for the employers' liability insurance association.

The obligations arising from ongoing operating expenses include provisions for credit notes, bonuses, discounts, warranties, and costs for annual financial statements and consultancy services.

Other obligations include provisions for restructuring and reorganization of €8.0 million (7.5). Furthermore, the figure includes provisions for contract risks, contribution obligations and returnable container deposits.

Changes to short-term provisions during the year are detailed below:

in € million	Dec. 31, 2009	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	**Dec. 31, 2010**
Obligations for personnel and social expenses	24.5	1.2	0.0	35.1	27.7	0.4	32.7
Obligations for ongoing operating expenses	4.6	0.3	0.0	7.8	7.9	0.5	4.3
Other obligations	16.3	0.7	0.0	22.3	19.4	0.7	19.2
	45.4	**2.2**	**0.0**	**65.2**	**55.0**	**1.6**	**56.2**

in € million	Dec. 31, 2008	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2009
Obligations for personnel and social expenses	24.6	0.5	0.0	25.8	25.3	1.1	24.5
Obligations for ongoing operating expenses	4.3	0.2	0.0	6.2	5.8	0.3	4.6
Other obligations	11.5	0.5	0.0	21.8	16.9	0.6	16.3
	40.4	**1.2**	**0.0**	**53.8**	**48.0**	**2.0**	**45.4**

Interest has not been accrued for any short-term provisions.

29 SHORT-TERM TAX LIABILITIES

This item includes total liabilities for income taxes of €27.3 million (23.8). The increase compared to the previous year is mainly attributable to the rise in provisions for corporation and trade tax for Germany and other countries outside Europe.

SHORT-TERM FINANCIAL LIABILITIES
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All interest bearing obligations of the FUCHS PETROLUB Group with a maturity of up to one year are shown under short-term financial liabilities. They break down as follows:

in € million	**Dec. 31, 2010**	Dec. 31, 2009
Liabilities due to banks	16.6	11.9
Other financial liabilities	3.0	0.6
	19.6	**12.5**

Other financial liabilities mainly include liabilities rendered from finance leases that are due within one year. Amounts due after one year are shown and explained under long-term financial liabilities in note 26. The increase in other short-term financial liabilities is attributable to the fact that the leasing obligation for the administration building in Mannheim was reclassified from long-term financial liabilities to short-term financial liabilities. The leasing agreement expires in October 2011.

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OTHER SHORT-TERM LIABILITIES
31

The following is a breakdown of other liabilities:

in € million	**Dec. 31, 2010**	Dec. 31, 2009
Fair value of derivative financial instruments	0.1	0.0
Social security	4.6	4.2
Employees	5.6	4.8
VAT liabilities	5.4	3.9
Other tax liabilities	3.6	3.1
Other liabilities	11.6	10.4
	30.9	**26.4**

Other tax liabilities include excise taxes, payroll taxes, etc.

Other liabilities include financing liabilities of €5.3 million (5.2) related to the delivery agreements in France that are disclosed under other assets. This item also includes commission obligations and customers with credit balances.

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JOINT VENTURES

Joint ventures consolidated pro rata are included in the consolidated financial statements with the following values:

in € million	2010	2009
Long-term assets	0.6	0.4
Inventories and receivables	12.7	7.3
Other short-term assets	15.2	11.1
Assets as at December 31	**28.5**	**18.8**
Shareholders' equity	23.2	13.8
Long-term liabilities	0.0	0.0
Short-term liabilities	5.3	5.0
Equity and liabilities as at December 31	**28.5**	**18.8**
Income from January 1 – December 31	54.3	49.7
Expenses from January 1 – December 31	45.6	40.0

Other short-term assets comprise other receivables, other assets and cash and cash equivalents.

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CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities and other financial obligations were as follows:

Contingencies (in € million)	Dec. 31, 2010	Dec. 31, 2009
Bills of exchange	0.0	0.0
Guaranties	3.2	1.7
of which in favor of subsidiaries	0.0	0.0
of which in favor of joint ventures or companies in which shares are held	0.0	0.0
Securing third-party liabilities	14.1	15.3

Guaranties comprise the insolvency-protected assets from partial retirement obligations.

The item securing third-party liabilities refers mainly to “garagiste“ loans. Under this business model, which is common in France, our subsidiary guarantees repayment of loans granted directly by the bank to our contracting partner. This guarantee is part of our supply and financing agreements with our partners.

Contractual obligations for the purchase of property, plant and equipment amount to €5.8 million on December 31, 2010. These mainly concern European subsidiaries.

Operating lease agreements

The Group mainly utilizes rental or operating lease agreements for a high rack warehouse, a production plant, warehouses, vehicles, fork-lift trucks, IT equipment and software.

The nominal value of future minimum lease payments for operating leases as at December 31, 2010 structured by maturity terms are as follows:

Maturities (in € million)	**Dec. 31, 2010**	Dec. 31, 2009
Up to 1 year	9.4	8.9
1 to 5 years	18.2	16.4
More than 5 years	4.8	7.5
Total of minimum leasing payments	**32.4**	**32.8**

Total rental and leasing expenses for the reporting year were €10.5 million (9.9). The high rack warehouse contract expires in 2014; however, there is an option to buy as well as a contract renewal clause.

Beside the operating lease obligations, other financial commitments (IT maintenance and similar) consist of €0.7 million (0.6) and a call option that was exercised to purchase the administration building in Mannheim amounting to €2.6 million.

34 FINANCIAL INSTRUMENTS

a) Carrying amounts and fair values of financial instruments

The fair value of a financial instrument is the price at which a party would be willing to assume the rights and/or obligations arising from this financial instrument from an independent third party. Due to varying factors, fair values can only be regarded as indicators for values actually realizable on the market.

The fair values of all financial instruments were determined based on the market data available at the balance sheet date and on the methods and prerequisites specified below.

The figures disclosed in the consolidated balance sheet under other receivables and other assets or other liabilities do not fully meet the IFRS 7 criteria with regard to the amount. In particular, tax receivables and tax liabilities are not based on contractual agreements and are therefore not regarded as financial instruments.

For trade receivables, other receivables and other assets, cash and cash equivalents and financial liabilities, trade payables and other liabilities the carrying amount of the financial instrument largely corresponds to the fair value.

Concerning the measurement categories of IAS 39, the category of loans and receivables includes the carrying amounts of the balance sheet items “trade receivables”, “other receivables” and “other assets”.

Carrying amounts of trade payables, financial liabilities and miscellaneous other financial liabilities belong to the category of financial liabilities measured at amortized cost.

Cash and cash equivalents and liabilities from finance leases are not included in the classification by categories as these financial instruments are not assigned to a measurement category of IAS 39.

b) Net profit or loss from financial instruments

The table below states the net profit or loss arising from financial instruments recorded in the income statement:

in € million	2010	2009
Financial assets and financial liabilities at fair value through profit and loss	0.0	0.0
Available-for-sale financial assets	0.0	0.0
Loans and receivables	0.5	–2.1
Financial liabilities measured at their cost of acquisition	0.0	0.0

Net profit and loss from loans and receivables comprises the balance of allowances for bad debts recognized and reversed, as well as the derecognition of irrecoverable receivables. They are disclosed under other operating expenses and income.

c) Total interest income and expense

Total interest income and expense for financial assets and financial liabilities which were not measured at fair value through profit and loss are as follows:

in € million	Dec. 31, 2010	Dec. 31, 2009
Total interest income	1.3	2.1
Total interest expenses	–3.0	–5.0

The interest from these financial instruments is recognized in the Group's financial result.

d) Information on derivative financial instruments

Use of derivatives. The objective of using derivative financial instruments is to hedge interest rate and currency risks. In light of the Group's low level of gross financial debt – taking cash and cash equivalents into account, the Group is even in a net cash position – the Group's strategy does not involve entering into fixed interest rate agreements or making use of any other interest hedging methods. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal value (in € million)	**Dec. 31, 2010**				Dec. 31, 2009			
Instrument	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	4.9	0.0	0.0	4.9	17.8	0.0	0.0	17.8
Nominal volume of derivatives	**4.9**	**0.0**	**0.0**	**4.9**	**17.8**	**0.0**	**0.0**	**17.8**

The nominal volume is the total of all buying and selling amounts of currency derivatives. The nominal amounts generally correspond with the volumes of the underlying hedged transactions.

Forward currency contracts employed by the FUCHS PETROLUB Group are exclusively used to hedge assets and liabilities. The change in the derivative's fair value is recognized in the income statement. The same applies to the changes in the fair value of assets or liabilities hedged by this. Both changes equalize each other.

On the balance sheet date there were forward currency transactions solely for the purpose of securing existing hedged items (inter-company loan). There were no forward currency transactions for the purpose of hedging firm commitments or future (anticipated) transactions.

The fair values of the derivative financial instruments were as follows:

Fair value as at Dec. 31, 2010 (in € million)

Instrument	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	4.9	0.1	0.1	0.0
Total derivatives	**4.9**	**0.1**	**0.1**	**0.0**

Fair value as at Dec. 31, 2009 (in € million)

Instrument	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	17.8	0.0	0.0	0.0
Total derivatives	**17.8**	**0.0**	**0.0**	**0.0**

MANAGEMENT OF RISKS FROM FINANCIAL INSTRUMENTS

Due to its international business activities, the FUCHS PETROLUB Group is exposed to numerous risks from financial instruments. In particular, these include credit risks, e. g. those inherent to trade receivables, and market risks, e. g. changes in foreign exchange rates, interest rates and raw material prices. In addition, liquidity risks may arise due to these risks, due to the operating business and because of sudden fluctuations in the financial markets.

Major financial risks are monitored and controlled by the central treasury department of FUCHS PETROLUB AG. There are detailed guidelines and requirements, approved by the company's Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by entering into term and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing.

Credit risks

A credit risk arises if one party of a financial instrument causes a financial loss thereby damaging the other party by not fulfilling an obligation. Credit risks may result from the investment of liquid funds and the granting of payment terms for goods and services as well as from other agreements to be fulfilled by the counterparty only at a later date.

CASH AND CASH EQUIVALENTS

The Group usually limits its cash and cash equivalents to the extent required for its operating business. If liquid funds are not needed for the ongoing operating business, the funds will be invested within the Group. The Group's finance directive also requires that liquid funds may only be placed at banks with an excellent credit standing (Standard & Poor's / Moody's short-term rating of A1 / P1 or higher).

TRADE RECEIVABLES

Due to its business relations maintained with more than 100,000 customers worldwide, the FUCHS PETROLUB Group is permanently confronted by significant trade receivables. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment – which is based on external credit information reveals that a credit risk is too high, credit collaterals must be provided, e. g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. On the balance sheet date, receivables totaling over €2.5 (5.8) million were secured.

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For the remaining credit risks bad debt allowances are recorded as soon as they exceed certain limits (see note 19).

DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER RECEIVABLES AND OTHER ASSETS

When selecting banks with which derivative transactions are concluded, FUCHS PETROLUB ensures that the counterparty is sufficiently creditworthy. All derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector. Through these processes, the default risk by contracting parties (credit risk) is minimized.

The maximum credit risk regarding the above-mentioned positions is the carrying amount of the receivable or of the financial asset – also if the asset concerns derivative financial instruments or liquid funds. The FUCHS PETROLUB Group is only exposed to limited credit risks thanks to a natural diversification and its successful credit risk management. No concentration risks can currently be ascertained.

Liquidity risks

A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS PETROLUB Group mainly come from its operating business. Occasionally revolving funds are employed in the form of bonds or bank loans, for example, primarily to finance working capital and investment projects.

At the balance sheet date, the Group had utilized €19.7 million (58.2) of the approx. €198 million (268) of credit lines committed to the Group worldwide. Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements or bonds. Due to the good cash flow, the Group's cash and cash equivalents increased by approximately €40 million in the course of 2010. In order to secure liquidity in the long-term, a euro private placement bond (German Schuldschein) with a value of more than €40 million was concluded at the beginning of 2009 with a term of three years. The euro private placement bond was repaid ahead of time in September 2010.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as of December 31, 2010 affect the Group's liquidity situation (non-discounted):

Financial liabilities (in € million)	Total	2011	2012	2013	2014	2015	≥2016
Financial liabilities incl. interest	20.0	19.9	0.1				
Derivative financial instruments	0.1	0.1					
Trade payables	114.5	114.5					
Other financial liabilities	11.9	11.9					
Total	**146.5**	**146.4**	**0.1**				

In comparison to the previous year (163.1), financial liabilities including interest fell by €16.6 million to €146.5 million. At 0.1% (28.9%), the proportion of long-term financial liabilities has reduced significantly year on year.

The FUCHS PETROLUB Group regards its liquidity situation as stable and not subject to any significant liquidity risk. Apart from the operating business, where liabilities are balanced by short-term trade receivables of €221.4 million, there are sufficient funds and financing alternatives available.

Market risks

As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities. The assets held by pension funds to meet pension obligations are explained in note 24 and are not referred to in these explanations.

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EXCHANGE RATE RISKS

In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency which differs from the one in which sales proceeds are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third-party customers are exposed to transaction risks.

Because of dividend and license income of the holding company, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies so that a natural hedge exists which leads to the minimization of the transaction risks existing for the Group as a whole.

Exchange rate risks arising from the granting of intra-group foreign currency loans are generally hedged by concluding forward currency transactions or other original or derivative hedging instruments such as foreign currency borrowing or interest rate and currency swaps.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS Group comprises a large number of Group companies located outside the Eurozone. Therefore so-called translation risks arise due to fluctuating exchange rates when converting the sales proceeds and the results for the Group's income statement. They may have a considerable influence on the Group's income statement.

For FUCHS significant translation risks exist due to its activities in North and South America, the Asian-Pacific area and Africa. To the extent that these risks are directly or also indirectly linked to the US dollar, they represent a natural hedge of the above-mentioned US dollar transaction risk. Transaction and translation risks thus have a compensatory effect at Group level.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by equity. The changes in the equity position are continuously monitored, but normally not hedged against fluctuations in the exchange rate.

Financial liabilities exist in the following currencies:

Financial liabilities (in € million)	2010	in %	2009	in %
Euro	3.1	15.7	28.1	48.3
US dollar	0.0	0.0	16.7	28.7
British pound	0.0	0.0	0.0	0.0
Australian dollar	0.0	0.0	0.1	0.2
Other currencies	16.6	84.3	13.3	22.8
	19.7	**100.0**	**58.2**	**100.0**

INTEREST RATE RISKS

Based on a continuous decrease of its financial liabilities, the Group has considerably minimized its interest rate risk over the past years. While in earlier years derivative instruments were used to limit interest rate risks, today's low volume of financial liabilities makes them obsolete. The aim is to ensure that the maturity of funds for financing short-term assets is maturity-congruent with short-term interest rates.

The financial liabilities break down by interest rate agreement as follows. With the exception of the finance leasing transactions no collateral was provided.

Financial liabilities (in € million)	Effective interest rate	Fixed interest rate	Carrying amount Dec. 31, 2010	Carrying amount Dec. 31, 2009
EUR time deposits	EURIBOR plus markup	< 1 year	0.3	25.3
GBP time deposits	LIBOR plus markup	< 1 year	0.0	0.0
USD time deposits	LIBOR plus markup	< 1 year	0.0	16.7
AUD time deposits	LIBOR plus markup	< 1 year	0.0	0.1
Time deposits in other currencies	Respective variable interest rates	< 1 year	16.6	13.3
EUR finance leasing	Fixed rate 6.5 %	2011	2.8	2.8
			19.7	**58.2**

Summary of interest rate hedging periods

Interest rate hedging periods (in € million)	2010	in %	2009	in %
Up to 1 year	19.7	100.0	55.4	95.2
1 to 5 years	0.0	0.0	2.8	4.8
More than 5 years	0.0	0.0	0.0	0.0
	19.7	**100.0**	**58.2**	**100.0**

Other price risks

The FUCHS PETROLUB Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in the prices of raw materials are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Underlying certain assumptions, sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- an increase of the market interest rates of all currencies by one percentage point (parallel shift of the yield curves);
- a concurrent revaluation of the euro relative to all foreign currencies by 10%.

When determining the **interest rate risk** for FUCHS at the balance sheet date, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized costs do not entail interest rate risks pursuant to IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate disclosed on December 31, 2010 would have reduced the financial result by €0.2 million (0.6) – assuming that the higher interest rate would have been valid during the entire year.

The **foreign currency risk** is determined based on all net foreign currency positions not hedged at the balance sheet date. A simultaneous appreciation of the Euro by 10% in comparison to all foreign currencies would have reduced the financial result by €0.5 million (0.1).

NOTES TO THE STATEMENT OF CASH FLOWS 35

The statement of cash flows shows how the liquid funds of the FUCHS PETROLUB Group have changed in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows are classified into cash flows from, or into, operating, investing and financing activities.

Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents recognized in the balance sheet.

The gross cash flow and the cash flow from operating activities are indirectly calculated from net profit after tax. With this method, the underlying changes in balance sheet items are adjusted for currency translation effects and for changes in the scope of consolidation. These changes in the balance sheet items, therefore, do not directly correspond to the amounts shown in the balance sheet. The cash flows from/into investing and financing activities are determined on the basis of actual payments. Free cash flow is calculated from the cash flow from operating activities and the cash outflow from investing activities.

Of the cash and cash equivalents at the end of the period, €7.7 million (11.0) are from pro rata consolidated companies.

NOTES TO THE SEGMENT REPORTING 36

Within the scope of segment reporting, the operating segments are made up of the geographical regions reflecting the FUCHS PETROLUB Group’s internal organization and reporting structure. In line with the principles of IFRS 8 “Operating segments”, this structure is aligned to the Group’s internal control system and reflects segment reporting in the group management committees. Accordingly, the primary reporting format is the regions. These are defined as Europe, Asia-Pacific, Africa and North and South America. The individual companies are allocated to the segments according to the regions in which they are located.

The segment information is based on the same accounting and valuation methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column “Holding companies including consolidation”. This includes not only the depreciation, earnings, assets and liabilities of the Group companies, but also the inter-segment eliminations with regard to sales revenues. Intra-group revenues and transfers are transacted at prices and terms of independent business partners.

Segment data includes all direct segment costs as well as indirect costs to a limited degree. The segment assets and segment liabilities include only those assets and liabilities that have contributed towards the achievement of the segment earnings before interest and tax (EBIT).

The segment assets of the Asia-Pacific, Africa region include associated companies with book values of €6.8 million (4.5). In Germany, long-term assets (intangible assets and property, plant and equipment) amount to €159.1 million (135.3). €165.3 million (140.2) is attributable to foreign countries of which €60.2 million (55.8) is attributable to the USA.

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The overall development of segments is disclosed on pages 98 and 99 stating the figures for the reporting year and the corresponding figures of the previous year. The statement shows sales revenues, depreciation and amortization expenses and the respective segment earnings (EBIT) as central key performance indicators for each geographic region. The total of segment earnings is transferred to the net profit after tax. Additionally, segment assets and liabilities of the individual segments are disclosed, with the latter being transferred to Group liabilities. Furthermore, the statement contains investments in property, plant and equipment and intangible assets and the average number of employees and EBIT margin of each segment.

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Sales revenues by product are disclosed in note 1 to the income statement.

37 RELATIONSHIPS WITH RELATED PARTIES

The related parties of the FUCHS PETROLUB Group as defined according to IAS 24 are:

- directly and indirectly held subsidiaries, joint ventures and "At equity" companies of FUCHS PETROLUB AG,
- Executive Board and Supervisory Board of FUCHS PETROLUB AG,
- RUDOLF FUCHS GMBH & CO KG through which most of the Fuchs family's ordinary stock is held,
- its full partner FUCHS INTEROIL GMBH and its management
- and pension funds benefiting the company's employees.

The controlling company is RUDOLF FUCHS GMBH & CO KG.

FUCHS PETROLUB AG provides services to the related companies RUDOLF FUCHS GMBH & CO KG and FUCHS INTEROIL GMBH, for which it is compensated with a contribution to its administrative costs. The scope of these services is not material.

Furthermore, there are intercompany transactions between the holding company, FUCHS PETROLUB AG, and its subsidiaries, i. e. loans, sales, services, etc. All intercompany transactions and balances have been eliminated in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related companies and persons are charged on the same basis as those for independent business partners.

The FUCHS PETROLUB Group has receivables of €0.1 million due from companies included pro rata relating to supplies and services. There are no liabilities. Sales revenues of €0.8 million were generated.

The FUCHS PETROLUB Group has receivables of €0.4 million due from the company included "at equity" relating to supplies and services. There are no liabilities. The value of goods supplied in 2010 was €1.5 million, as in the previous year.

For information on pension plans please refer to note 24.

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A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Law (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instructions or in the interest of the controlling company." KPMG AG Wirtschaftsprüfungsgesellschaft, the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.

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EXECUTIVE BODIES

Supervisory Board

Prof. Dr. Jürgen Strube Mannheim	Chairman Former Chairman of the Supervisory Board of BASF SE Other mandates*: ■ Bayerische Motoren Werke Aktiengesellschaft [2] (until May 18, 2010) ■ Bertelsmann AG [2]
Dr. Manfred Fuchs Mannheim	Deputy chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG Other mandates*: ■ MVV Energie AG
Prof. Dr. Bernd Gottschalk Esslingen	Former President of the German Association of the Automotive Industry (VDA) Other mandates*: ■ HYMER AG [1] ■ Roche Deutschland Holding GmbH ■ Roche Diagnostics GmbH ■ Schaeffler GmbH (as of September 17, 2010) ■ Voith AG Comparable German and international supervisory bodies: ■ Compagnie Plastic Omnium S.A. (France)

Horst Münkel [3]
Mannheim

Industry chemical technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

Lars-Eric Reinert [3]
Altenholz

Industrial metalworking technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

Dr. Erhard Schipporeit
Hanover

Former member of the Executive Board of E.ON AG

Other mandates*:
- Deutsche Börse AG
- Hannover Rückversicherung AG
- SAP AG
- Talanx AG

Comparable German and international supervisory bodies:
- Fidelity Advisor World Funds Ltd. (Bermuda) (until December 31, 2010)
- Fidelity Funds SICAV (Luxembourg)
- TUI Travel PLC (Great Britain)

[1] Chairman
[2] Deputy chairman
[3] Employee representative
* Supervisory Board memberships pursuant to Section 100 (2) of the German Stock Corporation Act (AktG)

Executive Board

Stefan R. Fuchs Hirschberg First appointment: 1999 Expiration of the mandate: 2016	Chairman Group mandates: ■ ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. ■ FUCHS CORPORATION ■ FUCHS LUBRICANTS CO. ■ FUCHS OIL MIDDLE EAST LTD.
Dr. Alexander Selent Limburgerhof First appointment: 1999 Expiration of the mandate: 2014	Deputy chairman Group mandates: ■ FUCHS CORPORATION ■ FUCHS LUBRICANTS (CHINA) CO. LTD.
Dr. Lutz Lindemann Kerzenheim First appointment: 2009 Expiration of the mandate: 2013	Member

Dr. Georg Lingg Mannheim First appointment: 2004 Expiration of the mandate: 2015	Member Group mandates: ■ FUCHS LUBRICANTS (YINGKOU) LTD. ■ FUCHS LUBRICANTS (KOREA) ■ FUCHS LUBRICANTS (CHINA) CO. LTD. ■ FUCHS LUBRICANTS (AUSTRALASIA) PTY LTD (as of January 1, 2011)
Dr. Ralph Rheinboldt Heddesheim First appointment: 2009 Expiration of the mandate: 2013	Member Group mandates: ■ CENTURY OILS INTERNATIONAL LTD. ■ FUCHS BELGIUM N.V. / S.A. ■ FUCHS EUROPE SCHMIERSTOFFE GMBH [1] (until December 31, 2010) ■ FUCHS HELLAS S.A. ■ FUCHS LUBRICANTES, S.A. ■ FUCHS LUBRICANTS (UK) PLC ■ FUCHS LUBRIFIANT FRANCE S.A.[1] ■ FUCHS LUBRIFICANTI S.P.A. ■ FUCHS OIL FINLAND OY ■ MOTOREX AG LANGENTHAL

[1] Chairman

COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Compensation of the Executive Board and the Supervisory Board (in € thousand)	2010	2009
Compensation of the Executive Board	5,547	5,945
of which fixed compensation	1,436	1,682
of which variable compensation	4,111	4,263
Compensation of the Supervisory Board	405	404
of which fixed compensation	180	182
of which variable compensation	225	222
Total compensation of former members of the Executive Board	950	320
Pension provisions for former members of the Executive Board	4,917	4,541
Current service cost for pension commitments to active members of the Executive Board	281	328
Compensation of the Advisory Board	52	52

The reduction in Executive Board compensation in the reporting year can be attributed to the reduction in size of the Board in 2010 by one member, which means it now totals five members. On an adjusted basis, fixed components of compensation saw only a slight, inflation-based rise. The variable compensation of the Executive Board is based on an incentive agreement geared toward sustainable company success. This agreement tracks FUCHS VALUE ADDED (FVA) and is linked to a performance factor. FVA represents the earnings before interest and tax (EBIT) less the capital costs. The performance factor measures on an annual basis the achievement of the long-term goals set for the entire Executive Board. On an adjusted basis, the variable compensation of Executive Board members developed in parallel to the development of the FVA in the reporting year. Benefits arising from the occasion of the ending of the working relationship of the Executive Board are not provided for, nor are there any share-based payments.

Pension provisions for former members of the Executive Board increased in the reporting year due to the retirement of a member of the Executive Board at the end of 2009.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB AG on June 21, 2006 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

The main features of the compensation system for members of the Executive Board and of the Supervisory Board of FUCHS PETROLUB AG are disclosed in the Group's management report in accordance with Section 315 (2) no. 4 of the German Commercial Code (HGB). The Supervisory Board's compensation is also described in detail on page 26.

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CORPORATE GOVERNANCE REPORT

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FUCHS PETROLUB AG has issued the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) and has rendered it permanently accessible at www.fuchs-oil.com/declarationcompliance.html and on page 25 of this report.

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FEES AND SERVICES OF THE AUDITOR

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The auditor of the consolidated financial statements is KPMG AG, Wirtschaftsprüfungsgesellschaft, Mannheim.

Audit fees of €463 thousand (450) for the annual audit, €17 thousand for other audit services and €9 thousand (10) for tax consulting services were recorded as expenses. In addition, expenses for other services of €7 thousand (144) were generated.

KPMG companies in Great Britain, Spain, Belgium, the Ukraine and Russia are subsidiaries of KPMG AG, Germany, in accordance with Section 271 (2) of the German Commercial Code (HGB). Thus the audit fees for the financial year 2010 also comprise the audit and other services provided by these KPMG companies for the FUCHS PETROLUB AG Group.

EVENTS AFTER THE BALANCE SHEET DATE

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Subsequent to the balance sheet date there have been no events that would materially affect the financial condition or results of operations of the Group.

SHAREHOLDING

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As at December 31, 2010

I. Subsidiaries

GERMANY

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]	Currency	Shareholders' equity[2]	Sales revenues 2010[2]	Consolidation[3]
BREMER & LEGUIL GMBH, Duisburg[4]	100	EUR	6,624	25,935	F
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim[4]	100	EUR	62,705	401,195	F
FUCHS FINANZSERVICE GMBH, Mannheim[4]	100	EUR	9,411	0	F
FUCHS LUBRITECH GMBH, Kaiserslautern[4]	100	EUR	20,608	80,695	F
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg[4]	100	EUR	1,026	9,796	F
WISURA BETEILIGUNGSGESELLSCHAFT MBH, Bremen	85	EUR	26	0	N
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	85	EUR	2,040	11,507	F

EUROPE (EXCLUDING GERMANY)

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]	Currency	Shareholders' equity[2]	Sales revenues 2010[2]	Consolidation[3]
FUCHS BELGIUM N.V., Huizingen/Belgium	100	EUR	8,589	22,793	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	EUR	708	2,544	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre/France	99.7	EUR	25,394	100,034	F
FUCHS LUBRITECH S.A.S., Ensisheim/France	100	EUR	950	6,487	F
FUCHS HELLAS S.A., Athens/Greece	97.4	EUR	807	4,129	F
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/Great Britain	100	GBP	563	0	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/Great Britain	100	GBP	22,061	84,425	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., London/Great Britain	100	GBP	5,030	0	F
FUCHS LUBRITECH (UK) LTD., London/Great Britain	100	GBP	2,051	5,437	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	EUR	16,739	52,593	F
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	HRK	12,734	32,385	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	MKD	21,985	58,315	N
FUCHS AUSTRIA SCHMIERMITTEL GES.M.B.H., Bergheim/Austria	70	EUR	2,850	13,447	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	100	PLN	39,289	155,671	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	EUR	3,044	8,016	F
OOO FUCHS OIL, Jaroslavl/Russia	100	RUR	157,394	703,770	F
FUCHS PETROLUB AG i.L., Basel/Switzerland	100	CHF	140	0	F
MOTOREX AG LANGENTHAL, Langenthal/Switzerland	50	CHF	5,789	26,399	P
FUCHS OIL CORPORATION (SK) SPOL. S.R.O., Dubová – Nemecká/Slovak Republic	100	EUR	1,499	6,217	F
FUCHS MAZIVA LSL D.O.O., Brezice/Slovenia	100	EUR	658	2,120	F
FUCHS LUBRICANTES S.A., Castellbisbal/Spain	100	EUR	21,195	45,582	F
FUCHS OIL CORPORATION (CZ) SPOL. S.R.O., Prague/Czech Republic	100	CZK	70,161	224,745	F
JV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	80	UAH	13,895	53,875	F
FUCHS OIL HUNGARIA KFT, Budaörs/Hungary	100	HUF	1,597	747,249	F

ASIA-PACIFIC / AFRICA

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]	Currency	Shareholders' equity[2]	Sales revenues 2010[2]	Consolidation[3]
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia	100	AUD	39,320	143,803	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	CNY	163,538	741,539	F
FUCHS LUBRICANTS (HEFEI) LTD., Hefei/People's Republic of China	100	CNY	19,028	486	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/People's Republic of China	100	CNY	168,986	687,826	F
FUCHS LUBRICANTS (INDIA) PRIVATE LTD., Mumbai/India	100	INR	337,732	719,663	F
PT FUCHS INDONESIA, Jakarta/Indonesia	100	IDR	38,041,654	72,250,987	F
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran/Iran	50	IRR	26,232,997	110,128,882	P
FUCHS JAPAN LTD., Tokyo/Japan	100	JPY	294,309	1,169,325	F
FUCHS LUBRITECH JAPAN LTD., Tokyo/Japan	50	JPY	31,885	92,431	N
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	KRW	5,872,706	21,108,493	F
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Kuala Lumpur/Malaysia	100	MYR	5,344	20,543	F
FUCHS LUBRICANTS (PHILIPPINES) INC., Manila/Philippines	100	PHP	9,067	18,299	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	SGD	3,399	12,454	F
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg/South Africa	100	ZAR	82,389	400,294	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	TWD	44,944	111,224	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	THB	6,145	0	F
SIAM-FUCHS LUBRICANTS CO. LTD., Bangkok/Thailand	100	THB	56,724	164,767	F
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Izmir/Turkey	50	TRY	4,986	22,819	P
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50	USD	49,563	92,720	P

NORTH AND SOUTH AMERICA

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]	Currency	Shareholders' equity[2]	Sales revenues 2010[2]	Consolidation[3]
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina	100	ARS	15,240	69,628	F
FUCHS DO BRASIL S.A., Sao Paulo/Brazil	100	BRL	18,942	83,537	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	CAD	9,405[5]	27,572[5]	F
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Queretaro/Mexico	100	MXD	46,984[5]	186,518[5]	F
PROMOTORA FUCHS S.A. DE C.V., Queretaro/Mexico	100	MXD	361[5]	15,282[5]	F
FUCHS URUGUAY S.A., Montevideo/Uruguay	100	UYU	1,063[6]	6,584[6]	F
FUCHS CORPORATION, Dover, Delaware/USA	100	USD	98,106	261,065	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	USD	89,443[5]	225,944[5]	F

II. ASSOCIATED COMPANIES

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]	Currency	Shareholders' equity[2]	Sales revenues 2010[2]	Consolidation[3]
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	SAR	149,813	916,910	E

III. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD > 5 %)

Name and registered office of the company (amounts in thousand)	Share of equity capital (in %)[1]
NIPPON KOYU LTD., Tokyo/Japan	11

1 Share of FUCHS PETROLUB AG, including indirect holding
2 Shareholders' equity and sales revenues are disclosed at 100 %. The values are based on the country-specific annual financial statements (HB I) or the audited and certified IFRS financial statements (HB II) prior to consolidation
3 Inclusion in the consolidated financial statements:
F = full consolidation as per IAS 27
P = proportionate consolidation as per IAS 31
E = equity method as per IAS 28
N = non-consolidated due to immateriality
4 Company with profit/loss transfer agreement
5 Included in the subgroup financial statements (HB II) FUCHS CORPORATION, USA
6 Included in the subgroup financial statements (HB II) FUCHS ARGENTINA S.A., Argentina

The Executive Board at FUCHS PETROLUB AG prepared and released the consolidated financial statements for publication on March 17, 2011. The Executive Board also discussed said statements with the Audit Committee of the Supervisory Board on the same day. The consolidated financial statements will be presented to the Supervisory Board in its meeting on March 23, 2011 for approval.

DECLARATION OF THE EXECUTIVE BOARD AND ASSURANCE PURSUANT TO SECTION 297 (2), SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

To the best of our knowledge, and in accordance with the applicable reporting 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 Group management report 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.

Mannheim, March 23, 2011
FUCHS PETROLUB AG

Executive Board

S. Fuchs Dr. A. Selent

Dr. L. Lindemann Dr. G. Lingg Dr. R. Rheinboldt

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by FUCHS PETROLUB AG, Mannheim – consisting of the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and notes – as well as the Group management report for the financial year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code are the responsibility of 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 Institut der Wirtschaftprüfer (IDW) and in supplementary compliance with International Standards on Auditing (ISA). 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 IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (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.

Mannheim, March 23, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter	Beyer
Auditor	Auditor

ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

in € million		2010		2009
Investment income		145.2		95.7
Administrative expenses		–25.9		–22.5
Other operating income	32.9		33.7	
Other operating expenses	–2.7		–2.5	
		30.2		31.2
Earnings before interest and tax (EBIT)		**149.5**		**104.4**
Financial result		–1.2		–2.5
Earnings from ordinary business activities		**148.3**		**101.9**
Extraordinary expenses		–0.1		–14.7
Income taxes		–24.1		–14.7
Profit after tax		**124.1**		**87.2**
Retained earnings brought forward from the previous year		70.4		66.2
Income from reduction of share capital		0.0		6.8
Transfer to capital reserves		0.0		–6.8
Transfer to other retained earnings		–62.0		–43.5
Unappropriated profit		132.5		109.9

BALANCE SHEET

in € million		Dec. 31, 2010		Dec. 31, 2009
Assets				
Intangible assets		2.4		0.9
Long-term assets		1.1		0.7
Financial assets		366.0		360.1
Property, plant and equipment		**369.5**		**361.7**
Receivables due from affiliated companies	151.9		68.7	
Other receivables and other assets	0.3		0.4	
Receivables and other assets		152.2		69.1
Cash and cash equivalents		0.0		0.0
Short-term assets		**152.2**		**69.1**
Prepaid expenses		**0.1**		**0.1**
		521.8		**430.9**
Equity and liabilities				
Subscribed capital	71.0		71.0	
		71.0		71.0
Capital reserves		95.7		95.7
Retained earnings		187.8		125.4
Unappropriated profit		132.5		109.9
Shareholders' equity		**487.0**		**402.0**
Pension provisions and similar obligations	14.8		14.1	
Other provisions	17.2		13.1	
Provisions		**32.0**		**27.2**
Other liabilities	2.8		1.6	
Liabilities		**2.8**		**1.6**
Prepaid expenses		**0.0**		**0.1**
		521.8		**430.9**

PROPOSAL ON THE APPROPRIATION OF PROFITS

The Executive Board will recommend to the Supervisory Board that it proposes the following appropriation of profits to the 2011 Annual General Meeting:

Proposal on the appropriation of profits (in €)

Distribution of a dividend of €2.64 for each preference share entitled to dividend on the balance sheet date; these were 11,830,000 shares	31,231,200.00
Distribution of a dividend of €2.70 for each preference share entitled to dividend on the balance sheet date; these were 11,830,000 shares	31,941,000.00
	63,172,200.00
Balance carried forward	69,321,026.60
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**132,493,226.60**

GLOSSARY

A

ASSOCIATED COMPANY
Associated company is an entity in which the investor has significant influence (investor owns 20 % or more of the voting shares) and which is neither a controlled entity nor a joint venture of the investor.

C

CAPITAL EMPLOYED
Average capital employed consists of shareholders' equity, interest-bearing liabilities, pension provisions and accumulated goodwill amortization, after the deduction of cash and cash equivalents.

CASH FLOW
The difference between income and expenditure in a reporting period. The gross cash flow presented by the FUCHS PETROLUB Group in the Annual Report is calculated on the basis of

  Profit after tax
+ Depreciation and amortization of long-term assets
± Change in long-term provisions
± Change in deferred taxes
± Non-cash income from investments accounted for using the equity method.

The gross cash flow is an indication of a company's internal financial resources available for investment, financing net current assets, debt repayment, dividend payments and maintaining liquidity.

CORPORATE GOVERNANCE
Internationally used term for responsible management and supervision with a view to long-term value creation. Corporate governance comprises the entire system of managing and supervising a company and includes its organization, business-policy principles and guidelines, as well as all internal and external controlling and monitoring mechanisms.

D

DECLARATION OF COMPLIANCE
Declaration by the Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.

DEFERRED TAXES
Deferred taxes serve to show tax expenses in the consolidated financial statements on an accrual basis. The calculation of tax expenses for a period based on pertinent tax laws on the one hand and the calculation of tax expenses for the period based on items accounted for using IFRS might result in a difference. If this concerns a temporary difference, in addition to the actual tax expense for the period, a deferred tax item is to be recognized in the income statement and a corresponding liability or asset is to be recorded. In the case of changes to these temporary differences, the respective liability or asset items are adjusted accordingly affecting net income.

DERIVATIVE FINANCIAL INSTRUMENTS
Financial products whose own value is primarily derived from the price, price fluctuations and price expectations of an underlying transaction, without this transaction actually having to be performed. Derivatives are used by the FUCHS PETROLUB Group solely to limit exchange rate and interest-rate risks from the operating business.

E

EBIT
Abbreviation for earnings before interest and tax. Profit before financial result, taxes, and including shares of minority shareholders.

EBITDA
Abbreviation for earnings before interest, tax, depreciation and amortization. EBIT before depreciation of property, plant and equipment and intangible assets.

EBIT MARGIN
Earnings before interest and tax (EBIT) in relation to sales revenue.

EBT
Abbreviation for earnings before tax. Profit before tax, and including shares of minority shareholders.

EFFECTIVE TAX RATE
Corporate income-tax expense in relation to earnings before tax.

EQUITY METHOD
Method of consolidation for including associated companies in the consolidated financial statements. The Group's ownership interest is entered as its share of these companies' equity capital. Changes in the equity capital of these companies have an effect on the valuation of the Group's ownership interest. Their relative annual profit is included in the Group profits.

EQUITY RATIO
Proportion of capital resources (= subscribed capital, reserves and accumulated other capital) to the balance-sheet total.

I

IAS
Abbreviation for "International Accounting Standards". Accounting principles intended to guarantee international harmonization and the comparability of financial statements and disclosure. They are prepared by an international committee, the "International Accounting Standards Board" (IASB).

IFRS
Acronym for "International Financial Reporting Standards": They have replaced the "International Accounting Standards" (IAS) since 2001. FUCHS PETROLUB AG has compiled its consolidated financial statements in line with IAS/IFRS since 2002.

INVESTMENT INCOME
The Group's share in the profits distributed by non-consolidated subsidiaries and its share in the profits earned by associated companies.

J

JOINT VENTURES
Enterprises managed jointly with other companies, where each company has an equal share.

M

MDAX
Share index of German companies with a medium market capitalization. The MDAX, which comprises 50 companies, is the second value segment after the DAX (30 companies with a high market capitalization). The FUCHS PETROLUB preference shares have been approved for the Prime Standard section of the German Stock Exchange since January 1, 2003, and are included in the MDAX segment since June 2008.

N

NET OPERATING WORKING CAPITAL
Net operating working capital (NOWC) is made up of inventories, trade receivables minus trade payables. It defines the capital needed directly for the generation of sales revenues.

P

PARTICIPATION INTEREST
Company, upon which no significant influence is exercised (shareholding less than 20%).

PROPORTIONATE CONSOLIDATION
Joint ventures are included in the consolidated financial statements proportionately (pro rata), i.e. joint ventures are entered in the balance sheet and income statement only to the amount of the proportion belonging to the FUCHS PETROLUB Group.

R

RETURN ON EQUITY
Profit after tax, in relation to shareholders' equity.

RETURN ON SALES
Profit after tax in relation to sales revenues.

ROCE
Abbreviation for return on capital employed (earnings before scheduled goodwill amortization, financial result, taxes, and minority interests in relation to capital employed).

S

SUBSIDIARY
Company controlled by another company.

V

VOLATILITY
Volatility is the measure of how much the price of securities or exchange rates has moved around the mean price over a certain period of time.

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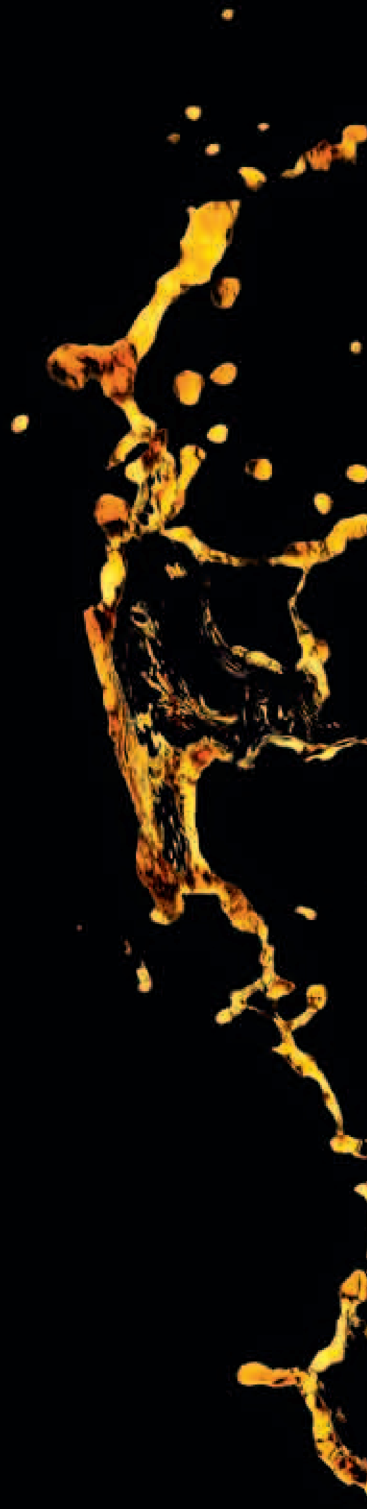
You can also access and download all financial reports of FUCHS PETROLUB AG on our website and view the German and English versions of the annual report as interactive online annual reports.

www.fuchs-oil.com

FINANCIAL CALENDAR DATES 2011

March 24	Presentation of consolidated and individual financial statements 2010 as well as publication of the annual report 2010 Balance sheet press conference, Mannheim Analysts' conference, Frankfurt am Main
May 4	Interim report for the first quarter of 2011 Press conference call Analyst conference call
May 11	Annual General Meeting, Mannheim
May 12	Information event for Swiss shareholders, Zurich
August 3	Interim report for the first 6 months and second quarter 2011 First-half press conference, Mannheim Analyst conference call
November 3	Interim report for the first 9 months and third quarter 2011 Press conference call Analyst conference call



ANNUAL GENERAL MEETING 2011

The Annual General Meeting will take place on Wednesday, May 11, 2011 at 10.00 a.m. in the Mozart Room of the m:con Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will also receive an invitation and the agenda via their depository banks. The payment of dividends to be approved by the Annual General Meeting will be made from May 12, 2011 onwards.

DISCLAIMER

This annual report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB AG. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes in the overall economic climate, changes to exchange rates and interest rates, and changes in the lubricants industry. FUCHS PETROLUB AG provides no guarantee that future developments and the results actually achieved in the future will correlate with the assumptions and estimates set out in this annual report and assumes no liability for such.

TEN-YEAR OVERVIEW

FUCHS PETROLUB GROUP

amounts in € million	**2010**	2009	2008	2007	2006	2005	2004	2003	2002	2001
Earnings										
Sales revenues	1,458.6	1,178.1	1,393.7	1,365.3	1,323.3	1,192.2	1,096.3	1,040.9	1,064.7	940.0
Germany	351.8	267.1	343.7	324.7	300.8	268.2	262.2	249.8	264.9	183.8
International	1,106.8	911.0	1,050.0	1,040.6	1,022.5	924.0	834.1	791.1	799.8	756.2
Cost of materials	808.1	645.4	820.7	776.7	777.4	682.0	605.6	569.5	579.6	521.2
Gross profit	567.0	457.1	488.1	509.2	466.9	424.8	407.7	387.2	399.7	339.2
in % of sales revenues	38.9	38.8	35.0	37.3	35.3	35.6	37.2	37.2	37.5	36.1
Earnings before interest and tax (EBIT)	250.1	179.9	171.7	195.2	161.2	128.8	86.2	75.1	70.0	50.5
in % of sales revenues	17.1	15.3	12.3	14.3	12.2	10.8	7.9	7.2	6.6	5.4
Financial result	−4.7	−7.0	−8.9	−8.5	−11.8	−15.7	−18.8	−23.1	−26.0	−25.6
Profit after tax	171.6	121.4	110.3	120.3	97.2	74.2	40.1	30.9	24.1	8.8
in % of sales revenues	11.8	10.3	7.9	8.8	7.3	6.2	3.7	3.0	2.3	0.9
Assets / equity and liabilities										
Long-term assets	358.8	307.2	292.7	265.8	266.8	279.6	254.0	272.0	316.8	354.9
Short-term assets	535.4	438.5	411.1	449.1	419.6	411.7	374.6	363.9	361.6	364.7
Balance sheet total	894.2	745.7	703.8	714.9	686.4	691.3	628.6	635.9	678.4	719.6
Shareholders' equity [6]	545.9	392.9	315.3	325.9	303.2	232.6	159.8	137.7	110.1	120.6
in % of balance total assets	61.0	52.7	44.8	45.6	44.2	33.6	25.4	21.7	16.2	16.8
Provisions [6]	130.6	129.2	111.0	111.1	97.0	94.7	97.5	112.0	107.4	77.8
Financial liabilities	19.7	58.2	124.1	71.9	98.5	157.3	194.2	239.3	318.4	375.6
in % of total assets	2.2	7.8	17.6	10.1	14.4	22.8	30.9	37.6	46.9	52.2
Net gearing [1]	0.00	0.13	0.56	0.23	0.38	0.80	1.39	1.94	3.28	3.21
Other liabilities	25.7	22.7	22.1	25.9	21.2	26.8	31.2	45.6	46.7	42.2
Return on equity in % [2]	36.6	35.3	33.3	37.1	36.9	38.1	32.5	34.7	29.9	7.3
Financing										
Gross cash flow	173.4	139.9	126.8	147.8	116.8	100.8	81.7	79.6	76.2	50.3
Cash inflow from operating activities	133.2	206.3	59.6	152.2	90.7	77.8	84.7	89.1	78.5	60.1
Cash outflow from investing activities	−55.5	−25.5	−52.1	−23.8	−4.3	−26.1	−28.6	−11.5	−30.5	−39.4
Cash flow from financing activities	−80.0	−110.7	−50.6	−103.2	−71.2	−54.7	−57.4	−60.3	−60.0	−11.9
Free cash flow	77.7	180.8	7.5	128.4	86.4	51.7	56.1	77.6	48.0	20.7
Investments in property, plant and equipment	31.6	28.5	42.9	21.6	16.5	24.6	21.2	18.4	27.0	26.4
Germany	16.2	19.7	21.9	3.8	5.5	8.2	9.1	7.3	12.1	8.4
International	15.4	8.8	21.0	17.8	11.0	16.4	12.1	11.1	14.9	18.0
Depreciation of property, plant and equipment	17.7	16.9	16.2	16.8	18.0	22.5	22.5	25.5	28.3	25.1
in % of investments in P, P&E	56.0	59.3	37.8	77.8	109.1	91.5	106.1	138.6	104.8	95.1

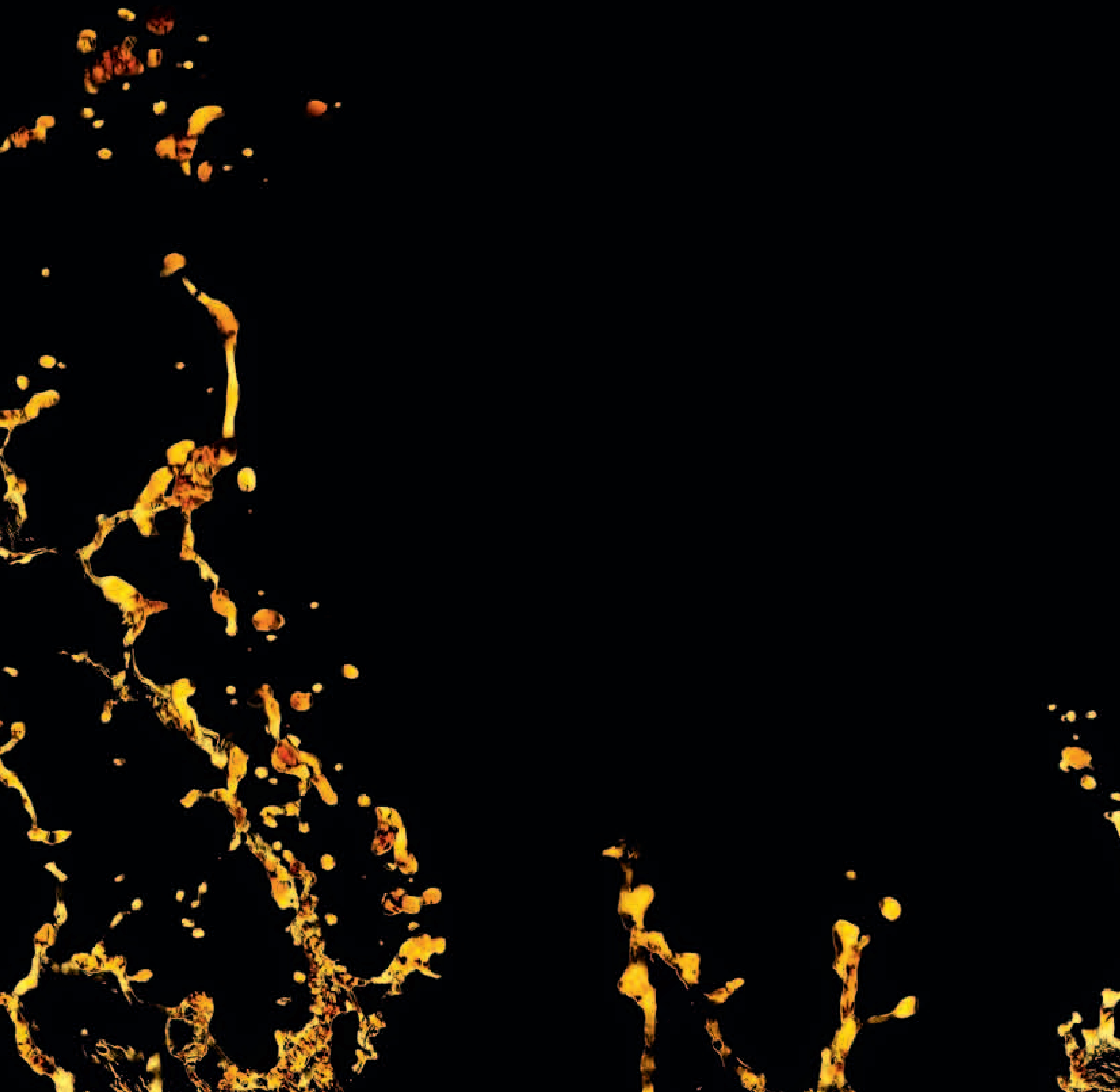
FUCHS PETROLUB GROUP

amounts in € million	**2010**	2009	2008	2007	2006	2005	2004	2003	2002	2001
Employees										
Number of employees (average)	3,534	3,587	3,864	3,807	3,909	4,149	4,221	4,188	4,100	3,925
Germany	1,010	1,003	1,073	1,044	1,077	1,101	1,094	1,124	1,151	935
International	2,524	2,584	2,791	2,763	2,832	3,048	3,127	3,064	2,949	2,990
Personnel expenses	215.9	193.8	191.0	182.0	181.5	174.4	173.5	171.9	179.8	161.4
in % of sales revenues	14.8	16.5	13.7	13.3	13.7	14.6	15.8	16.5	16.9	17.2
Sales revenues per employee (in € thousand)	412.7	328.4	360.7	358.6	338.5	287.3	259.7	248.5	259.7	239.5
Research and development										
Research and development expenses	25.1	22.2	22.7	23.7	22.1	20.6	21.4	22.6	23.6	18.7
in % of sales revenues	1.7	1.9	1.6	1.7	1.7	1.7	2.0	2.2	2.2	2.0

FUCHS SHARES

amounts in €	**2010**	2009	2008	2007	2006	2005	2004	2003	2002	2001
Earnings per share [3,4] Ordinary	7.18	5.07	4.43	4.63	3.70	2.79	1.81	1.61	1.40	0.73
Preference	7.24	5.13	4.49	4.69	3.76	2.85	1.87	1.67	1.46	0.79
Dividend distribution (in € million) [5]	63.2	39.5	37.1	37.0	25.2	17.4	13.7	12.9	11.0	9.8
Dividend per ordinary share [4,5]	2.64	1.64	1.54	1.44	0.94	0.64	0.50	0.47	0.43	0.39
Dividend per preference share [4,5]	2.70	1.70	1.60	1.50	1.00	0.70	0.56	0.53	0.49	0.45
Stock exchange prices on December 31										
Ordinary share [4]	98.7	60.7	39.1	62.9	52.0	31.8	25.9	14.5	7.1	6.7
Preference share [4]	110.9	64.8	34.0	60.6	58.0	32.9	24.0	13.3	7.1	6.5
Participation certificate 1998–2008 (in %)	–	–	–	103.5	109.8	113.9	115.3	110.0	105.9	104.3

[1] The ratio of financial liabilities plus pension provisions and minus cash and cash equivalents to shareholders' equity.
[2] Since 2002 the calculation has been based on avarage values, before that it was based on year-end values.
[3] Before scheduled goodwill amortization.
[4] For better comparability, the prior-year figures have been adjusted for changes in the equity structure (bonus shares, share split, capital increases).
[5] Dividend proposal for 2010.
[6] From 2007 on direct allocation of actuarial gains and losses against equity.



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