DIVERSITY THROUGH SPECIALIZATION

ANNUAL REPORT 2009

FUCHS PETROLUB AG

FUCHS AT A GLANCE

FUCHS PETROLUB GROUP

in € million	2009	2008	Change in %
Sales revenues	**1,178.1**	**1,393.7**	**– 15.5**
of which international	911.0	1,050.0	– 13.2
in %	77.3	75.3	
Earnings before interest, tax, depreciation and amortization (EBITDA)	**202.6**	**191.7**	**5.7**
in % of sales revenues	17.2	13.8	
Earnings before interest and tax (EBIT)	**179.9**	**171.7**	**4.8**
in % of sales revenues	15.3	12.3	
Profit after tax	**121.4**	**110.3**	**10.1**
in % of sales revenues	10.3	7.9	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	**29.9**	**46.6**	**– 35.8**
in % of scheduled depreciation	149.4	247.8	
Shareholders' equity	**392.9**	**315.3**	**24.6**
in % of balance sheet total	52.7	44.8	
Balance sheet total	**745.7**	**703.8**	**6.0**
Number of employees on December 31	**3,488**	**3,855**	**– 9.5**
Earnings per share (in €)			
Ordinary share	5.07	4.43	14.4
Preference share	5.13	4.49	14.3
Proposed dividend / dividend (in €)			
per ordinary share	1.64	1.54	6.5
per preference share	1.70	1.60	6.2

GROUP STRUCTURE

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

On December 31, 2009, the Group comprised 54 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 57. Of the 54 operating companies, six conducted their business activities in Germany and 48 abroad. The organizational and reporting structure is divided into the following regions:

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

See segment report by region, page 43

SUBSIDIARIES AND PRODUCTION LOCATIONS

PRODUCTION LOCATIONS

GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2009	Group companies [1]	Production locations [2]
Germany	6	6
Other European countries	21	9
North America	3	7
Central and South America	3	2
Africa	1	1
Asia-Pacific	20	9
Total	**54**	**34**

1 Excluding management companies, real-estate companies and dormant companies.

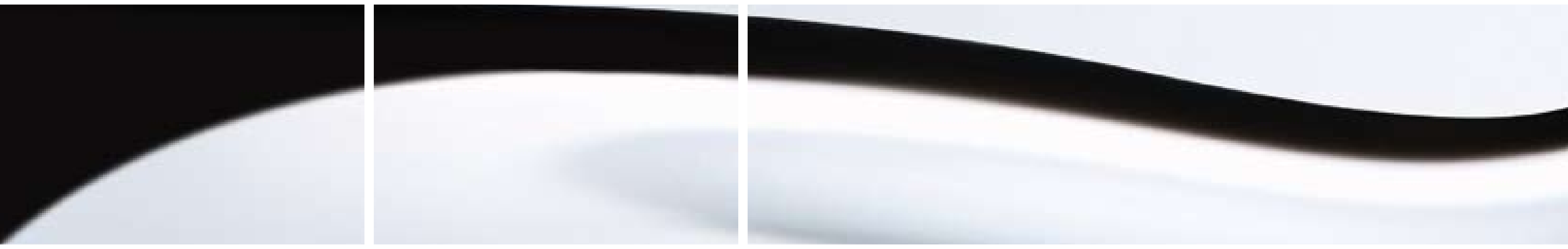
2 Excluding partner plants in Saudi Arabia and Switzerland.

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 currently employs a workforce of 3,488 in 54 operating companies in Europe and overseas.

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

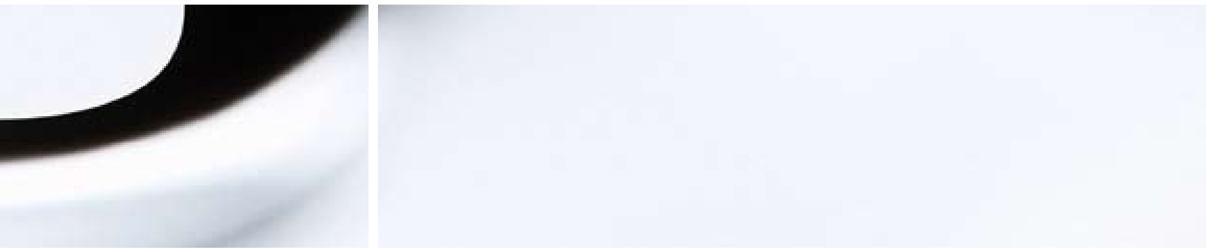
We have been concentrating all of our activities and research spirit on the development of innovative lubricants for almost 80 years. This early specialization has allowed us to grow continuously since our foundation – both geographically and in terms of the applications we cater to. Today, FUCHS stands for high-performance lubricants and related specialties worldwide in virtually all fields of application and sectors.



MANAGEMENT & SHARES

GROUP MANAGEMENT REPORT

FINANCIAL REPORT



Glossary reference Page reference Internet link

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

By taking early and consistent action, and with a slight improvement in the economic framework conditions in the second half of the year, FUCHS PETROLUB was able to overcome a difficult start to 2009 and increase profit after tax to €121 million and earnings per share by 14% year on year.

The 15% drop in sales revenue was largely due to the economic crisis, although a low-margin toll processing business was also eliminated. The raw material situation which improved in 2009 continues to remain volatile. Despite the decline in sales revenues, earnings before interest and tax (EBIT) rose by 5% to €180 million. This was due to the value orientation of our business, and a significant reduction in costs.

We had to align our global infrastructure to a lower volume of business in 2009. However, we made these adjustments early and consistently throughout all regions of the world. Having acted with urgency at the end of 2008 and the beginning of 2009, we are now well-positioned. Personnel adjustments were made mainly in the administration and production areas. Technology and sales saw fewer cutbacks. Indeed, we have even budgeted for additional personnel in these areas for 2010.

The abrupt drop in demand at the end of 2008 led to an extremely high level of funds being tied up. This situation was made even more severe through price effects. However, it was possible to successfully reduce the level of funds tied up during 2009. As such, a very high level of free cash flow totaling €180 million was generated. FUCHS is in a solid financial position. In fact, we are debt-free for the first time since our IPO back in 1985, and the balance sheet shows an equity ratio of 52%.

The investment strategy announced in 2008 in research and development, the specialty business and in growth markets will be completed in 2011. We have created the basis for growth in a slowly stabilizing global economy through the completion of our new facility in China in 2008, the opening of the new location for our global specialty division FUCHS LUBRITECH in Kaiserslautern at the end of 2009, completion of the first plant expansion phase in India at the start of 2010 and the planned purchase of land for construction of a new facility in Brazil. In Mannheim, the sales center will be completed in mid-2010 and the new laboratory building in 2011. With these investments, we are improving our customer proximity and our research capacities for Germany and the whole world.

If the Annual General Meeting accepts the proposal by the management, the dividend will increase by 6% to €1.70 per preference share and €1.64 per ordinary share. We are also planning on continuing to allow our shareholders to participate in the success of our company in future.

2009 was an emotional year for FUCHS in many ways. Our long-standing member of the Supervisory Board, Hans-Joachim Fenzke, passed away in November at the age of 64. Hans-Joachim had been working for the company for 40 years and had been the employee representative in our Supervisory Board since the IPO back in 1985. He will remain in our memories. My Executive Board

Stefan Fuchs,
Chairman of the
Executive Board

colleague Frank Kleinman took his well deserved retirement at the end of 2009. Frank built up our successful business in the Americas, helped shape the FUCHS Group over many years and offered me great support back when I started. I would like to take this opportunity to offer him my sincere thanks.

For the year 2010,we are expecting to see moderate global economic recovery, although we are well aware that it will take years before the global economy sees a full recovery. We are also keeping a close eye on all the risks and volatilities. On this basis, we are planning for increases in terms of sales revenues and earnings compared to the previous year in all three global regions. Due to a base effect, the first half of 2010 is likely to see the greatest benefit from this. However, the above-average earnings before interest and tax (EBIT) of the second half of 2009 has set the bar high, which should not be extrapolated into the future. We will however, consistently utilize all new opportunities that come about from the increased globalization of our business and accelerated consolidation of the lubricants industry. FUCHS is fortunate, as it can rely on an excellent team, a proven business model that can survive crises, and the generally robust financial condition in which the company finds itself.

I thank you, the shareholders of FUCHS PETROLUB AG, for your trust in our company, its management and its staff. The whole workforce displayed a great performance in what was certainly a very difficult year in 2009. I would like to thank all employees for their personal commitment and support. Our global team is highly motivated, and FUCHS PETROLUB is prepared for profitable growth over the course of the next few years.

Mannheim, March 24, 2010

Yours

Stefan Fuchs
Chairman of the Executive Board

ORGANIZATION
CORPORATE BOARDS

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
Hans-Joachim Fenzke † * Mannheim (until November 23, 2009)	Industrial chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Prof. Dr. Bernd Gottschalk Esslingen	Former President of the German Association of the Automotive Industry e. V.
Horst Münkel* Mannheim (since December 29, 2009)	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
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
Prof. Dr. Bernd Gottschalk
Dr. Erhard Schipporeit

*Employee representative

EXECUTIVE BOARD

See details of the Corporate Boards, page 138

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

DR. RALPH RHEINBOLDT

MEMBER OF THE EXECUTIVE BOARD

- Region Europe

DR. ALEXANDER SELENT

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

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

STEFAN R. FUCHS

CHAIRMAN OF THE EXECUTIVE BOARD

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

REINER SCHMIDT

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Finance and Controlling

KLAUS HARTIG

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Region East Asia

DR. LUTZ LINDEMANN

MEMBER OF THE EXECUTIVE BOARD

- Technology
- Supply Chain Management
- International OEM business

FRANS J. DE MANIELLE

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

- Region Southeast Asia, Australia and New Zealand

DR. GEORG LINGG

MEMBER OF THE EXECUTIVE BOARD

- Region Asia-Pacific and Africa
- International mining business

ALF UNTERSTELLER

MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

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

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The year 2009 was characterized by effects of the worldwide financial and economic crisis. By adapting our structures early on to the altered circumstances in the market, we were able to achieve positive profit dynamics over the course of the year, even in the face of downward trends in sales revenues. Expanding and securing profitable fields of product segments in connection with a strict system of cost management has paid off for the FUCHS PETROLUB Group. As a result the Group is well equipped to handle this difficult time and will come out of the crisis stronger than ever.

Reports and board meetings

In the 2009 financial year, the Supervisory Board performed its duties with great care in accordance with the requirements of law, the Company's Articles of Association, and the Corporate Governance Code. The members of the Supervisory Board received 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 the work of the Executive Board based on this reporting. The Supervisory Board was involved in all decisions of fundamental importance to the company directly and early on. 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. In addition to this, another meeting of the Supervisory Board was convened, in which the effects of the worldwide financial and economic crisis and the adjustment measures needed to be taken were discussed in detail.

Three of the meetings took place in the first half of the year (February 25, March 26 and May 6, 2009) and three were held in the second half of the year (July 13, October 19 and December 14, 2009). Apart from one meeting in which a Supervisory Board member was unable to participate due to illness, all members of the Supervisory Board took part in all meetings. All members of the Executive Board also took part in every Supervisory Board meeting apart from one member, who was excused from attending the meeting on February 25, 2009.

In the meeting on October 19 in Kaiserslautern, the Supervisory Board continued its tradition of periodically updating themselves directly on the premises concerning major business segments and investment projects important for the Group. In Kaiserslautern, the opening of the new FUCHS LUBRITECH company building signaled successful completion of the largest single investment in the history of the FUCHS PETROLUB Group.

Prof. Dr. Jürgen Strube,
Chairman 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 of 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. All 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 kept informed regularly, promptly and comprehensively of the effects on FUCHS PETROLUB of the worldwide financial and economic crisis, of the corporate policy, business developments, profitability and general situation of the company resulting from this, as well as of relevant questions regarding strategic enhancements. Corporate planning, incorporating financial and personnel planning, as well as the acquisition and investment policy, budget monitoring and Group strategy were all important points of consultation. All significant investment, acquisition and cooperation projects were discussed in detail.

In its meeting on February 25, 2009, the Supervisory Board primarily concentrated on analyzing information on the current situation of the Group in light of the worldwide financial and economic crisis, and also addressed the revised budget for the financial year 2009. The Supervisory Board welcomed the fact that the Executive Board showed a high degree of flexibility in the investment planning, held negotiations on the closing of a private placement within the scope of liquidity planning and both reassessed and adjusted decisions taking into account current developments.

The balance sheet meeting was held on March 26, 2009. The key items on the agenda were the inspection, discussion and approval of the annual and consolidated financial statements of FUCHS PETROLUB AG in the presence of the auditor.

In the meeting on May 6, 2009, 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.

Alongside the regular Group Management Report with information on the 2009 half-year report, the meeting held on July 13, 2009 also focused on a detailed presentation by the Head of FUCHS Global OEM Division on the strategic alignment of OEM business. The Group's assets, financial and income development, and those of important subsidiaries, are a main focus of discussion in meetings, as are reports from the respective world regions and segments.

The Appropriateness of Management Board Remuneration Act (VorstAG) and the required contractual changes this brings about for board members was on the agenda of the Supervisory Board meeting held on October 19, 2009 in Kaiserslautern. The Supervisory Board also took the opportunity to gain an overview of the effects of the Accounting Law Reform Act (BilMoG). In addition to this, the Supervisory Board made the most of their visit to FUCHS LUBRITECH in Kaiserslautern, gaining detailed information on the international alignment of the specialty business within the FUCHS LUBRITECH Group.

The meeting on December 14, 2009 was devoted to the Group's management report and various key topics. The 2010 budget was discussed in detail in terms of income, the balance sheet and cash flow, while risk management and the compliance report were also examined. The Supervisory Board also passed a new set of rules and procedures and a new schedule of responsibilities for the Executive Board. The Supervisory Board also approved new Executive Board employment contracts, incorporating the check of appropriateness of Executive Board remuneration, an updated incentive settlement and amended pension agreements. A new set of rules and procedures was also passed for the Supervisory Board. Furthermore, the Supervisory Board addressed the 2009 Declaration of Compliance with the German Corporate Governance Code, selected the candidates for the new election of shareholders within the Supervisory Board for 2010 following the proposals of the nomination committee, and gathered information on the editorial changes to FUCHS PETROLUB AG's Articles of Association as a result of legislation to implement the Directive on Shareholders' Rights (ARUG). Finally, the dividend policy was also discussed.

With the aid 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 at the appropriate times.

The Supervisory Board also examined the efficiency of its own activities in 2009 and regards improvements in its cooperation as a continuous process. 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 2009, the Supervisory Board and Executive Board discussed the recommendations and proposals of the German **CORPORATE GOVERNANCE** Code and the amendments made in 2009, and on December 14, 2009 submitted th **DECLARATION OF COMPLIANCE** in accordance with Section 161 of the German Stock Corporation Act (AktG).

See glossary, page 150

The notes on the Declaration of Compliance can be found in the Corporate Governance Report submitted by the Executive Board and Supervisory Board as part of the Declaration of Corporate Governance. The text of the Declaration of Compliance can be accessed by shareholders at any time 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 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.

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. You can find an overview of committee members on page 6.

See page 6

The Audit Committee convened for four meetings in the reporting year, on March 19, April 29, July 30 and November 2, 2009. The Audit Committee monitored the financial accounting process and discussed the quarterly results prior to their publication. It defined the focuses of the audit for the reporting year and awarded the audit assignment to the auditor. The committee received the audit report from the internal Group audit and approved the audit plan for 2010. The committee also examined current compliance cases, the Internal Control System, the risk management system and the necessary measures for implementation of the Accounting Law Reform Act (BilMoG).

The **Compensation Committee** supports the Supervisory Board in reaching personnel decisions. The Compensation Committee convened for three meetings in the reporting year on July 13, October 19 and December 13, 2009. A key issue in these meetings revolved around preparations at FUCHS PETROLUB AG regarding the Appropriateness of Management Board Remuneration Act (VorstAG) to ensure that the Executive Board employment contracts were amended in line with this new legislation by January 1, 2010. The scheduled retirement of an Executive Board member was also discussed. In addition, other personnel matters relating to the members of the Executive Board and the further development of future managers in the FUCHS PETROLUB Group were on the agenda.

In line with the recommendation of the Corporate Governance Code, the Supervisory Board formed a **Nomination Committee** made up of shareholder representatives which suggests suitable candidates to the Supervisory Board, which then in turn proposes candidates for election to the Annual General Meeting. The committee met in the reporting year on December 14, 2009 to nominate suitable candidates in preparation for this year's Supervisory Board elections to be held in the 2010 Annual General Meeting.

Audit of annual and consolidated financial statements was discussed in detail
The Audit Committee of the Supervisory Board awarded the audit assignment to KPMG AG Wirtschaftsprüfungsgesellschaft as per the resolution of the Annual General Meeting on May 6, 2009. The auditor's declaration of independence was submitted and explained.

See glossary, page 151

The financial statements for the financial year 2009 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 auditors' opinion by KPMG AG Wirtschaftsprüfungsgesellschaft. 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 identifying any developments which might endanger the continued existence of the company at an early stage. 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 19, 2010, as well as in the balance sheet meeting on March 24, 2010. 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 auditor's final report and expressed no objections. The Supervisory Board approved the financial statements submitted by the Executive Board. As such, the annual financial statements of FUCHS PETROLUB AG are adopted. 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 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
Following serious illness, the long serving member of the Supervisory Board, Hans-Joachim Fenzke, died on November 23, 2009. He had been an employee representative in the committee since the IPO of FUCHS in 1985. He was also works council chairman at FUCHS EUROPE SCHMIERSTOFFE GMBH and chairman of the joint works council, to which he belonged from 1978 on, as well as chairman of the Group works council. His life was shaped by his constantly positive attitude, his tireless efforts on workforce issues, his constant desire to achieve more and his strong will. Thanks to his directness, Hans-Joachim Fenzke was always greatly appreciated in the Supervisory Board and in the company. His commendable and successful work will always remain in the memory of the Supervisory Board at FUCHS PETROLUB AG.

On December 29, 2009, Horst Münkel, industry chemical technician at FUCHS EUROPE SCHMIERSTOFFE GMBH in Mannheim, took over as interim successor to Hans-Joachim Fenzke as a legally appointed employee representative in the Supervisory Board.

The regular elections of 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.

With completion of the Annual General Meeting on May 5, 2010, the current shareholder representatives' term of office in the Supervisory Board ends.

On January 1, 2009, a new Executive Board organizational structure with regional Executive Board responsibilities for Europe and Asia-Pacific/Africa was introduced and the Executive Board was extended to include two new members. The previous members of the Group's Executive Committee, Dr. Lutz Lindemann and Dr. Ralph Rheinboldt, were appointed as members of the Executive Board at FUCHS PETROLUB AG with effect from January 1, 2009. This further development of the organization will allow the Group's opportunities for growth and improved results to be better exploited.

At the end of 2009, L. Frank Kleinman retired from the Executive Board following many years of commendable work. He had been a member in this committee since January 1, 2004, having become a member of the Group's Executive Committee back in 1997. L. Frank Kleinman was responsible for business in North and South America, the international mining division and the FUCHS LUBRITECH Group. The Supervisory Board thanked Mr. Kleinman for his successful work. Thanks to his considerable contributions, Mr. Kleinman played a key role in FUCHS' success story.

The FUCHS PETROLUB Group ended what was a difficult financial year in 2009 with a good 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 24, 2010

The Supervisory Board

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

DECLARATION OF CORPORATE GOVERNANCE

The Declaration of Corporate Governance can be accessed via the following Internet link: http://www.fuchs-oil.com/dcg.html.

Pursuant to Section 289a (2) of the German Commercial Code (HGB) the Declaration of Corporate Governance includes the following information:

(1) The declaration in accordance with Section 161 of the German Stock Corporation Act (Declaration of Compliance). The Declaration of Compliance for 2009, as well as for previous years, can be accessed via the following Internet link: http://www.fuchs-oil.com/declarationcompliance.html.

(2) Relevant disclosures on corporate governance practices that go beyond the scope of legally stipulated requirements.

(3) A description of how the Executive Board and Supervisory Board operate, as well as the composition and working methods of their committees. The overview on page 6 of this annual report provides you with further information on the composition of the Supervisory Board and its committees.

See page 6

The Declaration of Corporate Governance also contains further disclosures of the Corporate Governance Report required by the German Corporate Governance Code.

The main features of the company's compensation system for members of the Executive Bodies are disclosed in the management report on page 62 in accordance with Section 315 (2) no. 4 of the German Commercial Code (HGB). 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 specified in the notes to the consolidated financial statements on page 142.

See page 62
See page 142


"A high production longwall face with the roof supports powered by FUCHS SOLCENIC
fire resistant hydraulic fluid, the worlds most recognisable and successful underground
mining HFA fluid and the shearer gearboxes lubricated by FUCHS POWERGEAR."

SONG LEI | **Vice President Mining | China | FUCHS LUBRICANTS CHINA | Beijing, China**

MARTYN RUSHTON | **Regional Manager Global Mining Division | Europe, Africa, CIS, Middle East | FUCHS LUBRICANTS (UK) | Stoke-on-Trent, UK**

FUCHS SHARES

The first quarter of 2009 was characterized by an erratic development of the stock markets. This was due to the uncertainty regarding the further development of the economy. FUCHS shares were also unable to avoid these influences. On March 9, 2009, they reached their lowest level of the year in XETRA trading, with the preference share at €23.20 and the ordinary share at €23.67.

However, due to positive operating results and supported by a gradually improving economic environment, a lasting improvement in both FUCHS share classes then began to take hold at the start of the second quarter of 2009. The dates for publication of the 2008 net profits and the 2009 quarterly results represented the starting points for a further phase of share price increase.

FUCHS SHARES ENJOYED SIGNIFICANT RECOVERY OVER THE COURSE OF 2009

On December 7, 2009, the FUCHS ordinary and preference shares reached their highest level of the year in XETRA trading at €62.10 and €67.18 respectively. Following slight consolidation, the ordinary share closed at an XETRA price of €60.65 on December 30, 2009 (closing price December 30, 2008: €39.09) and the preference share at an XETRA price of €64.80 (closing price December 30, 2008: €34.00). This meant that the ordinary share was 55% above its closing price on December 30, 2008 and the preference share, which was harder hit overall by the financial and economic crisis and therefore benefited more considerably from the price increase on the stock markets, was 91% above its closing price on December 30, 2008.

See glossary, page 151

The DAX and **MDAX** recovered 24% and 34% respectively in the same time period. These increases helped the FUCHS shares achieve their well above-average performance from April 2009 onward.

The market capitalization of FUCHS shares was €1.5 billion (0.9) as at December 31, 2009.

PRICE TREND OF ORDINARY AND PREFERENCE SHARES IN COMPARISON WITH DAX AND MDAX (JANUARY 1, 2009 – DECEMBER 31, 2009)

LOWER TRADING VOLUMES DUE TO FINANCIAL AND ECONOMIC CRISIS

The trading volumes with FUCHS shares dropped in 2009 due to the financial and economic crisis. The volume traded dropped by 40% from €1,180.5 million in 2008 to €705.2 million in 2009. The average daily trading volumes of the ordinary share fell from €1,290 thousand to €676 thousand, while the preference share recorded a drop in daily trading volume from €3,358 thousand to €2,101 thousand.

FIRST FULL CALENDAR YEAR ON THE MDAX FOR FUCHS PREFERENCE SHARES

FUCHS shares are listed for official trading at the Frankfurt Stock Exchange and the Stuttgart Stock Exchange in Germany, as well as the Swiss Stock Exchange in Zurich. They are also included in the XETRA electronic trading system.

At the end of 2009, two FUCHS PETROLUB AG shares were in circulation:

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

The preference shares and ordinary shares of FUCHS PETROLUB AG have been listed in the Prime Standard of the German stock exchange 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. Following the DAX, the MDAX lists 50 medium-sized German companies, predominantly from traditional sectors. In the ranking, the FUCHS preference share was able to improve its position since its inclusion in the MDAX up to the end of 2009, both in terms of market capitalization and trading – the two most important index criteria.

SHARE BUYBACK PROGRAM COMPLETED

The Annual General Meeting of FUCHS PETROLUB AG of May 6, 2008 authorized the company – taking into consideration the shares already acquired since May 10, 2007 following the authorization of FUCHS PETROLUB AG of May 2, 2007 – to acquire ordinary and preference shares totaling up to 10% of the share capital up to and including November 5, 2009. By March 10, 2009, 1,139,000 ordinary and 1,139,000 preference shares had been bought back by the banks we commissioned to do so on our behalf for a total of €123.6 million. This corresponds to 8.8% of the share capital. These own shares were purchased for redemption purposes. This redemption took place on March 17, 2009, and was entered in the commercial register. Further details can be found in the notes to the consolidated financial statements in the financial report of this annual report.

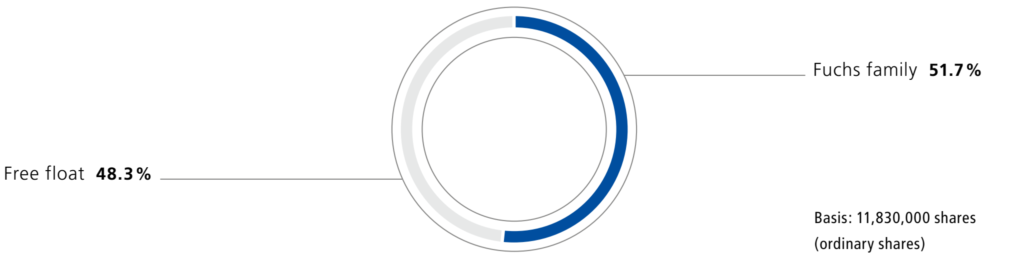
See page 116

SHAREHOLDER STRUCTURE AFTER REDEMPTION OF OWN SHARES

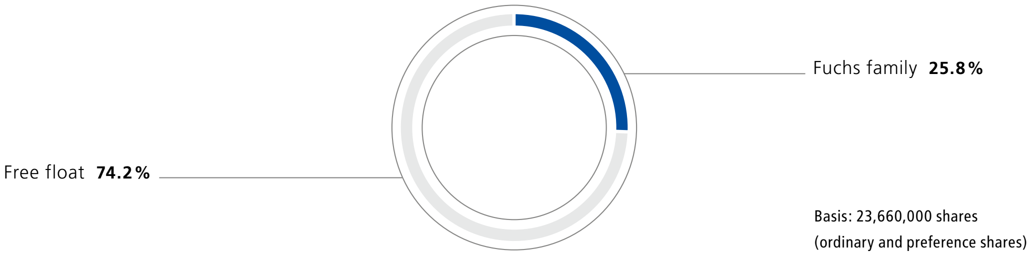
Taking into account the redemption of the shares bought back by March 10, 2009, the proportion of ordinary voting shares held by the Schutzgemeinschaft Familie Fuchs increased to 51.7%. In relation to the total capital stock (ordinary and preference shares), the free float is almost 75%. It is spread almost evenly among institutional and private investors. An appreciable portion of the total capital stock is held abroad.

BREAKDOWN OF SHAREHOLDERS AFTER REDEMPTION OF BOUGHT-BACK SHARES AS AT DECEMBER 31, 2009

ORDINARY SHARES (in %)



TOTAL CAPITAL STOCK (in %)



NUMEROUS VOTING RIGHTS ANNOUNCEMENTS

On May 15, 2009, the voting trust agreement between Schutzgemeinschaft Familie Fuchs and Gothaer Krankenversicherung AG was dissolved. As shown above, the Schutzgemeinschaft Familie Fuchs therefore holds 51.7% of voting rights.

On September 8, 2009, Gothaer Krankenversicherung AG informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in FUCHS PETROLUB AG had fallen below the threshold of 5% of voting rights and amounted to 4.91% (580,376 voting rights) on that date.

On September 25, 2009, Gothaer Krankenversicherung AG then also informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in FUCHS PETROLUB AG had fallen below the threshold of 3% of voting rights and amounted to 2.92% (345,923 voting rights) on that date.

On October 7, 2009, Mawer Investment Management Ltd., Calgary, Canada, informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in FUCHS PETROLUB AG had exceeded the threshold of 3% of voting rights and amounted to 3.02% (357,331 voting rights) on that date.

INCREASING RESEARCH INTEREST IN FUCHS PETROLUB CONTINUES

The increasing attractiveness of FUCHS shares over the course of 2009 was also reflected in the continued increase in interest from investors and the resultant increase in research activities of 18 analysts: Bankhaus Lampe, Berenberg Bank, Commerzbank, Crédit Agricole-Cheuvreux, Deutsche Bank, DZ-Bank, Equinet, Goldman Sachs, HSBC Trinkaus & Burkhardt, Kepler Capital Markets, LBBW, Merck Finck & Co., Metzler Equities, Sal. Oppenheim, Silvia Quandt Research, Steubing AG, UniCredit and WestLB.

INTENSIVE COMMUNICATION WITH FINANCIAL ANALYSTS, AS WELL AS INSTITUTIONAL AND PRIVATE INVESTORS

We catered to the ever increasing interest on the part of institutional investors by participating in five investor conferences in Germany, holding ten roadshows in Europe and the US, as well as engaging in 150 individual meetings with institutional investors and fund managers at home and abroad. Alongside numerous meetings with management, financial analysts were also able to find out about current company developments in two analyst conferences and three analyst teleconferences offered at the respective publication dates.

The key forums for communication with private investors included the Annual General Meeting in Mannheim with over 1,600 shareholders and guests, as well as the investor information event in Zurich with over 120 participants. The annual report and the quarterly reports were sent out to almost 10,000 investors and interested parties. Around half of the reports sent out went abroad.

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

With 450,000 hits on FUCHS' website in 2009, the Internet ultimately plays a key role within the scope of overall communication.

SUCCESSFUL INVESTOR RELATIONS

FUCHS is rated among the top ten on the MDAX, based on the assessment of 400 analysts and fund managers in a survey performed by the "Deutsche Vereinigung für Finanzanalyse (DVFA)" and the economic magazine "Capital".

EARNINGS PER SHARE

Of the profit after tax of €121.4 million (110.3), some €0.6 million (0.9) is attributable to minority interests. Net profit after minority interests comes to €120.8 million (109.4). Earnings per ordinary share were €5.07 (4.43), while earnings per preference share were €5.13 (4.49). This corresponds to an increase of 14.4% for ordinary shares and 14.3% for preference shares.

See Group management report, page 36

PROPOSAL TO INCREASE DIVIDENDS

A proposal will be submitted at the Annual General Meeting on May 5, 2010 to increase the dividend by €0.10 per share over the previous year to €1.64 (1.54) per ordinary share and to €1.70 (1.60) per preference share. An increase in the total dividend payout to €39.5 million (37.1) would result in an increase of the dividends of 6.5% per ordinary share and 6.3% per preference share.

See proposal on the appropriation of profits, page 147

KEY FIGURES FOR FUCHS PETROLUB SHARES

	2009		2008	
	ORDINARY	PREFERENCE	ORDINARY	PREFERENCE
Number of no-par-value shares at €3	11,830,000	11,830,000	11,930,550	11,930,550
Average number of shares	11,841,135	11,840,677	12,265,008	12,260,343
Dividends (in €)	1.64[1]	1.70[1]	1.54	1.60
Dividend yield (in %)[2]	3.9	4.0	2.8	3.3
Earnings per share (in €)[3]	5.07	5.13	4.43	4.49
Gross cash flow per share (in €)[4]	5.91	5.91	5.17	5.17
Book value per share (in €)[5]	16.52	16.52	13.13	13.19
Closing price (in €) XETRA	60.65	64.80	39.09	34.00
Highest price (in €) XETRA	62.10	67.18	71.15	67.75
Lowest price (in €) XETRA	23.20	23.67	30.73	23.85
Average price (in €) XETRA	42.37	42.73	54.97	48.93
Average daily turnover (in € thousand) XETRA and Parkett	676	2,101	1,290	3,358
Market capitalization (in € million)[6]	1,484.0		872.0	
Price-to-earnings ratio[7]	8.4	8.3	12.4	10.9

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 http://www.fuchs-oil.com/aboutourstock.html

ALBERT MASCARÓ | **Head of Rolling Oil Division | Worldwide | FUCHS LUBRICANTES / FUCHS EUROPE | Castellbisbal (Barcelona), Spain**

DR. HELMUT W. SEIDEL | **Head of Lubrodal Division | Forging | FUCHS LUBRITECH | Kaiserslautern, Germany**

FRANZ KUBICKI | **Head of Global Product Management | Corrosion Preventives and Forming Lubricants | FUCHS PETROLUB AG | Mannheim, Germany**

"FUCHS lubricant brands LUBRODAL for metal forging, TRENOIL for steel rolling and ANTICORIT for metal surface protection perform to the most stringent industrial requirements around the globe. Their application in metal working and car body manufacturing provide special performance, down stream compatibility and significant potential in production process cost savings."

STRATEGIC OBJECTIVES AND BUSINESS MODEL

FUCHS is a global Group based in Germany that currently employs around 3,500 staff in a total of 54 operating companies.

FUCHS is focused on the development, manufacture, marketing and sales of lubricants and related specialties. The company is the technological leader in strategically important niches and high-quality business segments. The corporate culture at FUCHS is characterized by custom-made products, clear customer benefits and a strong commitment to serving its customers. With its niche strategy, FUCHS differentiates itself from the vertically structured mineral oil companies, which generally focus their attention more on standard lubricants with broad sales channels and for which these niches are often too small. FUCHS also has an advantage over other independent lubricant suppliers due to its size, international structure and strength of resources.

Its 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 nine employees works in research and development. FUCHS conducts application development directly on its customers' premises, adapting the lubricants to the specific processes in place. Moreover, new lubricants are developed together with new machines and units in joint projects.

At 70%, direct sales represent the largest proportion of all sales revenue generated. The specialists working in sales have specific industry knowledge, which allows them to find solutions to specific issues both quickly and professionally. Because customer relations have often been in place for many years, the users' service needs can be quickly identified, allowing corresponding services to be adapted to specific customer wishes.

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 consistently 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, yet also external growth. FUCHS is therefore not only active in the European market with 27 operating companies, but also supports six subsidiaries on the American continent and 21 subsidiaries in the Asia-Pacific, Africa region.

Differing economic trends in the various regions and 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. **JOINT VENTURE** agreements with each company holding 50%, as well as minority holdings are in place in some countries for strategic reasons.

See glossary, page 151

FUCHS pursues a value-driven growth strategy with long-term strategic goals. The central KPI (key performance indicator) 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 of sales revenue, unadjusted or gross margin, and development of other fixed and variable costs. Another focus is on capital employed as the driver for the capital costs. Here, particular attention is paid to controlling fixed assets through investment appraisals and monitoring tied resources in the form of inventories and trade receivables.

Consequently, all bonus payments made to local, regional and global management are aligned to the FVA key figure. Only when a positive value added has been generated in the respective financial year is there an entitlement to bonus payment as per additional, individual agreements and based on the level of FVA achieved in the particular area of responsibility.

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 management. Economic, social, yet 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 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 based on a broad shareholders' equity base in connection with selective use of interest-bearing borrowed capital. 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. This mix of equity and liabilities is solid, and also allows total costs of capital to remain within appropriate boundaries.

The level of borrowing is aligned with the level of working capital required. 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 is now starting to expand again overall, although regional developments still vary. While economic activity in the emerging markets saw a substantial recovery over the course of the year (China: +8.7%/India: +5.6%), it is taking more time in the industrialized countries due to adjustments that have had to be made following the financial crisis (USA: −2.5%/Japan: −5.3%/Eurozone: −3.9%/Germany: −4.8%).

The global automotive industry enjoyed better development than anticipated in 2009 as a result of state-subsidized buying incentives. While at the start of 2009 forecasts were for a collapse in new car registrations of 15 to 20%, global sales actually only dropped by 3%. China (+47%) and India (+17%) saw particularly dynamic development, which played a major part in preventing a severe drop in worldwide car sales. Although the US market recorded an overall drop in sales of 21% among light vehicles in 2009, this had begun to stabilize by the end of the year. The car business also began to pick up speed in Japan (–7%) toward the end of the year. In Europe, the number of cars sold was only around 2% below the previous year's level. Germany showed the greatest growth here with a 23% increase in sales.

Worldwide chemicals production dropped by more than 10% in the first half of 2009. And although the development stabilized over the course of the year, a return to the level before the economic crisis struck is not expected. According to data published by the industry's association, the chemicals industry is starting to recover in China and the US, although prospects remain only moderately optimistic. In Europe, production fell by around 13% in 2009, with actual drops varying from country to country. According to data published by the German Chemical Industry Association (VCI), the chemicals industry in Germany had one of the most difficult years in its history. The 10% drop in production in 2009 compared to the previous year affected all business segments.

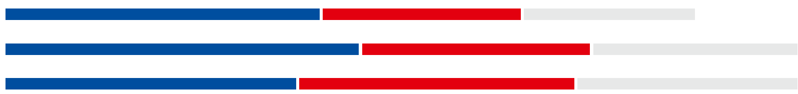
Revenue from global engineering dropped by around 20% in 2009. According to the German Engineering Federation (VDMA), figures in the US declined by 20% and in Japan 40%, while revenue in China enjoyed an increase of 10%, thanks largely to state-subsidized investment projects. In Europe, and also in Germany, the drop in sales revenue was around 25%.

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

The start of global economic recovery also had a positive effect on the global lubricants industry in the last four months of the year. However, the total drop in volume in 2009 was still around 13%. The global lubricant market therefore dropped to around 32 million tons, its lowest level in 40 years. Here, the entire region of Asia-Pacific recorded a relatively modest decline of approximately 7%. In the US and Japan, demand for lubricants dropped by 16% in each case, while the leading European lubricant nations suffered an average drop in volume of just under 20%. The German lubricant market fell by 22% in 2009. We are expecting the lubricant markets to recover in 2010, although they are unlikely to return to the global level of 2008 in the mid-term.

REGIONAL DEVELOPMENTS OF GLOBAL LUBRICANTS DEMAND IN 2009 (in %)



31.6 mn t	**2009**	46	29	25
36.2 mn t	2008	45	29	26
36.2 mn t	1998	37	35	28

Asia-Pacific and rest of the world · North and South America · Europe

PERFORMANCE
SALES REVENUES

SLIGHT ORGANIC GROWTH IN ASIA-PACIFIC, AFRICA, BUT SIGNIFICANT DIP IN DEMAND IN EUROPE AND NORTH AMERICA

The worldwide economic recession, triggered by the financial crisis, had a major effect on demand for lubricants in 2009. The FUCHS PETROLUB Group was also hit by this. Sales revenues fell by 15.5% to a level of €1,178.1 million in 2009 despite positive price effects. The slight external growth of 0.7% recorded, was consumed by negative effects of currency exchange rates of 0.8%.

Growth factors	€ million	%
Organic growth	–215.0	–15.4
External growth	9.9	0.7
Effects of currency conversion	–10.5	–0.8
Development of sales revenues	–215.6	–15.5

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	2009	2008	Organic growth	External growth	Currency effects	Change absolute	in %
Europe	742.5	945.0	–179.5	–	–23.0	–202.5	–21.4
North and South America	176.9	206.0	–40.7	6.6	5.1	–29.0	–14.1
Asia-Pacific, Africa	289.8	275.0	4.1	3.3	7.5	14.9	5.4
Consolidation	–31.1	–32.3	1.1	–	–0.1	1.0	
Total	**1,178.1**	**1,393.7**	**–215.0**	**9.9**	**–10.5**	**–215.6**	**–15.5**

VOLUME-BASED ORGANIC DROP IN SALES REVENUE

The year 2009 started with a significant drop in sales for the Group. This downturn then slowed over the course of the year, although initially only at a very moderate pace. Not until the fourth quarter was the previous year's volume, which was itself influenced by the financial crisis, exceeded. Due to the prices involved, the organic drop in sales revenue was less severe, although it still amounted to 15.4% or €215.0 million for the year as a whole.

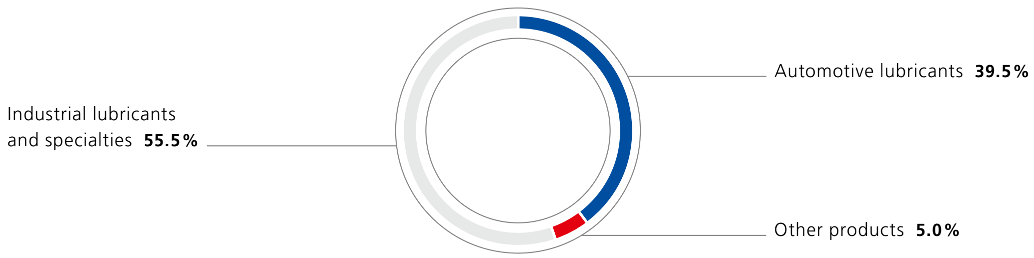
As such, our expectations from the start of the year to see only slow recovery were confirmed. However, development in the Asia-Pacific, Africa region, which was able to record sales revenues above the previous year's level from the second quarter onward, was a pleasant surprise. On the other hand, it was only possible to reduce but not close the gap in sales revenue compared to the previous year for the Europe and North America region.

Development of sales revenues in Europe was rather uneven with significant deviations, both upward and downward. The average organic drop in sales revenue of 19.0% (–€179.5 million), which was made more severe through currency exchange effects reached an overall level of 21.4% (–€202.5 million), in the region. Companies in Poland and Portugal, as well as one company in Germany were able to limit the decline in sales revenue to a single digit percentage, while other companies, in particular those in Spain and Slovakia, suffered an above-average drop in revenue. Conversion of sales revenues, in particular from our companies based in Great Britain, Poland and Russia, was affected by negative currency exchange effects. In addition to this, a notable toll-processing business was relinquished in Great Britain during the course of the year.

At 19.8% (–€40.7 million), the organic drop in sales revenue was similarly high in North and South America to that of Europe, although the stronger US dollar and external growth helped limit the total decline in sales revenue to 14.1% (–€29.0 million).

The Asia-Pacific, Africa region benefited from the organic growth of our companies in Australia, China, the Middle East, South Africa, Turkey and Singapore. Consequently, it was possible to more than compensate for the lower sales revenue in other countries. Overall, the region enjoyed organic growth of 1.5% (+€4.1 million) and also benefited from positive currency translation effects and external growth. Total sales revenues in the region increased by €14.9 million or 5.4%.

BREAKDOWN OF GROUP SALES REVENUES



SLIGHT INCREASE TO THE EURO EXCHANGE RATE WITHIN THE FUCHS CURRENCY MIX

In comparison with the previous year's annual average exchange rate, both the US dollar and the Chinese renminbi have gained in strength. At the same time, however, currencies such as the British pound, the Polish zloty and the Russian rubel have all lost ground to the euro. Overall, this development of currency exchange rates had a negative effect on Group sales revenues of €10.5 million or 0.8%.

EARNINGS

DIFFICULT YEAR SUCCESSFULLY MANAGED

The FUCHS PETROLUB Group successfully managed the many challenges of a difficult financial year in 2009. Earnings before interest and tax and profit after tax both exceeded the previous year's figures.

This means that the financial and economic crisis also resulted in a significant drop in sales revenue for FUCHS. Despite this, we were still able to limit the effect on earnings due to improved gross margins, which had been under pressure in the previous year, to a level of 38.8% (35.0). Sales price increases initiated in the previous year and a temporary dip in the prices of raw materials both contributed to this. As such, at €457.1 million the gross profit recorded by the Group was just 6.4% or €31.0 million below the previous year's level (488.1).

Cost savings were the second key factor with which the Group was able to absorb the fall in sales in 2009. Through early adjustment of the structures to the reduced level of business, costs were above all cut in the area of sales expenses. Indeed, total sales, administration and R & D expenses fell by 9.6% or €30.2 million year on year. FUCHS was thereby able to record operating profit of €174.0 million, which was just €0.8 million or 0.5% below the previous year's level (174.8). The operating margin increased to 14.8% (12.5%).

The Group's other operating income was positively influenced in the fourth quarter by the reimbursement of levies on lubricants paid in previous years (€8.5 million), while restructuring expenses (€5.2 million) and the intended transfer of pension liabilities previously covered by funds (€3.7 million) to an insurance company in Great Britain both had a negative effect. Alongside this, it was also necessary to amortize goodwill at a French subsidiary (€1.4 million). The sound development at our Saudi Arabian minority holding contributed €7.2 million (2.9) to Group profit. Accordingly, the Group recorded earnings before interest and tax of €179.9 million (171.7), an increase of 4.8% or €8.2 million.

The **RATE OF TAXATION** dropped to 29.8% (32.2) as a result of a change in the profit mix from countries with higher and lower levels of taxation. Following deduction of tax expenses of €51.5 million (52.5), profit after tax amounts to €121.4 million, which is €11.1 million or 10.1% more than in 2008 (110.3). The return on sales after tax is 10.3% (7.9).

See glossary, page 151

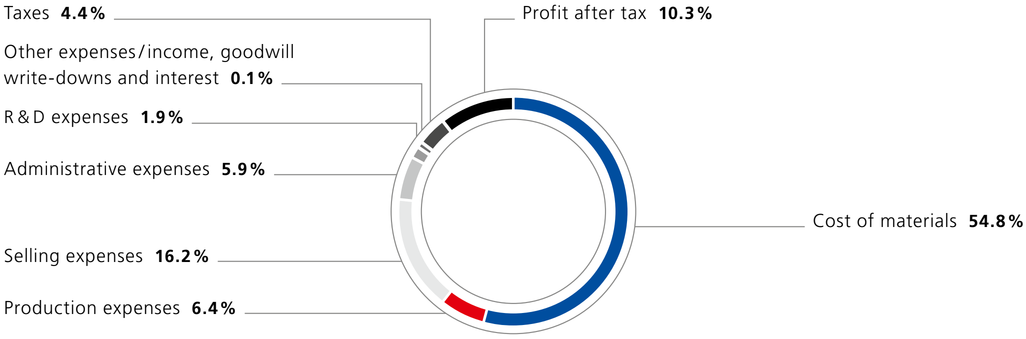
The Asia-Pacific, Africa region made a significantly greater contribution to Group EBIT of €179.9 million in 2009. At €54.9 million (31.2), this region generated around 30% of Group EBIT, while Europe contributed around 50% with €96.5 million (109.6) and North and South America just under 20% with €32.9 million (34.5). The EBIT margin is double-digit in all three regions, achieving even above-average performance in North and South America at 18.6% (16.8) and Asia-Pacific, Africa at 16.5% (10.3). The **EBIT MARGIN** in Europe increased from 11.6% in the previous year to 13.0% in 2009.

See glossary, page 150

See FUCHS shares, page 25

Earnings per ordinary and preference share were €5.07 (4.43) and €5.13 (4.49) respectively, which represents an increase of around 14% year on year.

STRUCTURE OF THE INCOME STATEMENT



KEY PERFORMANCE INDICATORS AND MONITORING SYSTEM

See glossary, page 150

The essential key performance indicators (KPIs) and controls for the operating business are primarily the sales revenues and the earnings before interest and tax **(EBIT)**.

The FUCHS PETROLUB Group's EBIT margin (earnings before interest and tax in relation to sales revenues) reached a level of 15.3% in 2009, compared to 12.3% in the previous year.

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-oriented corporate management of the 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 mid-year reports in the reporting year, form the basis for calculating the average capital employed. On this basis, the average capital employed in 2009 is €548.4 million. 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 151

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

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 and 7.8% after tax, the WACC for 2009 is the same as in the previous year.

The Group's FVA in 2009 is €116.8 million (110.1), which represents an increase of around 6%. Here, the average capital employed increased by around 2% in the last financial year, while EBIT saw a disproportionate increase of around 5%.

A positive FVA means that the return on capital employed (ROCE) actually achieved was above the cost of capital (WACC), which means that a premium was earned on the cost of capital. The ROCE in 2009 amounts to €32.8% (32.0).

The external analysis also incorporates further KPIs. Return on sales (earnings after tax in relation to sales revenues) amounted to 10.3% (7.9).

The Group's return on equity (profit after tax in relation to the average shareholders' equity, based on the quarterly figures) was 35.3% (33.3).

NET ASSETS AND FINANCIAL POSITION

See glossary, page 150

ROBUST BALANCE SHEET WITH A HIGH EQUITY RATIO

The FUCHS PETROLUB Group further expanded its equity base and financial strength in 2009. **SHAREHOLDERS' EQUITY** increased to €392.9 million (315.3) and the equity ratio to 52.7 % (44.8).

The long-term assets of €307.2 million (292.7) represent 41.2 % of the total Group assets. Of this figure €180.5 million (168.6) is attributable to plant, property and equipment and €95.0 million (93.5) to intangible assets, in particular goodwill. The long-term assets are entirely financed by shareholders' equity.

The short-term assets of the Group include in particular trade receivables of €171.8 million (177.5), inventories of €149.3 million (191.6) and cash and cash equivalents of €89.9 million (19.5). Other receivables and tax receivables amounted to €27.5 million (22.5).

See glossary, page 151

Vigorous reduction of the inventories in particular reduced the Group's **NET OPERATING WORKING CAPITAL** (trade receivables plus inventories minus trade payables) to €229.9 million (283.5). Relative to the sales revenues, the figure of 20.3 % in the previous year improved to 19.5 % in the reporting year.

The Group has at its disposal pension provisions of over €83.8 million (70.6) and financial liabilities of €45.7 million (5.3) as long-term funds along with its shareholders' equity of €392.9 million (315.3).

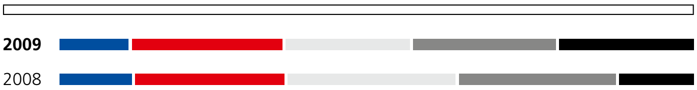
By converting debt into long-term securities and through redemption payments, the short-term financial liabilities were reduced by €106.3 million to €12.5 million (118.8). Trade payables (€91.2 million, previously 85.6), provisions (€45.4 million, previously 40.4) and tax liabilities (€23.8 million, previously 17.9) increased.

The total of short-term and long-term Group financial liabilities amounted to €58.2 million (124.1) at the balance sheet date. Taking liquid funds of €89.9 million (19.5) into account, the Group had a positive net cash position of €31.7 million (in the previous year a net financial debt of €104.6 million). In addition the Group had unused lines of credit worldwide amounting to approximately €210 million (app. 100).

By increasing equity capital and simultaneously halving liabilities, the FUCHS PETROLUB Group grew in strength in 2009. Good creditworthiness helps safeguard both customer and supplier relationships. As a trusted supplier and a solvent customer, FUCHS is a reliable technical partner ensuring its future earning capacity.

STRUCTURE OF ASSETS AND CAPITAL (in %)

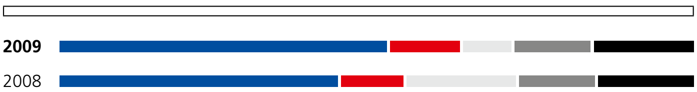
Assets



	Goodwill	Property, plant and equipment	Inventories	Trade receivables	Other assets	
2009	11.1	24.2	20.0	23.0	21.7	Balance-sheet total €745.7 million
2008	11.6	24.0	27.2	25.2	12.0	Balance-sheet total €703.8 million

■ Goodwill ■ Property, plant and equipment ■ Inventories ■ Trade receivables ■ Other assets

Liabilities



	Liabilities	Shareholders' equity	Financial liabilities	Trade liabilities	Other liabilities	
2009	52.7	11.2	7.8	12.2	16.1	Balance-sheet total €745.7 million
2008	44.8	10.0	17.6	12.2	15.4	Balance-sheet total €703.8 million

■ Liabilities ■ Shareholders' equity ■ Financial liabilities ■ Trade liabilities ■ Other liabilities

STATEMENT OF CASH FLOWS

See glossary, page 150

The Group reached a record high of €180.8 million (7.5) in free **CASH FLOW** in 2009. Reducing inventories by €49.3 million had a very positive effect.

With a profit after tax of €121.4 million (110.3) the gross cash flow amounts to €139.9 million (126.8). This includes depreciation and amortization of long-term assets of €22.7 million (20.0).

The Group further increased this gross cash flow by releasing net working capital, so that the total cash flow from operating activities amounted to €206.3 million (59.6). In addition to reducing inventories by €49.3 million (– 33.8), improvements of €14.1 million (– 7.9) were gained from the other two items of the net operating working capital (NOWC), namely receivables and trade payables. This released a total of €63.4 million within the scope of NOWC management in 2009.

The investments in long-term assets were €30.1 million, which is noticeably below the previous year figure (46.6). This includes the completion of the plant expansion and the new building in Kaiserslautern. €5.4 million (12.2) was spent on acquisitions. The total cash flow from investment activities, taking account of the proceeds from the disposal of long-term assets of €2.6 million (3.5) and dividends received of €7.4 million (3.0), was €25.5 million (52.1).

See consolidated financial statements, page 85

The Group used the free cash flow of €180.8 million (7.5) to finance the dividends for the previous year of €37.7 million (36.8), as well as acquiring its own shares worth €5.8 million (67.1) and redeeming bank and leasing liabilities of €67.5 million (– 103.5). An additional €70.4 million increased the cash and cash equivalents to €89.9 million (19.5).

CAPITAL EXPENDITURE AND ACQUISITIONS

CAPITAL EXPENDITURE

In the reporting year the FUCHS PETROLUB Group continued with its investment program announced mid-2008. The building work in Kaiserslautern, the main location for the Group's specialties division, was successfully completed and the new R & D, production and administration buildings started operations following the relocation from the old site in Weilerbach. In India work began on the new building, which will continue into the first half of 2010. Investment in Mannheim with the construction of a sales center and a new technology center started. In Brazil there was further delay in the construction of a new plant, now scheduled for 2010.

Apart from these investments in the future, which continued as planned, all other investments were curtailed. At €30.1 million (46.6) investments in property, plant and equipment and intangible assets were significantly down.

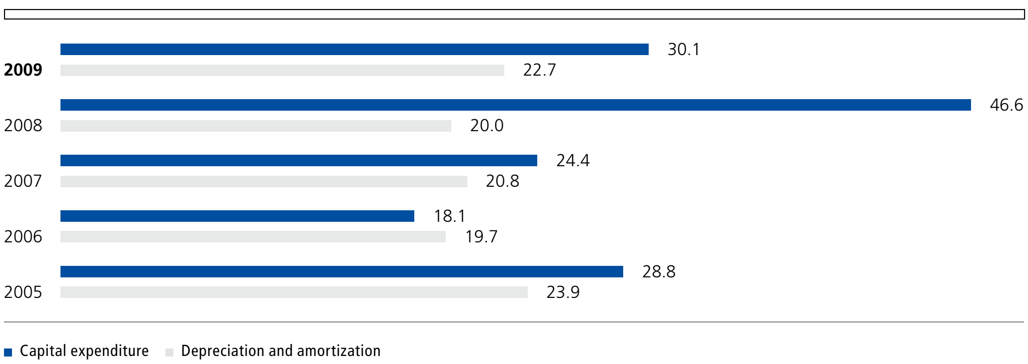
DEPRECIATION AND AMORTIZATION

In 2009 property, plant and equipment and intangible assets were written down by €22.7 million (20.0). This includes impairment charges of €1.4 million (1.1).

INVESTMENTS IN COMPANIES

In the second half of 2009, FUCHS acquired the business and assets of DYLON INDUSTRIES, INC., USA in North America. This business specializes in auxiliary materials for forging and special greases. The sales revenue in 2008 was around €6 million ($9 million).

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



See consolidated financial statements, pages 80 and 81

OVERALL POSITION

For some years FUCHS has been using net gearing as a KPI for assessing the Group's net assets and financial position. This telling indicator is calculated from the ratio of financial liabilities minus liquid funds on the one hand and shareholders' equity on the other. The net gearing amounted to 0 (33%) as the cash and cash equivalents at the end of 2009 exceeded the Group's financial liabilities.

Return on capital employed is a suitable indicator for measuring the Group's earning power. In 2009, FUCHS was again able to report a high return of 32.8% (32.0).

The Group's ability to distribute dividends, repay debts and consummate acquisitions is assessed on the basis of its free cash flow. After an unsatisfactory result in 2008, the development in 2009 expectedly turned around and there was a record level of €180.8 million (7.5) generated.

In 2009 the Group further improved its liquidity thanks to the very high free cash flow and created a liquidity buffer in addition to its extensive credit lines at banks in the most diverse of global regions. The issue of a euro private placement bond (German Schuldschein) in 2009 for €40.0 million has further improved the stability and long-term financing of the Group.

To summarize, the FUCHS PETROLUB Group reconsolidated its stable financial position in 2009.

SUPPLEMENTARY REPORT

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

SEGMENT REPORT BY REGION

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

Global lubricant consumption was approximately 32 million tons in 2009, falling to its lowest level in 40 years. Half of the total consumption was in the Asia-Pacific, Africa region. The North and South America and Europe regions each consumed around a quarter of all lubricants.

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

in € million	**2009**	Share in %	2008	Share in %
Europe	671.8	57.0	870.0	62.4
North and South America	183.2	15.6	212.8	15.3
Asia-Pacific, Africa	323.1	27.4	310.9	22.3
Total	**1,178.1**	**100.0**	**1,393.7**	**100.0**

Only the Asia-Pacific, Africa region increased its sales revenues with customers in 2009 (+3.9% to €323.1 million) thereby increasing its share of the total sales revenues to 27.4% (22.3). European customers made purchases of €671.8 million in 2009, 22.8% less than in the previous year and in North America the decline in sales revenue was 13.9% (€183.2 million).

EUROPE

See consolidated financial statements, pages 86 and 87

EUROPE

Segment information (in € million)	**2009**	2008
Sales revenues by customer location	671.8	870.0
Sales revenues by company location	742.5	945.0
of which with other segments	27.0	28.9
Scheduled depreciation	12.9	12.0
Impairment losses	1.4	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	96.5	109.6
Segment assets	385.9	416.1
Segment liabilities	116.4	116.8
Capital expenditure	24.0	30.9
Employees (average numbers)	2,217	2,357
KPIs (in %)		
Ratio of EBIT to sales revenues	13.0	11.6

The financial crisis affected all European sub-regions. Total sales revenues were down by 21.4% to €742.5 million (945.0). The economic effects were reinforced by the impact of unfavorable exchange rates, especially concerning the British pound and Polish zloty, such that 2.4 percentage points or €23.0 million of the decline in sales revenue was due to currency effects.

The earnings before interest and tax (EBIT) for this region were €96.5 million, 12% below the previous year's level of €109.6 million. The fall in earnings was considerably less than that in sales revenues, such that the EBIT margin (EBIT in relation to the sales revenues) increased to 13.0% (11.6).

The strongest companies in terms of sales revenues and income in the region are based in Germany, Great Britain, and France. Our Polish company also makes a good contribution to the Group profit. Many of the smaller companies have also performed well despite a decline in sales revenues in their markets and have earned respectable incomes.

The development of sales revenues within Europe was very varied. Beside the economic development in a country, factors such as industry mix, customer structure or range of specialization had an effect. The proportion of automotive garage, fleet and component business often had a compensatory effect on the industrial business which was more depressed.

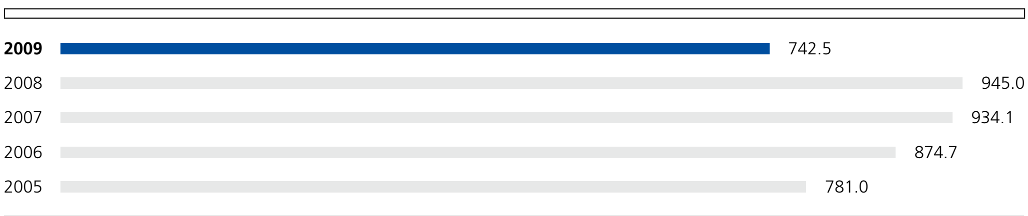
In Great Britain an important toll-processing business was phased out in 2009. Timely measures to adjust capacity meant the effects on the business profitability were small.

Timely and consistent cost-saving measures were able to absorb the effects of a drop in sales revenue on the results in many companies.

In Germany, the LUBRITECH Group moved into its new plant in Kaiserslautern in the course of the year, while FUCHS EUROPE SCHMIERSTOFFE began construction work for the new technology and sales centers in Mannheim. This major investment will considerably improve the Group's R & D infrastructure.

In Central and Eastern Europe, the companies in Poland, Russia and the Ukraine generated impressive results in a difficult environment. They are playing an increasingly significant role in the region.

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



NORTH AND SOUTH AMERICA

See consolidated financial statements, pages 86 and 87

NORTH AND SOUTH AMERICA

Segment information (in € million)	2009	2008
Sales revenues by customer location	183.2	212.8
Sales revenues by company location	176.9	205.9
of which with other segments	4.1	3.3
Scheduled depreciation	4.1	3.9
Impairment losses	0.0	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	32.9	34.5
Segment assets	152.1	152.4
Segment liabilities	17.9	17.3
Capital expenditure	1.8	3.2
Employees (average numbers)	505	574
KPIs (in %)		
Ratio of EBIT to sales revenues	18.6	16.8

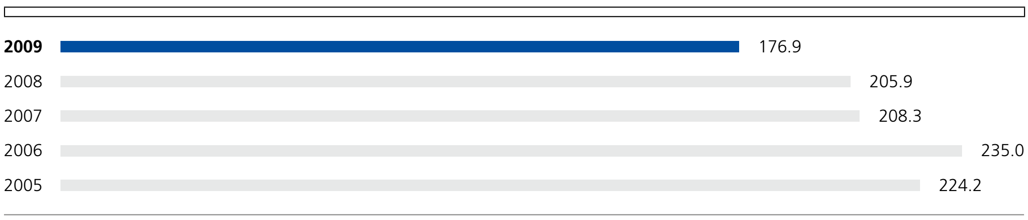
The companies in the North and South America region recorded sales revenues of €176.9 million (205.9) in 2009. North America and Argentina both contributed disproportionately to the fall in 14.1%, while the Brazilian company was able to hold its ground. Compared with last year the stronger US dollar had a positive effect in converting to the Group currency, while both Latin-American currencies were weaker against the euro.

It was possible to limit the effect on earnings due to the decline in sales revenue through extensive cost-cutting measures and strict discipline on the part of our North American holding. The region recorded segment earnings of €32.9 million, just 4.6% below last year's figure, resulting in an increase in the EBIT margin to 18.6% (16.8).

The scheduled new plant construction in Brazil has been delayed. We are planning on starting this project at the end of 2010. With this we will be able to adapt the company's technical infrastructure and production capacities to the current business volumes which have increased considerably in the last few years.

There has been good progress in the expansion of our specialty business in all countries in the region and this is creating the basis for very high profitability in the region.

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



ASIA-PACIFIC, AFRICA

See consolidated financial statements, pages 86 and 87

ASIA-PACIFIC, AFRICA

Segment information (in € million)	**2009**	2008
Sales revenues by customer location	323.1	310.9
Sales revenues by company location	289.8	274.9
of which with other segments	0.0	0.0
Scheduled depreciation	2.6	2.0
Impairment losses	1.2	1.1
Income from investments accounted for using the equity method	7.2	2.9
Segment earnings (EBIT)	54.9	31.2
Segment assets	142.9	115.5
Segment liabilities	46.8	32.2
Capital expenditure	3.8	11.8
Employees (average numbers)	789	863
KPIs (in %)		
Ratio of EBIT to sales revenues	16.5	10.3

With a rise in sales revenues of €14.9 million or 5.4% to €289.8 million (274.9) the companies in the Asia-Pacific, Africa region were largely able to steer away from the recession in both other world regions. About half of the growth is due to exchange rates and about a quarter each to organic and external growth. Many companies have grown organically in this geographically wide-reaching region. The list extends from China, Singapore, India, and the Middle East to Turkey and South Africa.

The above average growth in earnings in the region was especially good. The EBIT of €54.9 million is €23.7 million or 76.0% above last year's level (31.2). This includes €7.2 million (2.9) from the Saudi-Arabian minority holding whose sales revenues were not consolidated. Almost all companies in the region were able to increase their earnings. In many cases there was a considerable increase in earnings year on year. The companies in China, Australia, the Middle East, and South Africa in particular have achieved remarkable results and show earnings which are impressive in an internal Group comparison. In total the region had an EBIT margin of the consolidated companies of 16.5% (10.3).

FUCHS CHINA RECORDED OVER €100 MILLION IN SALES REVENUES

In China the revenue threshold of €100 million was exceeded in 2009. The company grew organically and considerably increased its profitability. At the same time the company has undergone internal restructuring and is very well prepared for further profitable growth.

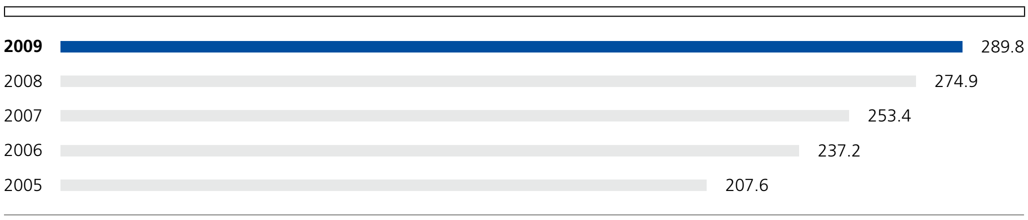
FUCHS AUSTRALASIA has sustained its position in 2009 in a very competitive environment and further increased its good profitability. The newly completed grease production plant gives the company the opportunity to expand its business in this important specialties division.

In the Middle East our joint venture sales organization in the United Arab Emirates as well as our Saudi-Arabian holding achieved excellent earnings. Fortunately the international slump in industrial production had little impact on the sales markets of both companies.

In South Africa our company increased its sales revenues and also considerably improved its already high level of income.

The completion of our new plant in India in 2010 enables us to continue expanding our specialty and industrial lubricant business in this important market and broaden our solid base from 2009 significantly.

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



"Our ECOCOOL and ECOCUT metalworking fluids provide effective solutions for all materials and applications. The protection of human beings and our environment is a top priority."

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

JONATHAN CHOW | **Product Manager, Cutting & Grinding Fluids | USA | FUCHS LUBRICANTS | Harvey, IL, USA**

DR. JIM DEODHAR | **Director Industrial Technology | USA | FUCHS LUBRICANTS | Harvey, IL, USA**

RESEARCH AND DEVELOPMENT

Research and development is a key factor in the success of the FUCHS PETROLUB Group. The increasing individualization of lubricant applications calls for intensive research and development. Newly developed lubricants are precisely matched to the predominant tribo-system. This applies across the board, whether for factory filling applications or processing fluids for cutting and non-cutting metalworking. Lubricants therefore represent a highly sophisticated component in construction or processing.

R & D expenses remained virtually unchanged in the reporting period, with a total of €22.2 million (22.7) being spent on R & D throughout the Group. At the end of 2009, the number of employees was 314 (330) engineers and scientists.

In the reporting period, the research and development departments once again developed a range of products which were launched on the market after demonstrating their performance in the lab and successful customer trials.

SUCCESSFUL FUCHS SPECIALTY PRODUCTS STRENGTHEN INTERNATIONAL MARKET POSITION

TRENOIL ST 118 was developed in close cooperation with a leading international steel producer for cold rolling stainless steel. This product is now driving out the competition which has dominated this market to date.

TRENOIL S 950 was developed for cold rolling electric furnace steel, which is extremely difficult to process. Indeed, it has proven so impressive in an initial field test at a leading steel producer in Bochum that the field test has been extended at the customer’s request. Another technologically important step into the rolling oil market.

Having gained approval for RENOCLEAN VR 1021 CXV from a leading French vehicle manufacturer, FUCHS has succeeded in penetrating the highly competitive French market.

RENOFORM LVO 1518 is a product used for the challenging process of forming stainless steel sheets into complex assemblies (for example exhaust systems in cars). It successfully replaces a lubricant based on organic chlorine compounds that employs a high level of additives. Its low viscosity and the low application volume required make it particularly user-friendly and cost-effective.

FUCHS developed the ECOCOOL S 700 range, the latest generation of water-soluble cooling lubricants, for the North American market. Alongside the high performance and versatile ECOCOOL S 711, the six-product range also includes ECOCOOL S 761B, which has been designed specifically for processing titanium and other exotic alloys. ECOCOOL 761B has been approved by Boeing in line with BAC 5008 for selected processes in aircraft construction.

One in nine employees works in research and development. This increases the speed of our innovation and makes us the leading innovator in virtually all areas of application.

The field of paper machine lubrication has been dominated for a long time by a global market leader which more or less held a monopoly in this business. However, FUCHS has taken up the challenge and made promising progress among the fully synthetic products with its RENOLIN UNISYN CLP 220 PA. A test has now started with this product at a special paper manufacturer.

NEW GREASES IN THE AUTOMOTIVE INDUSTRY SECURE TECHNOLOGICAL EDGE

RENOLIT DISCOR LUK 3 is the successful further development of a FUCHS grease for internal lubrication of dual mass flywheels (DMF). DMFs of this kind are fitted in luxury vehicles to dampen unwanted motor vibrations. The new second generation product offers approximately 30% lower friction values, smoother pickup and secures FUCHS a competitive technological edge. This should also allow the automotive supplier to utilize a significantly less cost-intensive design and thereby gain its own competitive market advantage.

RENOLIT LX-VD 3 technically still belongs to the first generation of these DMF lubricants. As a conventional DMF grease, the product offers another European supplier a key cost advantage over the grease previously used.

RENOLIT LX-NHU 2 OEM has been awarded first approval by a Japanese OEM supplier for vehicle parts (rolling bearings). This is a real milestone for FUCHS, achieved in cooperation between European and Japanese FUCHS colleagues.

FUCHS was one of the first lubricant manufacturers to launch a commercial vehicle engine oil in Europe that has been designed specifically to meet the requirements of the modern EURO 5 emissions standard as well as the latest requirements of the North American commercial vehicle manufacturers with regard to the quality of engine oil. With this, FUCHS has found an optimum solution that caters to the growing globalization in the commercial vehicle sector with more and more globally formulated minimum requirements for lubricants.

EMPLOYEES

OUR EMPLOYEES – A TEAM OF SPECIALISTS

We set the conditions for success through employment of experienced and committed staff. Working in teams, they are the engine for change and ensure innovative solutions to problems. The year 2009 presented us with the challenge of keeping our high performers and specialists loyal to the company, while optimizing our cost structure in the long-term. We took on and succeeded in this challenge.

CORPORATE CULTURE

FUCHS promotes a corporate culture characterized by appreciation, trust and respectful interaction. Global companies are exposed to many diverse cultural influences. We see these as an advantage, which we use for creative solutions.

We promote motivation among employees through modern employment agreements and guidelines, which also make it easier for staff to combine work with their private life. Ensuring our employees are in a position to perform, both physically and mentally, is therefore a high priority. Only through the diversity of the measures employed can we ensure that our team of specialists will continue to grow successfully with the company in the future.

TRAINING

Driving forward specialization requires qualified employees, who FUCHS traditionally trains itself 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 careers. We also offer determined and qualified school leavers the option of dual training, whereby training in the company is accompanied by a course of studies at a University of Cooperative Education, culminating in a bachelor's degree.

Alongside the various training, study and university courses, FUCHS also offers internships during study, as well as the option of writing a scientific thesis. Many of our current specialists are former trainees, interns or diploma students. Encouraging these potential future FUCHS employees is an important investment into the future for us.

"Experienced and committed employees drive change and guarantee innovative solutions to problems. This makes them into specialists and top performers, thereby allowing us to lay the groundwork for sustainable success."

DEVELOPMENT OF POTENTIAL

We promote diversity through individual further development in the company. Targeted, needs-based personnel development forms the basis for this. Our company-owned educational establishment, the FUCHS ACADEMY, ensures continuous training and 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 is also open to our sales partners and customers for selected topics and is used intensively by them.

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 and sales companies across the globe. With worldwide, internal placements, FUCHS also ensures optimum knowledge transfer from our know-how carriers to new employees. Whenever necessary and sensible, we organize both short "training placements" and long-term deployments to our companies throughout the world.

Developing specialists takes time. Practical experience, connected with special training courses and targeted networking, allows employees to develop into specialists and these specialists to form a successful team.

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 employees with relevant operating experience. 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 India and China. Human Resources plays a very important part here. The range of applicants in these countries can be rather daunting, but FUCHS copes with this through professional selection procedures to ensure recruitment of suitable and qualified employees. FUCHS also presents itself as an attractive employer in the growth markets of Asia and uses selective recruitment for technical and management staff, as well as attractive training programs. 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.

PERFORMANCE-RELATED REMUNERATION IN THE FUCHS PETROLUB GROUP

The FUCHS PETROLUB Group's compensation system links personal performance to the success of the company and thereby enables performance-related pay for employees. Through transparency and target orientation, this compensation system creates incentives for staff to take on challenges and assume responsibility.

Back in 2003, the FUCHS Incentive Program was introduced, a global instrument for the performance-related compensation of the management of the FUCHS Group's global subsidiaries.

The program is based on a value-oriented incentive system known as FVA (FUCHS VALUE ADDED), which links the operating profit, the capital employed and the capital costs.

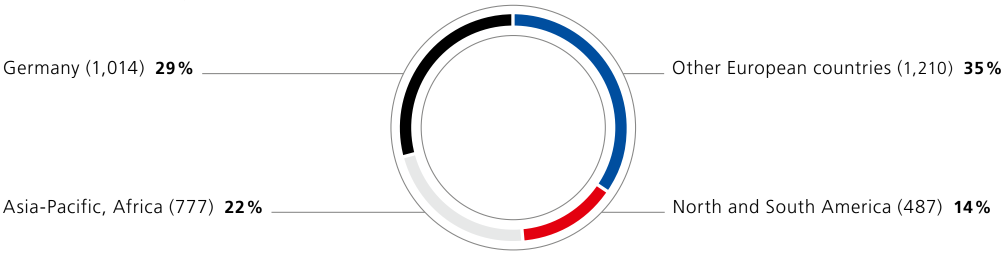
The concept of success-based remuneration is a concept we also employ in our sales structure, in which sales staff participate in the product success that they themselves have generated.

FALL IN NUMBER OF EMPLOYEES

As at December 31, 2009, the FUCHS PETROLUB Group employed 3,488 people worldwide (3,855). The total number of employees has therefore dropped by 367 or 9.5% compared to the previous year.

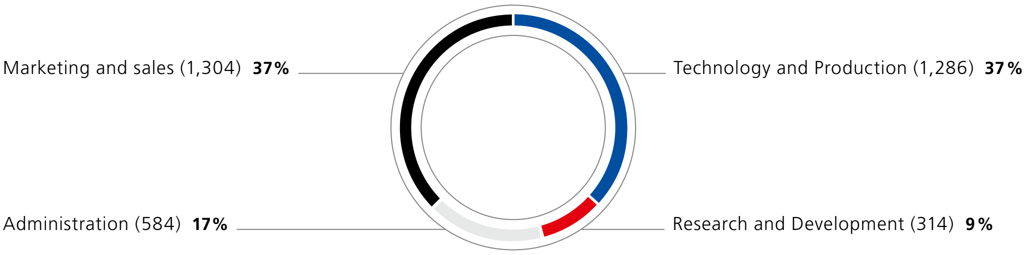
2,474 (2,761) people or 71% of staff were employed abroad and 1,014 (1,094) in Germany.

GEOGRAPHICAL WORKFORCE STRUCTURE
(in % and absolute figures)



Worldwide, 37% (37%) of the workforce was employed in engineering and production, while 37% (36%) worked in marketing and sales, 17% (18%) in administration and 9% (9%) in research and development.

FUNCTIONAL WORKFORCE STRUCTURE
(in % and absolute figures)



DISCLOSURES PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

Section 315 (4) of the German Commercial Code stipulates additional disclosures in the 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, 2009, 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. 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, 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

RUDOLF FUCHS GMBH & CO KG, Mannheim, had concluded a voting trust agreement with Gothaer Krankenversicherung AG, Cologne, regarding consistent voting in the Annual General Meeting. This voting trust agreement was dissolved on May 15, 2009.

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.

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 47.15% of the voting rights. The individuals who are members of the Fuchs family hold a further 4.59%. 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 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 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.

The company's articles of association contain a conditional capital. Accordingly, the share capital is increased conditionally by up to a further €7,781,400, divided into a maximum of 1,296,900 ordinary bearer shares and/or non-voting preference bearer shares respectively, provided that the bearers of options or conversion rights or those obliged to perform conversion/exercise options from optional or convertible bonds which are issued or guaranteed by the company or a subordinate Group company due to authorization from the Executive Board granted by the Annual General Meeting of May 24, 2005, make use of their options or conversion rights or, if they are obliged to perform conversion/exercise options, fulfill such obligation.

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 agreements with two banks that enable 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.

REPORT ON THE COMPANY'S RELATIONSHIP TO ASSOCIATED COMPANIES

As detailed in the previous section, the Fuchs family holds the majority of the capital stock with voting rights. Due to these circumstances, RUDOLF FUCHS GMBH & CO KG, the company through which most of the Fuchs family's ordinary stock is held, is the dominant enterprise for FUCHS PETROLUB AG, which is an independent 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, the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.

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

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

Since the introduction of the Appropriateness of Management Board Remuneration Act (VorstAG) on July 31, 2009, the plenary meeting of the Supervisory Board has been responsible for fixing the total compensation for the members of the Executive Board. The corresponding amendments have been incorporated in the Supervisory Board's set of rules and procedures. The following criteria have been taken into account to ensure the appropriateness of Executive Board compensation: the tasks of each individual member of the Executive Board, their personal performance, how their relative compensation compares against external comparison data, the economic situation, as well as the success, future prospects and compensation structure of 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 ensure complete compliance with the new Appropriateness of Management Board Remuneration Act (VorstAG), the existing compensation system has been examined in detail and amended as and where necessary. 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. Further amendments have also been made to comply with the legal stipulations. These include changes to the deductible of the D&O insurance and a potential reduction in compensation, should the company's situation deteriorate.

The members of the Executive Board also receive additional perks in the form of remuneration in kind. These perks 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 3 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.

The new compensation system has been in place since January 1, 2010 and has been applied to new Executive Board employment contracts and pension agreements for all members of the Executive Board, regardless of how long they have remaining on their existing Executive Board contracts. In the interests of ensuring acceptance, the Executive Board and Supervisory Board will seek the consent of the shareholders for the new Executive Board compensation system at the Annual General Meeting on May 5, 2010.

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 €1.09. 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 meeting payment of €600 per Supervisory Board meeting. Each member of the committees formed by the Supervisory Board shall also receive a meeting payment 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.

WOLFGANG BOCK | **Head of Global Product Management | Industrial Oils | FUCHS EUROPE SCHMIERSTOFFE / FUCHS PETROLUB AG | Mannheim, Germany**

MICHAEL BÖDIGHEIMER | **Sales Manager Industrial Sales | Industrial Sales Germany | FUCHS LUBRITECH | Kaiserslautern, Germany**

"Special gear oils and special greases: Our contribution for a natural and sustainable energy concept for the future."

RISK REPORT

The global business operations of the FUCHS PETROLUB Group and its operating companies in the field of lubricants and related specialties are confronted with a large number of risks that can arise from their business activities. However, along with the risks, the business activities present numerous opportunities that are to be utilized as a way of securing and building on the company's competitiveness.

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 regulations and measures for both detecting and handling the risks associated with the Group's business. It is also part of the FUCHS planning, control and reporting processes in all operating units and central functions. The Internal Control System (ICS) is integrated in the risk management system. The following is a summary of the key aspects of both systems.

The company-wide risk management and internal control system has been set up on the basis of a generally recognized framework (COSO model – Committee of Sponsoring Organizations of the Treadway Commission). 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. Yet even appropriately selected and fully functional systems cannot offer absolute security with regard to 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 of the operational and organizational structure and internal audit. To avoid risks wherever possible, deal with any risks as quickly as possible and be able to introduce counter measures, risks are systematically identified, assessed, monitored and documented 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 provided should any significant new risks occur. The risks are identified and assessed, applying suitable risk categories, 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 is generally performed on the basis of the effects on EBIT. The expected value of the loss is calculated for evaluation and analysis purposes. The risk data is recorded using an intranet-based system.

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 audit 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 compliant 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.).

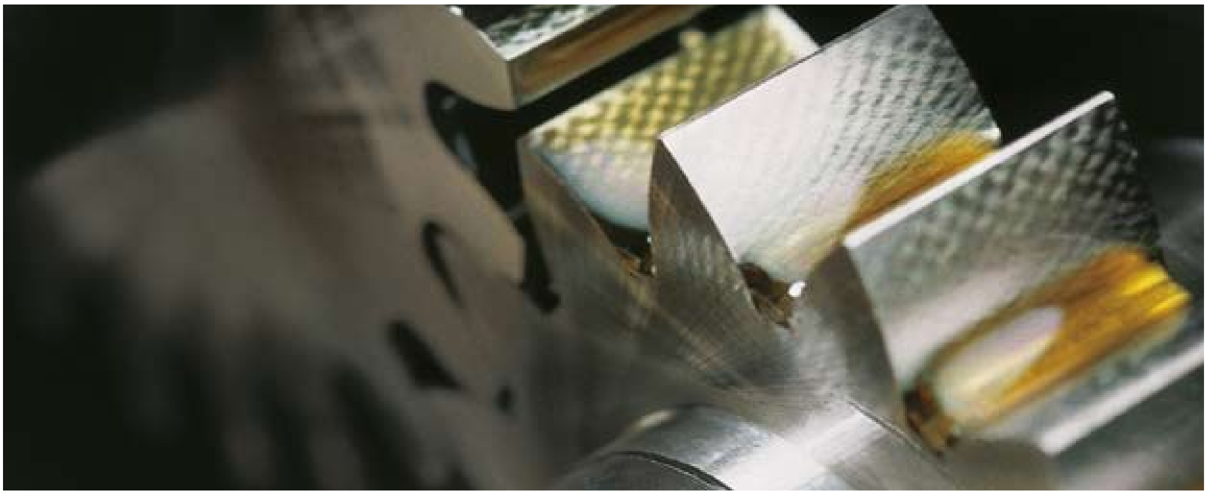
The Internal Control System is periodically audited by the internal audit department based on a selection of key issues (including the internal controls over financial reporting). This takes place within the scope of the annual audit plan and the performance tests of the individual areas/departments. Alongside this, Group accounting and the internal audit department perform a follow-up of the results of the annual audits. Both of these departments report directly to the Chief Financial Officer of FUCHS PETROLUB AG. The Supervisory Board receives regular reporting on the results of the risk inventories and the audit results.

The risk management system with regard to the (Group's) accounting processes works specifically to the goal of promptly detecting and indicating all effects that might impair or otherwise negatively influence proper and accurate preparation of the (consolidated) annual financial statements. To regularly check detected risks, the Group-wide Internal Control System should ensure with sufficient reliability that:

- the accounting records properly and accurately present all transactions and use of assets of the FUCHS PETROLUB Group;
- transactions are recorded in accordance with the International Financial Reporting Standards **(IFRS)** and are made available for preparing the (consolidated) annual financial statements based on IFRS; and
- any misappropriation of assets is prevented or securely detected early on.

See glossary, page 151

The FUCHS PETROLUB Group's accounting has a decentralized organizational structure. On the basis of largely standardized IT systems, financial reporting not only covers the annual financial statements, but also incorporates monthly and quarterly statements, whose results are regularly analyzed and checked within the Group for completeness, accuracy and plausibility.



A uniform disclosure of transactions in financial 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 companies for implementation.

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.

INDIVIDUAL RISKS

Macroeconomic risks

The global business operations of the FUCHS PETROLUB Group require to examine 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 we are represented in 43 countries with 54 operating companies, manufacture a large number of lubricants and related specialties for a wide range of applications, and supply more than 100,000 customers in over 100 countries, the FUCHS PETROLUB Group has a well diversified structure. This minimizes the risk of dependency on individual companies, products, customers, sectors or regions.

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.

Sector risks
Technological advances and innovative power are two key instruments that can be used to counteract sector-typical risks, such as intensive competition in the sales markets. The company 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 the 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, 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. Where it was foreseeable that the implementation of GHS would lead to changes that may impede a particular product's marketability, counter-measures were taken in the form of preparing alternative formulas. Structures have also been created to support the implementation of GHS worldwide.

Procurement risks

The increase in prices of raw materials – in particular base oils and additives – represents a particular risk due to the availability, changes in the market and the oligopolistic position of suppliers. The Headquarters’ purchasing department is carefully and continuously monitoring any detectible volatilities in the procurement markets, allowing immediate reaction to any developments. Base oil supply continues to be secured through a broad range of sources.

Inventory risks

The large number of customers and the broad portfolio of products in connection with short delivery times require to maintain 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 significantly greater volatility we are seeing, both in terms of procurement prices and customer demand, is leading to valuation risks, which are taken into account appropriately through a loss-free valuation.

Risks from receivables

The uncertainty being sensed due to the worldwide financial crisis and its effects on the real economy also require constant monitoring in connection with the liquidity situation of our customers. The individual companies and the controlling department in the FUCHS PETROLUB Group have therefore introduced early warning systems, which are used to check and monitor the aging structure, compliance with payment terms for trade receivables per customer / company and their creditworthiness. During the periodically performed audits, the implementation of the measures is additionally checked.

Risks from research and development

The sustainable market success of the FUCHS PETROLUB Group is based on the capacity for fast innovation and the high degree of specialization. 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. Joint research in a network together with universities and research institutes is another step taken to spread risks, while also making 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 the key financial risks, such as currency and interest risks. Currency risks are reduced (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.

See glossary, page 150

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 in 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 essentially in place in Germany, the US and England, where the defined contribution system has now been introduced for new 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 will be 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, which are limited through various measures. Investment management is performed by professional fund managers, who work according to our specifications.

Legal, regulatory and location risks
The 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. The continued uncertainty caused by the economic and financial crisis could also have a negative impact here due to the collapse of insurers.

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 shareholders at one of our two joint ventures in the Middle East is unclear. The 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 5%.

The international business transactions carried out by the FUCHS PETROLUB Group include local tax liabilities. In the case of taxation risks, sufficient provisions have been made. There are no known taxation 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, recalls, workplace safety, patent law, trademark law, tax law and environmental protection. To this end, the FUCHS PETROLUB Group has set up a compliance organization, including a compliance committee and corresponding reporting lines, as well as training measures to be able to deal with any risks resulting from this in the appropriate manner. There are no known significant risks in this arena. Further counter-measures have been established through the continuous improvement of the operational and organizational structure, the quality management system and in ensuring suitable insurance coverage.

Certain national 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
Risks can also result from the complexity of acquisition and investment projects. The FUCHS PETROLUB Group employs stipulated procedures and processes to control and minimize risks of this nature.

There are currently no risks from acquisition and 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 set of risks.

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 uncertainty resulting from the worldwide financial and economic crisis can continue to place a burden on the economic development and continue to 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 believe we have made provision for all typical business risks capable of having a major impact on assets, finances and profits in the Group.

The FUCHS PETROLUB Group's solid financial position, in connection with its global presence, broad customer basis and comprehensive range of problem-solving solutions that it offers its customers, 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

BUSINESS DEVELOPMENT IN THE FIRST TWO MONTHS OF 2010

The macroeconomic situation started to show improvement in many countries in the second half of 2009 and the start of 2010, although the high level of previous years is unlikely to be reached in the foreseeable future. This development is also reflected in the 2009 sales revenue and earnings trends of the FUCHS PETROLUB Group and continued in the first two months of 2010.

EXPECTATIONS FOR THE FINANCIAL YEAR 2010

Following a downturn of around 1% in global gross domestic product (GDP) for 2009 as a whole, the International Monetary Fund (IMF) expects to see an increase of approximately 4% in 2010. According to the German Association of the Automotive Industry (VDA), the global passenger car market is poised to enjoy a recovery in 2010. The Asian growth markets, and also the US market, will contribute to this. Similarly, the German Chemical Industry Association (VCI) expects production to increase by around 5% in 2010. The German Engineering Federation (VDMA), on the other hand, only expects the sector to more or less maintain the yearly average production volume from 2009 following the worst year for the German engineering sector in a long time.

To what extent the global economic recovery predicted by experts and associations will be a continuous and permanent process or whether it will come in waves, currently remains unclear. We also expect to see moderate global economic recovery for 2010 as a whole, but remain cautious in our expectations of what this recovery will present. We therefore anticipate moderate growth with regard to lubricant demand in 2010.

On this basis, we are planning for increases in terms of sales revenues and earnings compared to the previous year in all three regions of the Group. Due to a base effect, the first half of 2010 is likely to see the greatest benefit from this. However, the above-average earnings before interest and tax (EBIT) of the second half of 2009 have set the bar high, which should not be extrapolated into the future.

In terms of cash flow, we expect to see an excellent result, although we recognize that we will not be able to repeat the previous year's performance.Unlike last year we cannot expect to see any appreciable reduction in inventories in 2010, and we have also provided for a high level of capital expenditure in the course of our investment initiative. Alongside routine capital expenditure on extensions and replacements, which has now normalized again, completion of the sales center and the building shell of the R&D center in Mannheim are now on the agenda. Construction of the new facility in India is set to be completed, with work on the new facility in Brazil also expected to start.

With its solid financial position, FUCHS will also seek to exploit external opportunities for growth. It is impossible to predict to what extent acquisitions can then actually be made.

Overall, however, FUCHS expects to be able to continue its course of cost-conscious and profitable growth in 2010. FUCHS also expects to create added company value, expressed in the form of additional FUCHS VALUE ADDED, and continue its shareholder-friendly dividend policy.

We also expect the anticipated trend in the global economy for 2010 to continue into 2011 with further moderate growth. Due to its global presence and sound position, FUCHS should be able to participate in this growth. In 2011, we therefore expect to be able to return to the trend in earnings enjoyed in previous years.

FINANCIAL REPORT
CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

in € million	Notes		2009		2008
Sales revenues	(1)		1,178.1		1,393.7
Cost of sales	(2)		−721.0		−905.6
Gross profit			**457.1**		**488.1**
Selling and distribution expenses	(3)	−191.1		−219.3	
Administrative expenses		−69.8		−71.3	
Research and development expenses		−22.2		−22.7	
			−283.1		−313.3
Operating profit			**174.0**		**174.8**
Other operating income and expenses	(4)		−1.3		−6.0
Investment income	(5)		7.2		2.9
Earnings before interest and tax (EBIT)			**179.9**		**171.7**
Financial result	(6)		−7.0		−8.9
Earnings before tax (EBT)			**172.9**		**162.8**
Income taxes	(7)		−51.5		−52.5
Profit after tax			**121.4**		**110.3**
Profit attributable to minority interest	(8)		−0.6		−0.9
Profit attributable to equity holders of FUCHS PETROLUB AG			**120.8**		**109.4**
Earnings per share in €[1]	(9)				
Ordinary share			**5.07**		**4.43**
Preference share			**5.13**		**4.49**

[1] Basic and diluted in both cases.

BALANCE SHEET

in € million	Notes		Dec. 31, 2009		Dec. 31, 2008
Assets					
Intangible assets	(14)		95.0		93.5
Property, plant and equipment	(13)		180.5		168.6
Investments accounted for using the equity period	(15)		4.5		4.5
Other financial assets	(16)		6.6		8.0
Deferred tax assets	(17)		20.6		18.1
Long-term assets	(12)		**307.2**		**292.7**
Inventories	(18)		149.3		191.6
Trade receivables	(19)		171.8		177.5
Tax receivables	(20)		2.0		5.9
Other receivables and other assets	(21)		25.5		16.6
Cash and cash equivalents	(22)		89.9		19.5
Short-term assets			**438.5**		**411.1**
Total assets			**745.7**		**703.8**
Equity and liabilities					
Subscribed capital		71.0		77.8	
Group reserves		199.7		126.7	
Group profits		120.8		109.4	
FUCHS PETROLUB Group capital			391.5		313.9
Minority interests			1.4		1.4
Shareholders' equity	(23)		**392.9**		**315.3**
Pension provisions	(24)		83.8	70.6	
Other provisions	(25)		7.0	6.9	
Deferred tax liabilities	(17)		14.9	13.8	
Financial liabilities	(26)		45.7	5.3	
Other liabilities			2.1	1.5	
Long-term liabilities			**153.5**		**98.1**
Trade payables	(27)		91.2	85.6	
Provisions	(28)		45.4	40.4	
Tax liabilities	(29)		23.8	17.9	
Financial liabilities	(30)		12.5	118.8	
Other liabilities	(31)		26.4	27.7	
Short-term liabilities			**199.3**		**290.4**
Total equity and liabilities			**745.7**		**703.8**

STATEMENT OF CHANGES IN LONG-TERM ASSETS

in € million	GROSS AMOUNTS ACQUISITION AND MANUFACTORING COSTS						
2008	Dec. 31, 2007	Differences	Changes in the scope of consoli-dation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2008
Intangible assets							
Licenses, industrial property rights and similar values	35.7	–0.3	0.0	6.4	1.0	1.6	42.4
Goodwill [1]	86.0	–1.6	0.0	4.5	0.4	0.0	88.5
Other intangible assets	1.3	0.0	0.0	0.0	0.0	–1.3	0.0
	123.0	**–1.9**	**0.0**	**10.9**	**1.4**	**0.3**	**130.9**
Property, plant and equipment							
Land, land rights and buildings	131.3	–4.2	2.8	7.6	4.6	7.0	139.9
Technical equipment and machinery	158.9	–9.9	0.4	7.7	1.6	1.9	157.4
Other equipment, factory and office equipment	80.3	–4.9	0.2	6.2	2.2	0.8	80.4
Work in progress	5.7	0.0	0.0	21.4	0.2	–10.0	16.9
	376.2	**–19.0**	**3.4**	**42.9**	**8.6**	**–0.3**	**394.6**
Financial assets [2]							
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 [1]	4.4	0.2	0.0	2.9	3.0	0.0	4.5
Investment in companies	2.0	0.0	0.0	0.0	0.1	0.4	2.3
Loans to participating interests	0.6	0.0	0.0	0.0	0.2	–0.4	0.0
Other loans	7.2	0.0	0.3	0.0	1.1	0.0	6.4
Long-term securities	0.4	0.0	0.0	0.0	0.1	0.0	0.3
	14.6	**0.2**	**0.3**	**2.9**	**4.5**	**0.0**	**13.5**
Long-term assets (excluding deferred taxes)	**513.8**	**–20.7**	**3.7**	**56.7**	**14.5**	**0.0**	**539.0**
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 [2]							
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 [1]	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**

[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, 2007	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007
29.1	−0.3	0.0	2.6	0.0	1.0	0.0	30.4	12.0	6.6
8.6	−1.2	0.0	0.0	0.0	0.4	0.0	7.0	81.5	77.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
37.7	**−1.5**	**0.0**	**2.6**	**0.0**	**1.4**	**0.0**	**37.4**	**93.5**	**85.3**
55.3	−1.7	0.9	3.2	2.2	3.5	−0.5	55.9	84.0	76.0
110.0	−8.0	0.3	7.0	0.0	1.5	0.4	108.2	49.2	48.9
61.7	−4.2	0.2	6.0	0.0	2.0	0.1	61.8	18.6	18.6
0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	16.8	5.7
227.0	**−13.8**	**1.4**	**16.2**	**2.2**	**7.0**	**0.0**	**226.0**	**168.6**	**149.2**
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	4.4
0.9	0.2	0.0	0.0	0.0	0.1	0.0	1.0	1.3	1.1
0.6	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	7.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4
1.5	**0.2**	**0.0**	**0.0**	**0.0**	**0.7**	**0.0**	**1.0**	**12.5**	**13.1**
266.2	**−15.1**	**1.4**	**18.8**	**2.2**	**9.1**	**0.0**	**264.4**	**274.6**	**247.6**

Dec. 31, 2008	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	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**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € million	Outstanding shares (units)[1]	Subscribed capital AG	Capital reserves AG
As at December 31, 2007	25,167,854	77.8	87.8
Share buy-back	–1,306,754		
Dividend payments			
Profit after tax 2008			
Change in income and expenses recognized directly in equity			
Changes in scope of consolidation and other changes			
As at December 31, 2008	23,861,100	77.8	87.8
Share buy-back	–201,100		
Redemption of own shares/Reduction of share capital		–6.8	6.8
Dividend payments			
Profit after tax 2009			
Change in income and expenses recognized directly in equity			
Changes in scope of consolidation and other changes			
As at December 31, 2009	23,660,000	71.0	94.6

[1] The redemption of own shares was entered in the commercial register on March 17, 2009.
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 114

Reserve for own shares	Equity capital generated in the Group	Other comprehensive income	**Group's capital**	Minority interest	**Shareholders' equity**
–50.8	220.5	–10.6	**324.7**	1.2	**325.9**
–67.1			**–67.1**		**–67.1**
	–36.5		**–36.5**	–0.6	**–37.1**
	109.4		**109.4**	0.9	**110.3**
	–3.1	–13.5	**–16.6**	–0.1	**–16.7**
			0.0		**0.0**
–117.9	290.3	–24.1	**313.9**	1.4	**315.3**
–5.8			**–5.8**		**–5.8**
123.7	–123.7		**0.0**		**0.0**
	–37.1		**–37.1**	–0.6	**–37.7**
	120.8		**120.8**	0.6	**121.4**
	–8.6	8.3	**–0.3**		**–0.3**
			0.0		**0.0**
0.0	241.7	–15.8	**391.5**	1.4	**392.9**

STATEMENT OF COMPREHENSIVE INCOME

in € million	2009	2008
Profit after tax	**121.4**	**110.3**
Income and expenses recognized in equity		
Change in fair values of hedging instruments	0	0
Change in foreign currency translation adjustments	8.3	–13.5
Actuarial gains/losses on defined benefit pension commitments [1]	–11.9	–3.4
Deferred taxes on income and expenses recognized directly in equity [1]	3.3	0.5
Other changes	0	–0.3
Total income and expenses recognized in equity	**–0.3**	**–16.7**
Total income and expenses for the period	**121.1**	**93.6**
thereof shareholder of FUCHS PETROLUB AG	120.5	92.8
thereof minority interests	0.6	0.8

See page 117

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

STATEMENT OF CASH FLOWS

in € million	2009	2008
Profit after tax	**121.4**	**110.3**
Depreciation and amortization of long-term assets	22.7	20.0
Change in long-term provisions	1.8	−2.0
Change in deferred taxes	1.3	2.0
Non cash income from release of negative goodwill	−0.1	−0.6
Non cash income from investments accounted for using the equity method	−7.2	−2.9
Gross cash flow	**139.9**	**126.8**
Change in inventories	49.3	−33.8
Change in trade receivables	11.7	18.5
Change in other assets	−4.8	−3.7
Change in trade payables	2.4	−26.4
Change in other liabilities (excluding financial liabilities)	7.5	−20.8
Net gain/loss on disposal of long-term assets	0.3	−1.0
Cash flow from operating activities	**206.3**	**59.6**
Investments in long-term assets	−30.1	−46.6
Acquisition of subsidiaries and other business units	−5.4	−12.2
Disposal of subsidiaries and other business units	0.0	0.2
Proceeds from the disposal of long-term assets	2.6	3.5
Dividends received	7.4	3.0
Cash flow from investing activities	**−25.5**	**−52.1**
Free cash flow	**180.8**	**7.5**
Dividends paid	−37.7	−36.8
Repayment participatory capital	0.0	−51.1
Purchase of own shares	−5.8	−67.1
Changes in bank and leasing commitments	−67.5	103.5
Effects on cash from changes in scope of consolidation	0.3	0.9
Cash flow from financing activities	**−110.7**	**−50.6**
Cash and cash equivalents at the end of the previous period	**19.5**	**64.2**
Cash flow from operating activities	206.3	59.6
Cash flow from investing activities	−25.5	−52.1
Cash flow from financing activities	−110.7	−50.6
Effect of currency translations	0.3	−1.6
Cash and cash equivalents at the end of the period [1]	**89.9**	**19.5**

Details of the acquisition and disposal of subsidiaries and other business units (in € million)		
Total of all purchase prices [2]	5.4	12.2
Total of acquired cash and cash equivalents	0.0	0.9
Balance of acquired net assets [3]	2.9	7.3
Total of all sale prices	0.0	0.2
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 DYLON INDUSTRIES, INC., USA.

The taxes on income total €52.4 million (77.0).

€4.9 million (7.9) was paid for interest. Interest payments received totaled €2.1 million (1.6).

Statement of cash flows is illustrated in the notes under item 35. See page 134

SEGMENTS

2009	EUROPE			NORTH AND SOUTH AMERICA			ASIA-PACIFIC, AFRICA		
in € million	**2009**	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Sales revenues by customer location	671.8	870.0	–198.2	183.2	212.8	–29.6	323.1	310.9	12.2
Sales revenues by company location	742.5	945.0	–202.5	176.9	205.9	–29.0	289.8	274.9	14.9
of which with other segments	27.0	28.9	–1.9	4.1	3.3	0.8	0.0	0.0	0.0
Scheduled depreciation [1]	12.9	12.0	0.9	4.1	3.9	0.2	2.6	2.0	0.6
Impairment losses [1]	1.4	0.0	1.4	0.0	0.0	0.0	1.2	1.1	0.1
Income from investments accounted for using the equity method	0.0	0.0	0.0	0.0	0.0	0.0	7.2	2.9	4.3
Segment earnings (EBIT)	96.5	109.6	–13.1	32.9	34.5	–1.6	54.9	31.2	23.7
Financial result									
Income taxes									
Profit after tax									
Segment assets [2]	385.9	416.1	–30.2	152.1	152.4	–0.3	142.9	115.5	27.4
Segment liabilities [3]	116.4	116.8	–0.4	17.9	17.3	0.6	46.8	32.2	14.6
Financial liabilities									
Pension provisions									
Cash and cash equivalents									
Group liabilities [4]									
Investments in property, plant and equipment and intangible assets [5]	24.0	30.9	–6.9	1.8	3.2	–1.4	3.8	11.8	–8.0
Employees (average numbers)	2,217	2,357	–140	505	574	–69	789	863	–74
Key performance indicators (in %) Ratio of EBIT to sales revenues [6]	13.0	11.6		18.6	16.8		16.5	10.3	

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 Excluding additions due to acquisitions in the North and South America segment.
6 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		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
	1,178.1	1,393.7	−215.6	0.0	0.0	0.0	1,178.1	1,393.7	−215.6
	1,209.2	1,425.8	−216.6	−31.1	−32.1	1.0	1,178.1	1,393.7	−215.6
	31.1	32.2	−1.1	−31.1	−32.2	1.1	0.0	0.0	0.0
	19.6	17.9	1.7	0.5	1.0	−0.5	20.1	18.9	1.2
	2.6	1.1	1.5	0.0	0.0	0.0	2.6	1.1	1.5
	7.2	2.9	4.3	0.0	0.0	0.0	7.2	2.9	4.3
	184.3	175.3	9.0	−4.4	−3.6	−0.8	179.9	171.7	8.2
							−7.0	−8.9	1.9
							−51.5	−52.5	1.0
							121.4	110.3	11.1
	680.9	684.0	−3.1	64.8	19.8	45.0	745.7	703.8	41.9
	181.1	166.3	14.8	81.8	27.5	54.3	262.9	193.8	69.1
							58.2	124.1	−65.9
							83.8	70.6	13.2
							89.9	19.5	70.4
							315.0	369.0	−54.0
	29.6	45.9	−16.3	0.4	0.7	−0.3	30.0	46.6	−16.6
	3,511	3,794	−283	76	71	5	3,587	3,865	−278
	14.6	12.2					15.3	12.3	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2009, 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 2009 financial year have been applied.

The following amendments to standards and interpretations were binding for the first time in the financial year 2009:

- IFRS 1 and IAS 27 "Cost of an investment in a subsidiary, jointly controlled entity or associate"
- IFRS 2 "Share-based payment",
- IFRS 7 "Financial instruments: Disclosures",
- IFRS 8 "Operating segments",
- IAS 1 "Presentation of financial statements",
- IAS 23 "Borrowing costs",
- IAS 32 "Financial instruments: presentation",
- IAS 39 "Financial instruments: Recognition and measurement",
- IFRIC 9 "Reassessment of embedded derivatives",
- IFRIC 13 "Customer loyalty programmes",
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction".

The amended regulations have no material effect on the consolidated financial statements.

The following standards and/or amendments to standards and interpretations will only become binding as of the financial year 2010 and were also not adopted early:

- IFRS 3 "Business combinations (revised 2008)",
- IAS 27 "Consolidated and separate financial statements",
- IAS 39 "Financial instruments: recognition and measurement: eligible hedged items",
- IAS 32 "Financial instruments: presentation: classification of rights issues",
- IAS 39 "Financial instruments: reclassification of financial assets: effective date and transition",
- 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".

We do not anticipate any significant effects on the consolidated financial statements as a result of the new or amended regulations mentioned.

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

- IFRS 2 "Group Cash-settled Share-based Payment Transactions",
- IFRS 9 "Financial Instruments",
- IAS 24 "Related Party Disclosures",
- Amendment of IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

We do not anticipate any significant effects on the consolidated financial statements as a result of the above-listed new regulations.

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).

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.

Four affiliated companies which are managed jointly with other companies have been consolidated pro rata. The scope of consolidation includes a total of 57 (58) companies.

The changes to the scope of consolidation in the financial year 2009 are stated below in a separate section.

Further information can be found at www.unternehmensregister.de

The main subsidiaries and associated companies are shown on pages 148 and 149. The complete list of shareholdings pursuant to the provisions of the German Commercial Code (HGB) has been filed in the electronic Federal Bulletin and can be called up under www.unternehmensregister.de.

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 shareholdings, 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

Since January 1, 2009, a small joint venture has been included in the consolidated financial statements on a proportionate basis. The initial consolidation resulted in a negative difference of €0.1 million, which is (after reversal) recorded within the other operating income of the Group.

In Australia one non-operating company was merged with the operating subsidiary FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD. Therefore, the assets of the non-operating company remain included in the consolidated financial statements. To further streamline the Group's structure, a subsidiary in China was liquidated following transfer of its business to a sister company.

The comparability of the Group's balance sheet and income statement to the previous year is not affected significantly by the above-mentioned changes. Overall, the balance sheet total was increased by around €1.4 million. Due to the inclusion, sales revenues rose by €2.3 million and profit after tax has changed by €0.2 million.

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 IFRS 3.55, no further scheduled goodwill amortization will occur as of the financial year 2005. Pursuant to IAS 36 the recoverable amount of goodwill is calculated at least once each year on the basis of goodwill impairment tests. For the purpose of testing impairment, the goodwill will be assigned to the cash generating units. 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 the higher of either the value in use or the fair less costs to sell. The process described for the impairment test is normally carried out at subsidiary level. Fair value is determined based on discounted cash flows. Discount rates of 7.5%, 9.0%, and 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 2010 and the plan years 2011 and 2012, 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.

The corresponding consolidation principles apply 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 spot rate 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 recorded directly in shareholders' equity. This item is explained in the statement of income and expenses. The values are listed in a separate column in the statement of changes in shareholders' equity.

See page 78

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.

In the statement of changes in long-term assets, the starting and ending 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, 2009**	Dec. 31, 2008	Change in foreign currency in %
US dollar	1.433	1.410	– 1.6
British pound	0.900	0.974	+ 8.2
Chinese renminbi yuan	9.800	9.663	– 1.4
Australian dollar	1.605	2.042	+ 27.2
South African rand	10.622	13.329	+ 25.5
Polish zloty	4.135	4.153	+ 0.4
Brazilian real	2.508	3.321	+ 32.5
Argentinean peso	5.476	4.874	– 11.0
Russian ruble	43.39	41.55	– 4.2
South Korean won	1,670.94	1,784.48	+ 6.8

Average annual exchange rate (1 €)	**2009**	2008	Change in foreign currency in %
US dollar	1.394	1.471	+ 5.5
British pound	0.892	0.796	– 10.7
Chinese renminbi yuan	9.536	10.248	+ 7.5
Australian dollar	1.777	1.743	– 1.9
South African rand	11.716	12.075	+ 3.1
Polish zloty	4.340	3.523	– 18.8
Brazilian real	2.787	2.682	– 3.8
Argentinean peso	5.217	4.656	– 10.7
Russian ruble	44.25	36.44	– 17.6
South Korean won	1,777.68	1,607.28	– 9.5

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 thereof under the relevant items.

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 and on 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,
- pension obligations,
- provisions for taxes and restructuring,
- the 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 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 according to 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 which is recorded as assets with an indefinite useful life in accordance with IFRS 3.

Intangible assets with indefinite useful lives are not subject to scheduled amortization, but will undergo the impairment test every year. 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 and other intangible assets, a useful life of three to five years is scheduled within the Group. 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

IMPAIRMENTS 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 shown as an addition in the statement of changes in long-term assets, reduced by dividend payments.

In accordance with IAS 39 shares 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 securities 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.

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

- Financial assets and liabilities that are measured at fair value and recognized in income consist of derivatives and other trading instruments. At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions). Derivatives are reported in other short-term assets or other short-term liabilities.

- 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.

- Held-to-maturity financial 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.

- 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 measured at their cost of acquisition comprise financial liabilities which are not derivatives. They are measured at fair value which corresponds to the repayable amount. Subsequent valuations are done at amortized cost under consideration of the effective interest method.

Pursuant to IAS 39, derivative financial instruments, such as the forward exchange transactions primarily 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 shown 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 126

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 the tax base and the IFRS carrying amounts 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 salability.

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 an obligation to third parties exists, an outflow of funds is probable (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 break down by product as follows:

in € million	2009	2008	Change in %
Automotive lubricants	465.6	497.2	–6.4
Industrial lubricants and specialties	654.1	796.1	–17.8
Other products	58.4	100.4	–41.8
	1,178.1	**1,393.7**	**–15.5**

The development of sales revenues by geographic region can be seen under segment reporting on pages 86 and 87. Disclosures on sales revenues by product groups are made in note 36.

See pages 86 and 87 as well as page 134

COST OF SALES

2

in € million	2009	2008
Cost of purchased raw materials, supplies, goods for resale and purchased services	645.4	820.7
Cost of materials	**645.4**	**820.7**
Personnel and other costs	75.6	84.9
	721.0	**905.6**

SELLING AND DISTRIBUTION EXPENSES

3

in € million	2009	2008
Freight	41.2	49.1
Commission payments	23.6	25.9
Personnel and other costs	126.3	144.3
	191.1	**219.3**

4 OTHER OPERATING INCOME AND EXPENSES

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

in € million	2009	2008
Income from the disposal of fixed assets	0.2	1.5
Income from the reversal of provisions	4.2	3.0
Income from the reversal of write-downs	3.7	1.6
Income from cost allocations, commission payments, licenses, and cost charging	0.4	1.0
Income from rents and leases	0.2	0.1
Currency exchange gains	4.1	5.5
Miscellaneous operating income	17.8	8.6
Other operating income	**30.6**	**21.3**
Losses from the disposal of fixed assets	0.4	0.5
Write-downs of receivables	5.9	8.2
Currency exchange losses	4.1	7.9
Restructuring costs and severance payments	5.2	0.7
Impairments	2.6	1.1
Miscellaneous operating expenses	13.7	8.9
Other operating expenses	**31.9**	**27.3**
Other operating income and expenses	**–1.3**	**–6.0**

Income from the reversal of provisions includes risks and obligations relating, among other things, to the rearrangement of retirement benefit plans and obligations which are no longer expected to occur or which are no longer expected to occur in this amount.

Miscellaneous operating income is partly attributable to a refund of mineral oil tax of €8.5 million received by a European subsidiary. In addition this item includes compensation payments received, sales of empty containers and income from other sales and services.

Restructuring costs and severance payments increased due to the adaptation of the infrastructure and number of employees to lower sales revenues.

Impairment charges concern goodwill write-downs of €1.4 million and write-downs of property, plant and equipment at two companies in the Asia-Pacific region amounting to €1.2 million.

Miscellaneous operating expenses are partly attributable to purchase costs for other sales, provisions relating to non-operating items and an anticipated expense relating to the external funding and intended transfer of pension provisions of a European subsidiary amounting to €3.7 million.

INVESTMENT INCOME 5

Investment income comprises the pro rata earnings of associated companies:

in € million	2009	2008
Income from investments accounted for using the equity method	7.2	2.9

FINANCIAL RESULT 6

in € million	2009	2008
Other interest and similar income		
Subsidiaries	0.0	0.0
Others (mainly banks)	2.1	1.6
Interest income	**2.1**	**1.6**
Interest and similar expenses		
Compensation for participating-right certificates	0.0	−2.2
Others (mainly banks)	−4.8	−5.3
Interest attributable to finance leases	−0.2	−0.3
Pension obligations		
Interest expense	−7.1	−7.5
Expected return on plan assets	3.0	4.8
Interest expenses	**−9.1**	**−10.5**
Net interest income	**−7.0**	**−8.9**
Write-downs due to impairment of financial assets	0.0	0.0
Other financial income (expenses)	0.0	0.0
Financial result	**−7.0**	**−8.9**

Other interest result contains €1.3 million interest income from the anticipated refund of mineral oil tax at a European subsidiary.

The netted interest component of additions to pension provisions of –€4.1 million (–2.7) comprises interest expenses of €7.1 million (7.5) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €3.0 million (4.8).

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	2009	2008
Current taxes	49.5	51.1
Deferred taxes	2.0	1.4
Total	**51.5**	**52.5**

Current taxes comprise €1.6 million (2.2) 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%.

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries range from 12.5% (16.0) to 40.5% (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	2009	in %	2008	in %
Earnings before tax (EBT)	172.9		162.8	
Expected tax expense	51.9	30.0	48.8	30.0
Taxation rate differences	−4.4	−2.5	−4.7	−2.9
Non-deductible expenses	1.4	0.8	3.0	1.8
Impairment of deferred tax assets	1.4	0.8	0.8	0.5
Tax-free income	−2.2	−1.3	−0.1	0.0
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	−0.4	−0.2	−0.1	0.0
Expected use of loss carryforwards	0.0	0.0	0.0	0.0
Taxes for prior periods	1.6	0.9	2.2	1.4
Withholding taxes	0.5	0.3	0.9	0.6
Other	1.7	1.0	1.7	1.0
Actual tax expense	**51.5**	**29.8**	**52.5**	**32.4**

In some Asian countries the local tax rates dropped in comparison to the previous year, whereas higher tax rates had to be applied for Italy and one company in China.

PROFIT ATTRIBUTABLE TO MINORITY INTERESTS 8

Profits attributable to minority interests amount to €0.6 million (0.9), of which €0.2 million relates to German minority interests and €0.4 million to shareholders in Austria, the Ukraine, Greece and France.

EARNINGS PER SHARE 9

in € million	2009	2008
Profit after minority interests	**120.8**	**109.4**
Earnings per ordinary share in €		
Earnings per share	5.07	4.43
Weighted average number of ordinary shares	11,841,135	12,265,008
Earnings per preference share in €		
Earnings per share	5.13	4.49
Weighted average number of preference shares	11,840,677	12,260,343

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 allocated equally among the two share classes.

Pursuant to IAS 33.20, own shares bought back within the scope of the share buyback program are not 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	**2009**	2008
	4.0	7.1

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. €2.9 million of this amount are attributable to foreign Group companies in France, Argentina, Great Britain and the USA.

11 PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	**2009**	2008
Wages and salaries	146.9	155.4
Social security contributions and expenses for pensions and similar obligations	34.7	35.6
of which for pensions	4.8	5.3
	181.6	**191.0**

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)	**2009**	2008
Salaried staff	2,584	2,742
Wage earners	1,003	1,122
	3,587	**3,864**

The average number of persons employed by pro rata consolidated companies is included on the basis of the proportionate interest held and is therefore 30 (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 80 and 81 shows a breakdown of these items and the changes therein in 2009.

See pages 80 and 81

PROPERTY, PLANT AND EQUIPMENT

13

Property, plant and equipment includes lease assets (finance leases) totaling €4.5 million consisting mainly of an office building in Mannheim with a carrying amount of €4.0 million. There is the option to purchase the asset when the lease expires in 2011.

In addition, leased vehicles and computer equipment totaling €0.3 million are included in technical equipment and machinery and other equipment.

The impairment tests carried out in the subsidiaries resulted in the recognition of impairment losses on property, plant and equipment for one company in the Asia-Pacific region. The impairment test method is described in the "Consolidation principles" section. For another company in the Asia-Pacific region impairment losses had to be recognized on the grounds of a plant closure. These write-down charges of €1.2 million are included in other operating expenses.

INTANGIBLE ASSETS

14

Goodwill

in € million from	Company financial statements	Business combinations	Total
Historical acquisition costs			
Balance at January 1, 2009	34.5	54.0	88.5
Currency translation effects	0.9	0.9	1.8
Additions	1.7	0.0	1.7
Disposals/changes in scope of consolidation	0.0	0.0	0.0
Balance at December 31, 2008	**37.1**	**54.9**	**92.0**
Accumulated amortization			
Balance at January 1, 2008	−5.0	−2.0	−7.0
Currency translation effects	−0.7	0.0	−0.7
Impairment losses	−1.4	0.0	−1.4
Disposals/changes in scope of consolidation	0.0	0.0	0.0
As at December 31, 2009	**−7.1**	**−2.0**	**−9.1**
Carrying amount at December 31, 2009	**30.0**	**52.9**	**82.9**

According to IFRS 3, goodwill is an intangible asset with an indefinite useful life. With effect from January 1, 2005, goodwill ceased to be amortized and is instead tested annually for impairment pursuant to IAS 36. Impairment losses are recognized as and when appropriate.

Recognized goodwill totals €82.9 million (81.5). Of that amount, €52.9 million (52.0) relates to business combinations and €30.0 million (29.5) to the financial statements of the subsidiaries. A total goodwill of €65.9 million (64.6), consisting of €41.6 million (41.7) from business combinations and €24.3 million (22.9) 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 €1.4 million was charged in the financial year 2009 for one European subsidiary and is recorded under other operating expenses. The impairment is attributable to part of the goodwill from an acquisition carried out by this subsidiary in 2004. The remaining carrying amount of this goodwill is 3.5 million.

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, a restraint on competition, and acquired customer lists. These rights and assets amount to €12.0 million (12.0) in total.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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 €46.3 million, its liabilities to €27.2 million, its sales revenues to €167.0 million, and its net profit for 2009 to €26.7 million.

16 OTHER FINANCIAL ASSETS

This item includes shares in affiliated companies not consolidated, 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 €5.1 million (6.1) is disclosed under other loans.

See pages 80 and 81

The statement of changes in long-term assets on pages 80 und 81 ersichtlich shows the changes in and the amount of the individual items.

DEFERRED TAX ASSETS AND LIABILITIES

17

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

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES		NET	
in € million	**2009**	2008	**2009**	2008	**2009**	2008
Property, plant and equipment	0.5	0.9	–10.7	–10.9	–10.2	–10.0
Other long-term assets	1.8	1.2	–5.1	–3.8	–3.3	–2.6
Inventories	3.3	3.5	0.0	–0.1	3.3	3.4
Other short-term assets	1.8	2.1	–0.3	–0.3	1.5	1.8
Long-term provisions	13.5	10.6	–1.8	–2.1	11.7	8.5
Financial liabilities	0.9	0.9	0.0	0.0	0.9	0.9
Other long-term liabilities	0.5	0.4	–1.8	0.0	–1.3	0.4
Short-term provisions and liabilities	3.7	3.6	–0.6	–1.7	3.1	1.9
Expected use of loss carryforwards	0.0	0.0	0.0	0.0	0.0	0.0
Sum of deferred taxes asset / Liability	**26.0**	**23.2**	**–20.3**	**–18.9**	**5.7**	**4.3**
Tax offset	–5.4	–5.1	5.4	5.1	0.0	0.0
Total assets / Liabilities	**20.6**	**18.1**	**–14.9**	**–13.8**	**5.7**	**4.3**

The deferred tax assets of €20.6 million (18.1) are attributable to temporary differences between the carrying amounts of 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 €0.6 million were recognized since there was no expectation in the foreseeable future of them being realized.

Tax loss carryforwards in the Group amount to €2.0 million (2.0) existing mainly in companies of the Asia-Pacific, Africa region. The deferred tax assets of 0.7 million recognized for them are impaired as it is not probable that loss carryforwards will be utilized in the foreseeable future.

A deferred tax liability of €1.0 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 €1.4 million in the year under review. Taking into account the deferred taxes for the financial year 2009 recognized directly in equity and resulting essentially from the allocation of pension obligations of €3.3 million, the deferred tax expense reported in the income statement amounts to €2.0 million.

Of the total deferred tax assets of €20.6 million, a total of €9.8 million are recognized directly in equity due to the offsetting of actuarial gains and losses.

18 INVENTORIES

Write-downs of inventories totaling €1.7 million (1.1) were recognized in the income statement in the year under review due to reduced salability. Inventories comprise the following:

in € million	Dec. 31, 2009	Dec. 31, 2008
Raw materials and supplies	62.8	87.2
Work in progress	11.7	21.1
Finished goods and merchandise	74.8	83.3
	149.3	**191.6**

19 TRADE RECEIVABLES

in € million	Dec. 31, 2009	Dec. 31, 2008
Receivables due from affiliated companies	0.0	0.0
Receivables due from associated companies	0.1	0.5
Receivables due from other companies	171.7	177.0
	171.8	**177.5**

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

in € million	2009	2008
Impairments as at January 1	**16.6**	**11.2**
Currency translation effects	0.1	−0.2
Additions (impairment expenses)	5.2	8.2
Utilization	1.9	1.0
Reversals	3.8	1.6
Change in the scope of consolidation	0.0	0.0
Impairments as at December 31	**16.2**	**16.6**

In the year under review, write-downs of receivables recognized in the income statement totaled €5.2 million (8.2). The income from the reversal of write-downs is €3.8 million (1.6). Trade receivables include write-downs totaling €16.2 million (16.6) reflecting identifiable risks.

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

Receivables by maturity (in € million)	Dec. 31, 2009	Dec. 31, 2008
Receivables neither overdue nor impaired	**146.6**	**142.3**
Overdue receivables that are not impaired:		
less than 30 days	21.0	23.9
30 to 60 days	4.5	8.0
61 to 90 days	2.3	5.0
91 to 180 days	1.9	3.8
181 to 360 days	0.3	2.4
more than 360 days	0.7	0.4
Total of overdue receivables	**30.7**	**43.5**
Minus collectively assessed allowances	−6.8	−8.9
Impaired receivables, gross	**10.7**	**8.3**
Minus individually assessed allowances	−9.4	−7.7
Trade receivables	**171.8**	**177.5**

20 SHORT-TERM TAX RECEIVABLES (INCOME TAX)

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

21 SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	Dec. 31, 2009	Dec. 31, 2008
Tax receivables	11.9	2.3
Other assets	13.6	14.3
	25.5	**16.6**

The tax receivables of €9.8 million (1.8) are mainly attributable to receivables in connection with the mineral oil tax refund at one European subsidiary.

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

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

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €89.9 million (19.5) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

23 SHAREHOLDERS' EQUITY

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 share buyback has resulted in a change to the subscribed and fully paid capital of FUCHS PETROLUB AG:

in € million	
As at December 31, 2009	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 incorporation, 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, 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 2009, no use was made of the authorization granted by the Annual General Meeting on May 6, 2009.

The conditional capital increase resolved by the Annual General Meeting on May 24, 2005 and amended to 10% of the share capital by the Annual General Meeting on June 21, 2006 (capital increase by up to €7.8 million, composed of up to 1,296,900 ordinary bearer shares and/or non-voting preference shares) will be implemented only if bonds with warrants or convertible bonds are issued and only to the extent that the holders of bonds with option or conversion rights exercise their rights. The Executive Board is authorized, with the consent of the Supervisory Board, to issue bearer bonds with warrants and/or convertible bonds of up to €140 million in total in the period up to and including May 23, 2010 and to grant the holders of these bonds option and/or conversion rights for ordinary and/or preference shares with a notional interest in the share capital of up to €7.8 million in total. No option or conversion rights were exercised in the financial year 2009, as no corresponding debt instruments were issued.

Share buyback program

The Annual General Meeting of FUCHS PETROLUB AG of May 6, 2008 authorized the Executive Board to acquire – taking into consideration the shares already acquired since May 10, 2007 following the authorization of FUCHS PETROLUB AG of May 2, 2007 – ordinary and preference shares totaling up to 10% of the share capital up to and including November 5, 2009.

In the period from May 10, 2007 to March 10, 2009, the company bought back a total of 2,278,000 own shares. 1,139,000 ordinary shares at a total value of €63.6 million (average share price €55.84) and 1,139,000 preference shares with a total value of €60.0 million (average share price €52.69) were purchased, of which 100,550 ordinary shares and 100,550 preference shares with a total value of €5.8 million were purchased in 2009.

The buybacks add up to 8.8% of the company's share capital.

The amount of €123.7 million spent including transaction costs of €0.1 million was deducted from shareholders' equity and, pursuant to IAS 33.20, the acquired shares were not included in the calculation of earnings per share. Transaction costs were recognized directly in equity.

The number of shares in circulation is:

Number of shares	**Dec. 31, 2009**	Jan. 1, 2009
Ordinary shares	11,830,000	11,930,550
Preference shares	11,830,000	11,930,550
Total	**23,660,000**	**23,861,100**

The redemption of own shares was entered in the commercial register on March 17, 2009.

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 are also offset against the Group reserves.

In addition, the Group reserves are reduced by recognizing actuarial gains and losses in equity. As at December 31, 2009, the accumulated offsetting of actuarial losses of €32.3 million is €22.5 million (12.9) net after taking into account deferred taxes of €9.8 million.

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

See page 79

The changes in reserves in the financial years 2008 and 2009 including the acquisition of own shares and the offsetting of actuarial gains and losses are shown in the statement of changes in shareholders' equity.

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 2010 Annual General Meeting: €1.64 per ordinary share entitled to dividend and €1.70 per preference share entitled to dividend. Dividends of €1.54 per ordinary share and €1.60 per preference share were paid for the financial 2008.

Minority interest 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 €1.1 million (1.1) to shareholders in Austria, Ukraine, France and Greece.

PENSION PROVISIONS 24

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 in principle 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 %	2009	2008
Discount rate	5.0	6.0
Salary trend	2.5	3.0
Pension trend	1.75	2.25

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters, using discount rates of 4.8% to 10.0% (average 5.7%), salary level trends of 2.0% to 8.0% (average 3.8%) and pension level trends of 3.4% to 4.1% (average value 3.4%). The expected return on plan assets is between 6.2% and 8.3% (average 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, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Present value of pension benefits financed by provisions	54.9	52.2	52.8	59.1	59.6
Present value of funded pension benefits	92.3	71.3	91.9	103.7	100.9
Total pension benefits	147.2	123.5	144.7	162.8	160.5
Fair value of plan assets	63.5	53.4	77.8	82.2	76.7
Net obligation	**83.7**	**70.1**	**66.9**	**80.6**	**83.8**
Similar obligations	0.1	0.5	0.2	0.1	0.4
Net obligation as at December 31	**83.8**	**70.6**	**67.1**	**80.7**	**84.2**
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0	0.0	0.0	0.0

Since 2008, actuarial gains and losses have been recognized directly in Group reserves in the period in which they occur. Without taking into account deferred taxes, in the financial year 2009 actuarial losses of €11.9 million are offset against Group reserves. These adjustments are set out in the statement of changes in shareholders' equity of the Group on pages 82 and 83. By December 31, 2009 without taking into account deferred taxes, actuarial gains and losses of a total of €32.3 million are recognized in shareholders' equity.

See pages 82 and 83

Existing defined benefit obligations in the US were frozen in the reporting year and transferred to a contribution-based pension scheme. The transfer of these balances to an external pension provider is planned for 2011. The present value of funded pension benefits comprises €3.2 million for financing the gap in coverage.

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

Pension benefits (in € million)	**2009**	2008
Present value as at January 1	123.5	144.7
Currency effects	4.1	–15.1
Current service cost	1.8	3.1
Past service cost	2.5	0.8
Interest expense	7.1	7.5
Actuarial gains and losses	15.6	–9.1
Benefits paid	–7.4	–8.4
Present value as at December 31	**147.2**	**123.5**

Plan assets are made up of shares (39%), bonds (52%) and raw material contracts (9%). The actual return on plan assets was 11.4% (–12.1) on average.

For 2010 we expect a return of 6.6%. This assumption is based on the market conditions on the balance sheet date and is weighted with the portfolio structure of plan assets to arrive at the expected overall return.

Changes to plan assets during the year are detailed below:

Plan assets (in € million)	2009	2008
Fair value at January 1	53.4	77.8
Currency effects	3.7	–15.9
Expected return on plan assets	3.0	4.8
Contributions	4.1	3.4
Benefits paid	–4.4	–4.2
Actuarial gains and losses	3.7	–12.5
Fair value at December 31	**63.5**	**53.4**

Ongoing contributions of €2.2 million are scheduled for 2010.

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

Pension expenses (in € million)	2009	2008
Current service cost	1.3	2.3
Interest expense	7.1	7.5
Expected return on plan assets	–3.0	–4.8
Past service costs	0.0	0.8
Effects of plan settlements	2.5	0.0
Expenses for defined benefit pension plans	**7.9**	**5.8**
Expenses for defined contribution pension plans	5.8	5.0
Total pension expense	**13.7**	**10.8**

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)	2009	2008
Cost of manufacture	1.5	1.4
Research and development expenses	0.7	0.7
Selling and distribution expenses	2.5	1.8
Administrative expenses	2.2	4.3
Other operating income	–1.0	–0.1
Other operating expenses	3.7	0.0
Financial result	4.1	2.7
	13.7	**10.8**

In Great Britain it is intended to outsource parts of the pension obligations to an external pension provider. The resultant book loss of €3.7 million is disclosed under other operating expenses.

OTHER LONG-TERM PROVISIONS 25

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 3.5% (5.5). The provisions amount to €5.7 million (6.3).

LONG-TERM FINANCIAL LIABILITIES 26

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, 2009	Dec. 31, 2008
Liabilities due to banks	42.8	2.1
Other financial liabilities	2.9	3.2
	45.7	**5.3**

No property has been pledged as collateral for bank liabilities.

Liabilities due to banks are mainly attributable to a euro private placement bond (German Schuldschein) with a face value of €40.0 million. The payment was received on March 24, 2009, and repayment is due on March 24, 2012 at the latest. The loan is charged with a EURIBOR interest rate plus margin.

Other financial liabilities include finance lease obligations of €2.9 million (3.2). These relate mainly to finance lease agreements for buildings and are recognized in the balance sheet at the present value of the payment obligations resulting from future lease installments. The corresponding nominal minimum lease payments amount to €3.1 million (3.6). These minimum lease payments were discounted using interest rates of between 4.0% and 9.3% (average 4.1%).

The long-term financial liabilities fall due as follows:

Maturities (in € million)	
2011	5.7
2012	40.0
After 2012	0.0
	45.7

27 TRADE PAYABLES

Trade payables are considered to be current liabilities, as they are generated by operating business. They are generally stated at nominal value. Foreign-currency liabilities are translated at the closing rate.

in € million	Dec. 31, 2009	Dec. 31, 2008
Trade payables	86.6	79.6
Bills payable	4.1	5.5
Advance payments received	0.5	0.5
	91.2	**85.6**

28 SHORT-TERM PROVISIONS

Short-term provisions mainly consist of the following:

in € million	Dec. 31, 2009	Dec. 31, 2008
Obligations for personnel and social expenses	24.5	24.6
Obligations for ongoing operating expenses	4.6	4.3
Other obligations	16.3	11.5
	45.4	**40.4**

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 €5.1 million (1.8). 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, 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**

in € million	Dec. 31, 2007	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2008
Obligations for personnel and social expenses	28.2	–0.5	–0.1	25.5	27.9	0.6	24.6
Obligations for ongoing operating expenses	4.6	–0.2	0.1	5.6	5.2	0.6	4.3
Other obligations	11.2	–0.8	0.0	17.8	15.7	1.0	11.5
	44.0	**–1.5**	**0.0**	**48.9**	**48.8**	**2.2**	**40.4**

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

29

SHORT-TERM TAX LIABILITIES

This item includes total liabilities for income taxes of €23.8 million (17.9). The increase compared to the previous year is mainly attributable to the rise in provisions for corporation and trade tax for Germany and other European countries.

30

SHORT-TERM FINANCIAL LIABILITIES

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, 2009	Dec. 31, 2008
Liabilities due to banks	11.9	118.2
Other financial liabilities	0.6	0.6
	12.5	**118.8**

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 (note 26).

See page 121

31

OTHER SHORT-TERM LIABILITIES

The following is a breakdown of other liabilities:

in € million	Dec. 31, 2009	Dec. 31, 2008
Fair value of derivative financial instruments	0.0	0.0
Social security	4.2	4.1
Employees	4.8	3.9
VAT liabilities	3.9	4.5
Other tax liabilities	3.1	2.6
Other liabilities	10.4	12.6
	26.4	**27.7**

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

Other liabilities include financing liabilities of €5.2 million (5.6) related to the delivery agreements in France that are disclosed under other assets. This item also includes commission obligations and customers with credit balances.

JOINT VENTURES 32

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

in € million	2009	2008
Long-term assets	0.4	0.4
Inventories and receivables	7.3	4.2
Other short-term assets	11.1	2.9
Assets as at December 31	**18.8**	**7.5**
Shareholders' equity	13.8	4.9
Long-term liabilities	0.0	0.0
Short-term liabilities	5.0	2.6
Equity and liabilities as at December 31	**18.8**	**7.5**
Income from January 1 – December 31	49.7	41.0
Expenses from January 1 – December 31	40.0	36.7

Other short-term assets are almost exclusively attributable to cash and cash equivalents.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS 33

Contingent liabilities and other financial obligations were as follows:

Contingencies (in € million)	Dec. 31, 2009	Dec. 31, 2008
Bills of exchange	0.0	0.0
Guaranties	1.7	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	15.3	13.7

The item securing third-party liabilities refers mainly to so-called "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. At the balance sheet date, the probability of drawing on the credit facilities is not strong enough to justify the recognition of a provision.

Contractual obligations for the purchase of property, plant and equipment amount to €10.2 million on December 31, 2009. These mainly concern European subsidiaries.

Leasing 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, 2009 structured by maturity terms are as follows:

Maturities (in € million)	**Dec. 31, 2009 Operating leases**	Dec. 31, 2008 Operating leases
Up to 1 year	8.9	9.8
1 to 5 years	16.4	16.4
More than 5 years	7.5	9.5
Total of minimum leasing payments	**32.8**	**35.7**

Total rental and leasing expense for the reporting year was €9.9 million (12.4). The high rack warehouse contract expires in 2014; however, there is an option to buy as well as a contract renewal clause.

In addition to the operating lease obligations, there were other financial obligations (IT maintenance, etc.) totalling €0.6 million (0.6).

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 and 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	2009	2008
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	–2.1	–6.6
Financial liabilities measured at their cost of acquisition	0.0	0.0

Net profit and loss from loans and receivables are mainly made up of the balance of allowances for bad debts recognized and reversed. 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, 2009	Dec. 31, 2008
Total interest income	2.1	1.6
Total interest expenses	–5.0	–7.8

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 the view of the Group’s low level of gross financial debt, which solely serves to finance short-term working capital assets, the Group strategy does not incorporate entering into fixed interest rate agreements or making use of any other interest limitation 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, 2009				DEC. 31, 2008			
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	17.8	–	–	17.8	0.6	–	–	0.6
Nominal volume of derivatives	**17.8**	**–**	**–**	**17.8**	**0.6**	**–**	**–**	**0.6**

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.

Fair value of hedging instruments. The fair values of the derivative financial instruments were as follows:

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**

Fair value as at Dec. 31, 2008 (in € million)

Instrument	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	0.6	0.0	0.0	0.0
Total derivatives	**0.6**	**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 €5.8 (5.7) million were secured.

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

See page 112

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. Further, all derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector (Baa1 and higher). 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 €58.2 million (124.1) of the approx. €268 million (220) 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 net financial debt has reduced by approximately €136 million in the course of 2009 and resulted in a positive net cash position. In order to secure liquidity in the long-term, euro private placement bonds (German Schuldschein) to the value of more than €40 million were concluded at the beginning of 2009 with a term of three years.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as of December 31, 2009 affect the Group's liquidity situation (non-discounted):

Financial liabilities (in € million)	Total	2010	2011	2012	2013	2014	≥ 2015
Financial liabilities incl. interest	61.6	14.4	6.9	40.3			
Derivative financial instruments	0.0						
Trade payables	91.2	91.2					
Other financial liabilities	10.3	10.3					
Total	**163.1**	**115.9**	**6.9**	**40.3**			

In comparison to the previous year (225.7), financial liabilities including interest fell by €62.6 million to €163.1 million. At 28.9% (2.5), the proportion of long-term financial liabilities has increased 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 €171.8 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.

See page 117

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)	2009	in %	2008	in %
Euro	28.1	48.3	67.2	54.1
US dollar	16.7	28.7	28.6	23.1
British pound	0.0	0.0	3.4	2.7
Australian dollar	0.1	0.2	3.3	2.7
Other currencies	13.3	22.8	21.6	17.4
	58.2	**100.0**	**124.1**	**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, 2009**	Carrying amount Dec. 31, 2008
EUR time deposits	EURIBOR plus markup	< 1 year	25.3	64.0
GBP time deposits	LIBOR plus markup	< 1 year	0.0	3.4
USD time deposits	LIBOR plus markup	< 1 year	16.7	28.6
AUD time deposits	LIBOR plus markup	< 1 year	0.1	3.3
Time deposits in other currencies	Respective variable interest rates	< 1 year	13.3	21.6
EUR finance leasing	Fixed rate 6.5%	2011	2.8	3.2
			58.2	**124.1**

SUMMARY OF INTEREST RATE HEDGING PERIODS

Interest rate hedging periods (in € million)	**2009**	in %	2008	in %
Up to 1 year	55.4	95.2	120.9	97.4
1 to 5 years	2.8	4.8	3.2	2.6
More than 5 years	0.0	0.0	0.0	0.0
	58.2	**100.0**	**124.1**	**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, 2009 would have reduced the financial result by €0.6 million (1.2) – 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 €0.1 million (0.5).

35 NOTES ON THE STATEMENT OF CASH FLOWS

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 inflow from operating activities and the cash outflow from investing activities.

Of the cash and cash equivalents at the end of the period, €11.0 million (2.6) are from pro rata consolidated companies.

36 NOTES TO THE SEGMENT REPORTING

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, North and South America, and Asia-Pacific, Africa. 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 €4.5 million (4.5). In Germany, long-term assets (intangible assets and property, plant and equipment) amount to €135.3 million (121.2). €140.2 million (140.9) is attributable to foreign countries of which €55.8 million (55.0) is attributable to the USA.

The overall development of segments is disclosed on pages 86 and 87 of the financial report 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.

See pages 86 and 87

Sales revenues by product groups are broken down as follows:

in € million	**2009**	Share in %	2008	Share in %	Change absolute	Change in %
Automotive lubricants*	465.6	39.5	497.2	35.7	–31.6	–6.4
Industrial lubricants and specialties*	654.1	55.5	796.1	57.1	–142.0	–17.8
Other products	58.4	5.0	100.4	7.2	–42.0	–41.8
Total	**1,178.1**	**100.0**	**1,393.7**	**100.0**	**–215.6**	**–15.5**

* and related products

The main areas of the automotive lubricants product segment are engine oil, gear oil, and shock-absorber oil. At €465.6 million (497.2), sales revenues in this segment fell by 6.4%. This segment share in Group sales revenues increased to 39.5% (35.7).

The industrial lubricants and specialties product segment mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. At €654.1 million (796.1), sales revenues in this operating segment declined by 17.8%. At 55.5% (57.1), 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 €42.0 million or 41.8% to €58.4 million (100.4). An important reason for this is the discontinuation of the toll blending contracts in Great Britain and South Africa in the middle of 2009.

The relative improvement in the automotive lubricant segment is reflected by the increased growth in Asia-Pacific and Africa on the one hand, and by the relative economic stability of the consumer business on the other.

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 €0.2 million due from companies included pro rata relating to supplies and services. There are no liabilities. Sales revenues of €0.4 million were generated.

The FUCHS PETROLUB Group has receivables of €0.1 million due from the company included "at equity" relating to supplies and services. Liabilities also amount to €0.1 million. The value of goods supplied in 2009 was €1.5 million.

For information on pension plans please refer to the statements in note 24.

See page 117

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.

DETAILS OF THE CORPORATE BOARDS

SUPERVISORY BOARD

Prof. Dr. Jürgen Strube
Mannheim

Chairman
Former Chairman of the Supervisory Board of BASF SE

Other mandates*:
- Allianz Deutschland AG (until April 2, 2009)
- BASF SE [1] (until April 30, 2009)
- Bayerische Motoren Werke Aktiengesellschaft [2]
- Bertelsmann AG [2]
- Hapag Lloyd AG (until March 17, 2009)

Dr. Manfred Fuchs
Mannheim

Deputy chairman
Former Chairman of the Executive Board of FUCHS PETROLUB AG

Other mandates*:
- MVV Energie AG

Comparable German and international supervisory bodies:
- Hilger u. Kern GmbH [1] (until January 7, 2010)

Hans-Joachim Fenzke † [3]
(until November 23, 2009)
Mannheim

Industry chemical technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

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
- ThyssenKrupp Steel AG (until September 30, 2009)
- Voith AG

Comparable German and international supervisory bodies:
- Compagnie Plastic Omnium S.A. (France) (since April 28, 2009)

Horst Münkel [3] (since December 29, 2009) 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*: ■ CareerConcept AG (until June 9, 2009) ■ Deutsche Börse AG ■ Hannover Rückversicherung AG ■ SAP AG ■ Talanx AG Comparable German and international supervisory bodies: ■ Fidelity Advisor World Funds Ltd. (Bermuda) (since October 1, 2009) ■ Fidelity Funds SICAV (Luxembourg) (since October 1, 2009) ■ 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

Chairman

Group mandates:
- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD.
- FUCHS CORPORATION
- FUCHS LUBRICANTS CO.
- FUCHS LUBRIFIANT FRANCE S.A. (until May 15, 2009)
- FUCHS LUBRIFICANTI S.P.A. (until April 17, 2009)
- FUCHS OIL MIDDLE EAST LTD.

Dr. Alexander Selent
Limburgerhof

Deputy chairman

Group mandates:
- FUCHS CORPORATION
- FUCHS LUBRIFIANT FRANCE S.A. (until May 15, 2009)
- FUCHS LUBRICANTS (CHINA) LTD.

L. Frank Kleinman
(until December 31, 2009)
Chicago, USA

Member

Group mandates:
- FUCHS CORPORATION[1]
- FUCHS LUBRICANTS CO.[1]
- FUCHS LUBRICANTS CANADA LTD.[1]
- FUCHS LUBRICANTS (S.A.) (PTY.) LTD.

Dr. Lutz Lindemann
Kerzenheim

Member

Group mandates:
- FUCHS OIL FINLAND OY (until April 6, 2009)

Dr. Georg Lingg
Mannheim

Member

Group mandates:
- FUCHS LUBRICANTS (YINGKOU) LTD.
- MOTOREX AG LANGENTHAL (until August 7, 2009)

Dr. Ralph Rheinboldt
Heddesheim

Member

Group mandates:
- CENTURY OILS INTERNATIONAL LTD.
- FUCHS BELGIUM N.V./S.A.
- FUCHS EUROPE SCHMIERSTOFFE GMBH [1]
- 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 (since April 7, 2009)
- 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)	2009	2008
Compensation of the Executive Board	5,945	4,490
of which fixed compensation	1,682	1,076
of which variable compensation	4,263	3,414
Compensation of the Supervisory Board	404	395
of which fixed compensation	182	170
of which variable compensation	222	225
Total compensation of former members of the Executive Board	320	320
Pension provisions for former members of the Executive Board	4,541	4,032
Current service cost for pension commitments to active members of the Executive Board	328	208
Compensation of the Advisory Board	52	67

The rise in Executive Board compensation in the reporting year is particularly down to the expansion of the Board in 2009 by two members, which means it now totals six members. On an adjusted basis, fixed components of compensation have only risen slightly due to inflationary and structural adjustment. The variable compensation is based on the FUCHS VALUE ADDED (FVA) key performance indicator, which is used for value-oriented company control. FVA represents the earnings before interest and tax (EBIT) less the capital costs. The FVA has risen by 6% in the reporting year, so that on an adjusted basis variable compensation of Executive Board members has developed in an identical manner.

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.

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.

Pension provisions for former members of the Executive Board increased on the basis of a lower discount rate (5% instead of 6%).

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 there.

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

CORPORATE GOVERNANCE CODE

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 under http://www.fuchs-oil.com/declarationcompliance.html.

AUDIT FEES

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

Audit fees of €450 thousand (566) for the annual audit and €10 thousand (9) for tax consulting services were recorded as expenses. In addition, expenses for other consulting services were incurred amounting to €144 thousand (76).

KPMG companies in Great Britain, Spain and Belgium 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 2009 also comprise the audit and other services provided by these KPMG companies for the FUCHS PETROLUB AG Group.

EVENTS AFTER THE BALANCE SHEET DATE

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.

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 19, 2010
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 to the consolidated financial statements – as well as the group management report for the financial year from January 1 to December 31, 2009. 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 (HGB) are the responsibility of the parent company's management. 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 management, 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 19, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter	Aichele Klocker
Auditor	Auditor

ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

in € million		2009		2008
Investment income		95.7		140.3
Administrative expenses		−22.5		−24.9
Other operating income	33.7		23.5	
Other operating expenses	−2.5		−3.0	
		31.2		20.5
Earnings before interest and tax (EBIT)		**104.4**		**135.9**
Financial result		−2.5		−0.1
Earnings from ordinary business activities		**101.9**		**135.8**
Income taxes		−14.7		−16.8
Remuneration for participating-right certificates		0.0		−2.2
Profit after tax		**87.2**		**116.8**
Retained earnings brought forward		66.2		45.0
Income from reduction of share capital		6.8		0.0
Transfer to capital reserves		−6.8		0.0
Transfer to other retained earnings		−43.5		−58.4
Unappropiated profit		109.9		103.4

BALANCE SHEET

in € million		Dec. 31, 2009		Dec. 31, 2008
Assets				
Intangible assets		0.9		1.6
Property, plant and equipment		0.7		0.7
Financial assets		360.1		351.0
Long-term assets		**361.7**		**353.3**
Receivables due from affiliated companies	68.7		51.3	
Other receivables and other assets	0.4		3.8	
Receivables and other assets		69.1		55.1
Cash and cash equivalents		0.0		0.0
Short-term assets		**69.1**		**55.1**
Prepaid expenses		**0.1**		**0.0**
		430.9		**408.4**
Equity and liabilities				
Subscribed capital	71.0		77.8	
Accounting par value of shares purchased for redemption	0.0		−6.2	
		71.0		71.6
Capital reserves		95.7		88.9
Retained earnings		125.4		35.4
Unappropiated profit		109.9		161.8
Shareholders' equity		**402.0**		**357.7**
Pension provisions and similar obligations	14.1		12.2	
Other provisions	13.1		12.0	
Provisions		**27.2**		**24.2**
Other liabilities	1.6		26.3	
Liabilities		**1.6**		**26.3**
Prepaid expenses		**0.1**		**0.2**
		430.9		**408.4**

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 2010 Annual General Meeting:

Proposal on the appropriation of profits (in €)

Distribution of a dividend of €1.64 for each ordinary share entitled to dividend on the balance sheet date; these were 11,830,000 shares	19,401,200.00
Distribution of a dividend of €1.70 for each preference share entitled to dividend on the balance sheet date; these were 11,830,000 shares	20,111,000.00
	39,512,200.00
Balance carried forward	70,433,789.17
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**109,945,989.17**

MAJOR SUBSIDIARIES

As at December 31, 2009

Germany	Capital [1] (in € thousand)	Share of equity capital [2] (in %)	Sales revenues 2009 (in € thousand)
BREMER & LEGUIL GMBH, Duisburg	240	100	21,284
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim	10,000	100	320,527
FUCHS LUBRITECH GMBH, Weilerbach	2,583	100	62,669
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg	307	100	7,595
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	1,023	85	8,760

International	Capital [1] (in € thousand)	Share of equity capital [2] (in %)	Sales revenues 2009 (in € thousand)
Argentina			
FUCHS ARGENTINA S.A., El Talar de Pacheco	475	100 [3]	9,533
Australia			
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne	2,969	100	75,527
Austria			
FUCHS AUSTRIA SCHMIERMITTEL GMBH, Bergheim/Austria	1,236	70	11,933
Belgium			
FUCHS BELGIUM N.V., Huizingen	4,700	100	20,295
Brazil			
FUCHS DO BRASIL S.A., São Paulo	1,732	100	24,458
China			
FUCHS LUBRICANTS (CHINA) LTD., Nanxiang/Shanghai	5,562	100	55,844
FUCHS LUBRICANTS (HEFEI) LTD., Hefei	1,316	100	7,457
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City	1,747	100	56,768
Czech Republic			
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Prag	44	100	7,447
France			
FUCHS LUBRIFIANT FRANCE S.A., Nanterre	7,028	99,69	86,035
FUCHS LUBRITECH S.A.S., Ensisheim	91	100	5,148
Great Britain			
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent, Staffordshire	2,845	100	109,219
India			
FUCHS LUBRICANTS (INDIA) PRIVATE LTD., Mumbai	2,214	100	7,875
Indonesia			
PT FUCHS INDONESIA, Jakarta	3,226	100	5,570

International	Capital[1] (in € thousand)	Share of equity capital[2] (in %)	Sales revenues 2009 (in € thousand)
Italy			
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti	4,160	100	41,385
Japan			
FUCHS JAPAN LTD., Nara-ken	2,759	100	8,320
Korea			
FUCHS LUBRICANTS (KOREA) LTD., Seoul	3,187	100	9,019
Poland			
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gleiwitz	1,346	100[4]	31,255
Portugal			
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Maia	1,500	100	7,780
Russia			
OOO FUCHS OIL, Jaroslavl	184	100[5]	10,485
Saudi Arabia			
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah	5,430	32	167,045
Singapore			
FUCHS LUBRICANTS PTE LTD., Singapore	2,370	100	5,744
Spain			
FUCHS LUBRICANTES S.A., Castellbisbal	3,967	100	37,097
South Africa			
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg	37	100	28,877
Switzerland			
MOTOREX AG, Langenthal	160	50	13,814
Turkey			
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Izmir	429	50	6,222
United Arab Emirates			
FUCHS OIL MIDDLE EAST LTD., Sharjah	2,320	50	74,530
USA/Canada			
FUCHS CORPORATION, Dover, Delaware (sub-group)	1	100	143,311
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	2,157	100	12,834
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	2	100	127,047
LUBRICANTES FUCHS DE MEXICO; S.A. DE C.V., Queretaro/Mexico	1,924	100	6,157

[1] Capital and sales revenues are each shown at 100%.
[2] Related to the controlling parent company.
[3] Of which 15% is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.
[4] Of which 10,04% is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.
[5] Of which 1% is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.

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 underlying 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 and goodwill impairment.

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 such companies' equity capital have an effect on the valuation of the Group's ownership interest, their annual profit is included at equity in the Group's profit.

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 revenue.

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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FINANCIAL CALENDAR
DATES 2010

March 25	Presentation of consolidated and individual financial statements 2009 as well as publication of the annual report 2009 Balance sheet press conference, Mannheim Analysts' conference, Frankfurt am Main
May 3	Quarterly report for the first quarter of 2010 Press conference call Analyst conference call
May 5	Annual General Meeting, Mannheim
May 6	Information event for Swiss shareholders, Zurich
August 3	Interim report for the first 6 months and second quarter 2010 First-half press conference, Mannheim Analyst conference call
November 3	Interim report for the first 9 months and third quarter 2010 Press conference call Analyst conference call

ANNUAL GENERAL MEETING 2010

The Annual General Meeting will take place on Wednesday, May 5, 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 6, 2010 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

in € million	**2009 IFRS**	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB
Earnings										
Sales revenues	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	902.0
Germany	267.1	343.7	324.7	300.8	268.2	262.2	249.8	264.9	183.8	170.1
International	911.0	1,050.0	1,040.6	1,022.5	924.0	834.1	791.1	799.8	756.2	731.9
Cost of materials	645.4	820.7	776.7	777.4	682.0	605.6	569.5	579.6	521.2	494.0
Gross profit	457.1	488.1	509.2	466.9	424.8	407.7	387.2	399.7	339.2	329.1
in % of sales revenues	38.8	35.0	37.3	35.3	35.6	37.2	37.2	37.5	36.1	36.5
Earnings before interest and tax (EBIT)	179.9	171.7	195.2	161.2	128.8	86.2	75.1	70.0	50.5	56.9
in % of sales revenues	15.3	12.3	14.3	12.2	10.8	7.9	7.2	6.6	5.4	6.3
Financial result	–7.0	–8.9	–8.5	–11.8	–15.7	–18.8	–23.1	–26.0	–25.6	–16.5
Profit after tax	121.4	110.3	120.3	97.2	74.2	40.1	30.9	24.1	8.8	18.5
in % of sales revenues	10.3	7.9	8.8	7.3	6.2	3.7	3.0	2.3	0.9	2.1
Assets / equity and liabilities										
Long-term assets	307.2	292.7	265.8	266.8	279.6	254.0	272.0	316.8	354.9	315.5
Short-term assets	438.5	411.1	449.1	419.6	411.7	374.6	363.9	361.6	364.7	365.7
Balance sheet total	745.7	703.8	714.9	686.4	691.3	628.6	635.9	678.4	719.6	681.2
Shareholders' equity [6]	392.9	315.3	325.9	303.2	232.6	159.8	137.7	110.1	120.6	165.8
in % of balance total assets	52.7	44.8	45.6	44.2	33.6	25.4	21.7	16.2	16.8	24.3
Provisions [6]	129.2	111.0	111.1	97.0	94.7	97.5	112.0	107.4	77.8	75.3
Financial liabilities	58.2	124.1	71.9	98.5	157.3	194.2	239.3	318.4	375.6	313.0
in % of total assets	7.8	17.6	10.1	14.4	22.8	30.9	37.6	46.9	52.2	45.9
Net gearing [1]	0.13	0.56	0.23	0.38	0.80	1.39	1.94	3.28	3.21	1.95
Other liabilities	22.7	22.1	25.9	21.2	26.8	31.2	45.6	46.7	42.2	127.1
Return on equity in % [2]	35.3	33.3	37.1	36.9	38.1	32.5	34.7	29.9	7.3	13.4
Financing										
Gross cash flow	139.9	126.8	147.8	116.8	100.8	81.7	79.6	76.2	50.3	49.3
Cash inflow from operating activities	206.3	59.6	152.2	90.7	77.8	84.7	89.1	78.5	60.1	11.5
Cash outflow from investing activities	–25.5	–52.1	–23.8	–4.3	–26.1	–28.6	–11.5	–30.5	–39.4	–35.5
Cash flow from financing activities	–110.7	–50.6	–103.2	–71.2	–54.7	–57.4	–60.3	–60.0	–11.9	25.5
Free cash flow	180.8	7.5	128.4	86.4	51.7	56.1	77.6	48.0	20.7	–24.0
Investments in property, plant and equipment	28.5	42.9	21.6	16.5	24.6	21.2	18.4	27.0	26.4	30.5
Germany	19.7	21.9	3.8	5.5	8.2	9.1	7.3	12.1	8.4	9.0
International	8.8	21.0	17.8	11.0	16.4	12.1	11.1	14.9	18.0	21.5
Depreciation of property, plant and equipment	16.9	16.2	16.8	18.0	22.5	22.5	25.5	28.3	25.1	24.4
in % of investments in P, P & E	59.3	37.8	77.8	109.1	91.5	106.1	138.6	104.8	95.1	80.0

FUCHS PETROLUB GROUP

in € million	**2009 IFRS**	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB
Employees										
Number of employees (average)	3,587	3,864	3,807	3,909	4,149	4,221	4,188	4,100	3,925	3,896
Germany	1,003	1,073	1,044	1,077	1,101	1,094	1,124	1,151	935	939
International	2,584	2,791	2,763	2,832	3,048	3,127	3,064	2,949	2,990	2,957
Personnel expenses	181.6	191.0	182.0	181.5	174.4	173.5	171.9	179.8	161.4	160.5
in % of sales revenues	15.4	13.7	13.3	13.7	14.6	15.8	16.5	16.9	17.2	17.8
Sales revenues per employee (in € thousand)	328.4	360.7	358.6	338.5	287.3	259.7	248.5	259.7	239.5	231.5
Research and development										
Research and development expenses	22.2	22.7	23.7	22.1	20.6	21.4	22.6	23.6	18.7	18.8
in % of sales revenues	1.9	1.6	1.7	1.7	1.7	2.0	2.2	2.2	2.0	2.1

FUCHS SHARES

in €	**2009 IFRS**	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB
Earnings per share [3,4] Ordinary	5.07	4.43	4.63	3.70	2.79	1.81	1.61	1.40	0.73	0.68
Preference	5.13	4.49	4.69	3.76	2.85	1.87	1.67	1.46	0.79	0.74
Dividend distribution (in € million) [5]	39.5	37.1	37.0	25.2	17.4	13.7	12.9	11.0	9.8	9.8
Dividend per ordinary share [4,5]	1.64	1.54	1.44	0.94	0.64	0.50	0.47	0.43	0.39	0.39
Dividend per preference share [4,5]	1.70	1.60	1.50	1.00	0.70	0.56	0.53	0.49	0.45	0.45
Stock exchange prices on December 31										
Ordinary share [4]	60.7	39.1	62.9	52.0	31.8	25.9	14.5	7.1	6.7	6.0
Preference share [4]	64.8	34.0	60.6	58.0	32.9	24.0	13.3	7.1	6.5	5.8
Participation certificate 1998–2008 (in %)	–	–	103.5	109.8	113.9	115.3	110.0	105.9	104.3	100.5

1 The ratio of financial liabilities plus pension provisions and minus cash and cash equivalents to shareholders' equity.
As a result of the transition to IFRS the participation-right capital was reclassified from shareholders' equity to the net financial debt.
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 comperabilitiy, the prior-year figures have been adjusted for changes in the equity structure (bonus shares, share split, capital increases).
5 Dividend proposal for 2009 based on the stock of shares after conclusion of the buyback.
6 From 2007 on direct allocation of actuarial gains and looses against equity.