Fraport
Frankfurt Airport
Services Worldwide

Interim Report

as at September 30, 2002

Contents

Dear Friends of Fraport, Dear Shareholders,

this report sets out the development of business in the first three quarters of 2002 and significant developments within the Fraport Group.

Our highlights for the first three quarters are:

- Noticeable recovery of air traffic.
- Significant growth in consolidated revenues, up by 13.9 percent to €1,344.2 million.
- Revenue growth in the retail business at Frankfurt Airport by 9.9 percent to €50.0 million.
- EBITDA improved by 9.2 percent to €401.8 million.
- Fraport expects EBITDA to be at least €500 million for the fiscal year.
- Consolidated profit decreases by 13.0 percent to €83.3 million due to high income tax expenses.
- Expansion of Frankfurt Airport: Fraport still plans to start operation of the new runway in 2006.
- Manila: negotiations on retransfer of project.

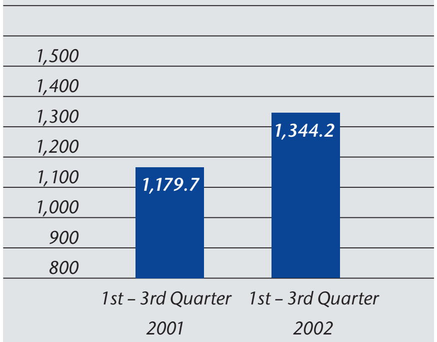
Key Performance Data

	1st – 3rd Quarter 2002 in € millions	1st – 3rd Quarter 2001 in € millions	Change in %	3rd Quarter 2002 in € millions	3rd Quarter 2001 in € millions	Change in %
Consolidated revenues	1,344.2	1,179.7	13.9	489.0	422.8	15.7
EBITDA	401.8	367.8	9.2	167.8	163.0	2.9
Profit from ordinary operations	197.2	160.0	23.3	83.2	91.3	– 8.9
Consolidated profit	83.3	95.7	– 13.0	29.7	56.6	– 47.5
Capital expenditures	222.8	264.9	– 15.9			
Operating cash flow	226.6	255.7	– 11.4			
Shareholders' equity [1]	2,008.5	1,928.3 [2]	4.2			
Total assets [1]	3,778.0	3,672.0	2.9			
Average number of employees	20,730	15,652	32.4			

[1] As at the balance sheet dates September 30, 2002, and December 31, 2001, respectively. [2] Excluding the dividend paid on June 27, 2002.

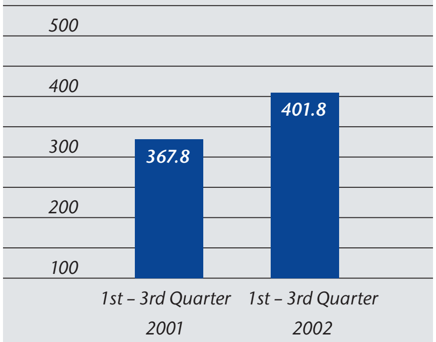
Revenues

in € millions



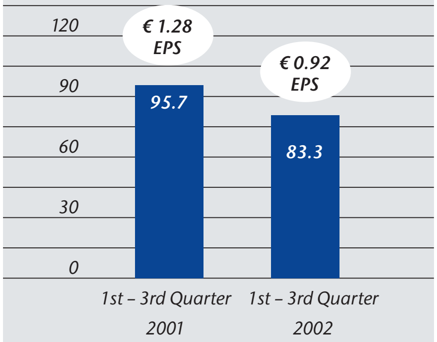
EBITDA

in € millions



Consolidated profit

in € millions



EPS = Earnings per share

Development of Air Traffic

The downswing in air traffic after the terrorist attacks of September 11, 2001, has stopped: even in times of a weakened worldwide economy we noted a steady recovery in passenger and freight volumes during the reporting period.

Passenger volumes for the Group at 53.0 million were only slightly below the prior year with a decrease of 0.5 percent. Strong growth was mainly generated by those locations which were able to benefit from a revived or shifted touristic demand: these included Lima, Antalya, and, above all, Frankfurt-Hahn, where passenger volume more than tripled as a result of the significantly expanded offerings by the low-cost carrier Ryanair. The amount of airfreight tonnage (cargo plus airmail) transported at the Group's locations grew slightly in comparison to the prior year by 0.9 percent to 1,389.2 thousand metric tons; aircraft movements at 544.4 thousand nearly returned to prior year levels.

At our most important location Frankfurt, passenger volumes recovered. From January to September 2002, 37.0 million passengers used Frankfurt Airport, representing only 3.0 percent less than in the prior year. During the third quarter we almost reached prior year levels with a deviation of only – 0.7 percent. As an airport with a traditionally high proportion of transfers, Frankfurt Airport profits from the airlines' continuing focus on hubs. During September 2002 – in 2001 burdened by massive declines after the terrorist attacks in the US – the number of passengers increased strongly by 7.0 percent.

Powered by the growth particularly on the North Atlantic and Far East routes, airfreight rose again significantly in the second quarter, even closing the third quarter at 6.6 percent above the prior year. The cumulated tonnage transported during the first nine months increased slightly by 0.3 percent to 1,106.7 thousand metric tons.

Development of Traffic Figures at Frankfurt Airport

	1st – 3rd Quarter 2002	1st– 3rd Quarter 2001	Change in % [1]
Passengers (millions)	37.0	38.1	– 3.0
Airfreight (thousand metric tons)	1,106.7	1,103.9	0.3
Airmail (thousand metric tons)	102.5	102.3	0.2
Aircraft movements (thousands) [2]	344.2	346.9	– 0.8
MTOWs (thousand metric tons)	18,664.9	19,493.8	– 4.3
Seat load factor (%)	70.8	69.8	–

[1] Rate of change based on unrounded numbers.

[2] Excluding military flights.

At 102.5 thousand metric tons, transported airmail volumes were at the prior year level. While domestic volume declined, foreign airmail traffic showed a marked increase, which was partly due to a shift from Zurich as a result of the cancellation of the Swissair intercontinental connections.

Under the influence of the noticeable recovery during the first two quarters, aircraft movements during the reporting period at 344.2 thousand were only 0.8 percent below the prior year period. For the first time, the number of take-offs and landings exceeded prior year levels during the third quarter. The corresponding MTOWs were affected by the fleet restructuring and rejuvenation measures initiated or stepped up by the airlines after the terrorist attacks of September 11, 2001. Thus, MTOWs have shown a decline of 4.3 percent in comparison to the prior year, despite the slight increase in aircraft movements. The seat load factor rose from a prior year level of 69.8 percent to 70.8 percent.

Business Development

Fraport was able to continue the positive revenue trend of the year 2002 during the third quarter. During the first nine months revenues strongly rose by 13.9 percent to €1,344.2 million. Excluding the effect of the first-time full consolidation of ICTS Europe Holdings B.V. (ICTS Europe), the increase amounted to 4.1 percent. The main reason was the revenue growth from increased military air traffic, security services, higher retail and rental revenues, as well as the rise in traffic fees at the beginning of the year at Frankfurt Airport. Foreign exchange gains were the main factor contributing to an increase in other operating income of 17.5 percent to €57.7 million.

Non-staff costs rose only slightly by 1.8 percent to €359.3 million. This was mainly the result of efficient cost management, which has allowed us to reduce material costs by 6.1 percent to €192.0 million. In contrast, the consolidation of ICTS Europe and foreign exchange losses caused other operating expenses at €167.3 million to exceed the prior year by 12.5 percent.

Personnel expenses also increased by 22.0 percent to €633.9 million. Excluding the effect of newly consolidated entities, the growth amounted to 3.3 percent, which was caused mainly by a 2.4 percent increase in the BAT standard salary scale as at September 2001 and increased provisions for early retirement and seniors' part time arrangements at Frankfurt Airport.

The positive revenue trend as well as the overall slightly improved cost to revenue ratio contributed to an increase in EBITDA by 9.2 percent to €401.8 million. Consolidation of ICTS Europe – with its customary smaller EBITDA-margin – also constributed to reducing the EBITDA-margin to 29.9 percent, slightly below the previous year's level of 31.2 percent.

Profit from ordinary operations of €197.2 million exceeded the previous year by 23.3 percent. In addition to an increase in earnings at Frankfurt Airport, major growth factors included an improvement in the interest situation due to a reduction in liabilities after our IPO. Consolidated profit fell by 13.0 percent to €83.3 million. The reason for this was an overproportionate increase in tax expenses. The high tax ratio in Germany, in international comparison, affected the Fraport Group especially because local business taxes at Frankfurt are particularly high. In the previous year, there was a tax-reducing effect due to special dividends in 2001. Earnings per share decreased from €1.28 to €0.92.

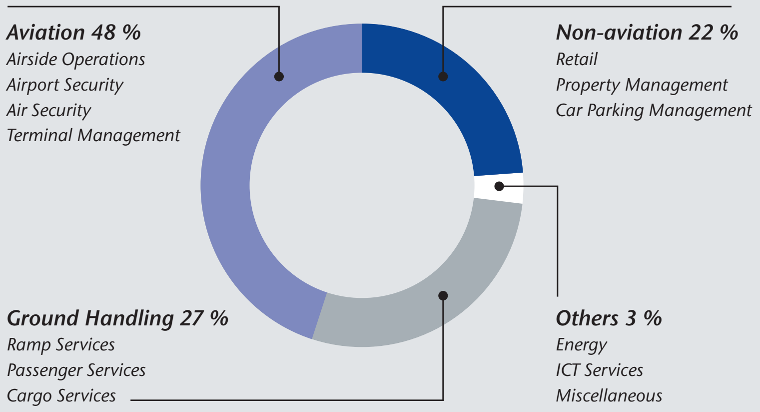
Segment Reporting

To adapt its management processes to meet the requirements of the capital market, Fraport introduced a value management system in 2001. As a result, the calculation of charges for internal transactions has taken into account market-related interest costs since the beginning of 2002. This led to an increase in inter-segment charges, particularly for capital-intensive transactions, and mainly affected the Aviation and Non-aviation Group segments.

All four Group segments were able to increase their profits during the first nine months of 2002. The Aviation and Ground Handling segments achieved the highest profit growth rates compared to the prior year period.

Due to the newly consolidated entities, the number of employees in the Aviation segment rose by 5,039 compared to the prior year, so that of the total 20,730 staff employed by Fraport on average during the reporting period, 41.4 percent belonged to this segment. Hence, this segment is the most labor-intensive segment.

Group Segments



1st - 3rd Quarter 2002 – Third-party revenues: € 1.418,3 million

In the Group's **Aviation** segment, third-party revenues of €682.0 million were 38.5 percent above the prior year. The increase was mainly attributable to the first-time consolidation of ICTS Europe. Excluding this effect, the segment experienced growth of 15.0 percent to €566.2 million. There was also a positive effect from the higher number of military flights and added security services to meet the increased security requirements at Frankfurt Airport, which Fraport AG fulfills on behalf of the Federal Ministry of the Interior. Additionally, higher revenues resulted from an increase of an average of 3.2 percent in airport and infrastructure fees effective January 1, 2002. At Frankfurt-Hahn Airport, the considerable passenger traffic growth rates led to higher revenues.

Aviation

in € millions	1st – 3rd Quarter 2002	1st – 3rd Quarter 2001	Change in %
Third-party revenues	682.0	492.4	38.5
Segment result	49.2	19.4	153.6
EBITDA	88.6	56.2	57.7
Number of employees	8,587	3,179	170.1

The increase in operating costs by 35.8 percent to €626.5 million was primarily due to newly consolidated entities. Excluding this effect, operating costs rose by 11.8 percent to €515.6 million. The main reason was the higher personnel requirements in response to the stronger demand for security services.

Additionally, the increased charges for internal transactions of €17.7 million reduced profits. The rise results essentially from changes in methods, which were a result of introducing the value-oriented management system. Since this change is mirrored in the Non-aviation segment, it had no overall effect on consolidated profit.

In addition to this extraordinary positive profit trend at Frankfurt Airport, Antalya Airport has also contributed to the increase in segment result by 153.6 percent to €49.2 million and in EBITDA by 57.7 percent to €88.6 million.

In the Group's **Ground Handling** segment, we generated third-party revenues of €389.1 million during the first nine months of 2002; this represents a decline of 5.3 percent compared to the same period in the prior year. The negative development of traffic volumes more than offset the January 1, 2002, increases in handling and infrastructure fees at Frankfurt Airport. Market share in the aircraft handling services (ramp) at Frankfurt Airport fell slightly to 92.7 percent in comparison with 93.8 percent in the previous year. Vienna Airport was able to generate significantly higher revenues than in the previous year by gaining new customers.

Segment profit improved considerably by 78.3 percent to €10.7 million. The positive trend is powered particularly by resolute cost management at Frankfurt Airport; a reduction in personnel costs was made possible by the fluctuation-based adjustment of staffing levels to the development of traffic volumes.

Ground Handling

in € millions	*1st – 3rd Quarter 2002*	*1st – 3rd Quarter 2001*	*Change in %*
Third-party revenues	*389.1*	*410.7*	*– 5.3*
Segment result	*10.7*	*6.0*	*78.3*
EBITDA	*12.8*	*21.8*	*– 41.3*
Number of employees	*7,233*	*7,656*	*– 5.5*

EBITDA decreased by 41.3 percent to €12.8 million due to the unfavorable profitability in our external business.

The Group's **Non-aviation** segment's third-party revenues of €308.0 million were up 1.0 percent over last year. The slight growth resulted particularly from the increase in revenues from the retail business at Frankfurt Airport by 9.9 percent to €50.0 million; thus, retail revenues per passenger rose by 13.4 percent to €1.35. This reflects the successful implementation of our retail strategy, the expansion of retail space, and the high degree of acceptance of the retail stores offered. We were also able to generate growth in rental revenues.

Non-aviation

in € millions	*1st – 3rd Quarter 2002*	*1st – 3rd Quarter 2001*	*Change in %*
Third-party revenues	*308.0*	*304.9*	*1.0*
Segment result	*202.6*	*184.5*	*9.8*
EBITDA	*282.7*	*275.5*	*2.6*
Number of employees	*3,691*	*3,709*	*– 0.5*

With a marginal rise of 0.7 percent to €333.7 million, operating costs remained nearly stable compared with 2001.

At €202.6 million, segment result exceeded the prior year by 9.8 percent, and EBITDA rose by 2.6 percent to €282.7 million. The profit was positively affected by the change in internal charges as part of the introduction of our value-oriented management, as this essentially mirrored the effect on the Group's Aviation segment. Our Antalya location also contributed to this profit improvement.

Third-party revenues of the Group's **Others** segment grew significantly by 23.3 percent to €39.2 million. This was particularly due to revenue increases at Frankfurt Airport. Also, the first-time consolidation of AirITSystems Hannover GmbH, Air-Transport IT Services, Inc., as well as, since the beginning of the third quarter 2002, Decision Support Technologies, Inc. (DST) had a positive effect. Segment result rose by 25.8 percent to €3.9 million, and EBITDA improved by 23.8 percent to €17.7 million.

Others

in € millions	*1st – 3rd Quarter 2002*	*1st – 3rd Quarter 2001*	*Change in %*
Third-party revenues	*39.2*	*31.8*	*23.3*
Segment result	*3.9*	*3.1*	*25.8*
EBITDA	*17.7*	*14.3*	*23.8*
Number of employees	*1,219*	*1,108*	*10.0*

Capital Expenditures

Total capital expenditures during the first three quarters of 2002 amounted to €222.8 million compared with €264.9 million during the same period last year. The most important investment related to our acquisition of the remaining 55 percent of the share capital of ICTS Europe effective January 1, 2002, at a purchase price of €67.3 million. Additionally, we paid €8.6 million for the US company DST, which focuses on IT-applications for airports and airlines.

With €111.5 million, some 50 percent of capital expenditures related to Frankfurt Airport. They exceeded the prior year level by 1.1 percent. These capital expenditures related predominantly to the extension and reconstruction of Terminal 1, further planning work relating to the airport expansion, the introduction of SAP R/3, as well as fire protection initiatives.

Cash Flow Statement

Net cash flow from operating activities during the period from January 1 to September 30, 2002, amounted to €226.6 million, representing a decline by €29.1 million from the prior year. The increased EBITDA was more than offset by the increase in working capital, resulting in a lower operating cash inflow. In the financial area, lower net interest payments were offset by an increase in income tax payments.

Net cash flow used in investing activities during the reporting period amounted to €166.0 million. Cash outflows were primarily for capital expenditures at Frankfurt Airport and for the acquisition of the remaining 55 percent of the shares in ICTS Europe. The much higher cash outflow of the prior year was the result of investing the IPO proceeds in a specialized securities fund.

Net cash inflow from financing activities was almost even at €1.3 million. The cash outflow of the dividend distribution was offset by minor increases in short-term debt. The much higher cash inflow from financing activities in 2001 was due to the capital increase in connection with our IPO. Furthermore, we were able to partially reduce the financial liabilities through early repayment of Fraport AG's bank debt in the prior year period.

The net cash outflow from investing and financing activities were covered by the cash inflow from operating activities; the remaining net cash inflow has increased cash and cash equivalents by €60.0 million.

The high level of cash and cash equivalents at September 30, 2001, was a result of the IPO proceeds and the partial reinvestment of the dividend.

Asset and Capital Structure

Total assets rose by €106.0 million to €3,778.0 million compared with December 31, 2001. This is mainly due to the first-time consolidation of ICTS Europe, which was included at equity in 2001.

Fraport's asset structure continues to be shaped on a long-term basis. The share of non-current assets in total assets has decreased moderately to 83.8 percent.

The rise in trade accounts receivable and the increased cash and cash equivalents have contributed significantly to a growth in current assets by 41.3 percent to €576.1 million.

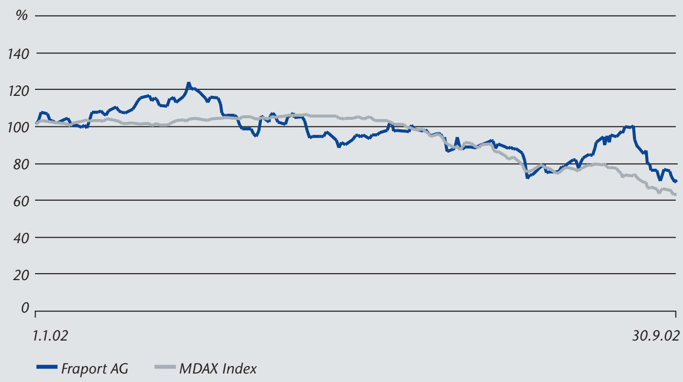
Despite the increase in shareholders' equity, arising from the positive consolidated profit, the ratio of shareholders' equity to liabilities and equity remained nearly unchanged at 53.2 percent, since total assets have also increased. Shareholders' equity covers 63.5 percent of non-current assets (61.0 percent at the balance sheet date 2001).

Fraport Share Trend

During the first nine months of 2002, the European stock markets weakened. The MDAX lost 34.0 percent of its value since the beginning of the year, so that Fraport, with a decline of 25.2 percent to €19.82 on September 30, 2002, outperformed the reference index by 8.8 percent. The comparison is similar for the third quarter (MDAX -27.5 percent, Fraport –16.4 percent, outperformance +11.1 percent).

The share price reached its high for the reporting period on March 6 at €32.00, and for the third quarter on September 10 at €25.61. The low of €19.25 was reached on September 25.

Fraport's Share Value versus the MDAX



Share Option Plan

On March 14, 2001, the shareholders' meeting of Fraport AG agreed to the main points of a share option plan. Up to September 30, 2002, we have granted the following under this program: 82,000 options to members of the Executive Board of Fraport AG, 16,250 options to general managers of affiliated companies, and 125,500 options to other senior staff of Fraport AG employed in Germany. A total of 435,350 options have thus been issued out of restricted authorized capital.

Employee Investment Plan

In the first year following our IPO, Fraport staff continue to be able to subscribe for shares as part of our LEA performance and profit program. Some one-third of the staff have taken advantage of this opportunity. A total of 106,058 new shares of no par value, each having an imputed share of €10 in the share capital, has been issued.

The shares for the employee investment plan were repurchased by Fraport AG after being issued partly for cash out of authorized capital, and were transferred to the staff. Fraport AG's subscribed capital thus increased by €1.1 million.

Treasury Shares

As set out in the resolution passed by the annual general meeting on April 23, 2001, the company is empowered to acquire shares of the company up to October 23, 2002, in order to transfer these shares to members of the Executive Board of Fraport AG as part of their remuneration. The part of remuneration in shares amounts to 10 percent of base salary and bonus. This empowerment is limited to the acquisition of 150,000 shares with an imputed share in the subscribed capital of €1.5 million. On June 27, 2002, 10,038 shares with an acquisition cost of €21.35 each were transferred from the balance to members of the Executive Board of Fraport AG.

In July 2002, we started a share repurchase program for remuneration of the members of the Executive Board of Fraport AG. As at September 30, 2002, there were 105,444 treasury shares with an imputed share in the subscribed capital of €1,054,440 (being 0.12 percent of the subscribed capital) held by Fraport AG. For transactions from the beginning of the year up to September 30, 2002, we paid an average purchase price of €23,00 each.

During 2002, a total of 138,016 treasury shares were purchased as part of the repurchase program up to October 21, 2002. As at October 21, 2002, the remaining balance was 139,948 treasury shares with an imputed share in the subscribed capital of €1,399,480 (being 0.16 percent of the subscribed capital). The average purchase price for all purchases in 2002 was €22.35. Fraport AG's share repurchase program has thus been completed.

Significant Events after the Balance Sheet Date

Current Developments in Our Involvement in Manila

The total involvement in Manila in connection with the construction of the international passenger terminal has increased by a further $5.3 million to $383.2 million when comparing the second and third quarters of 2002. This change is caused by increased rescheduled receivables and other services since the second quarter of 2002 as a result of the transfer of Fraport know-how and accumulated interest receivable.

Total Involvement in Manila

in $ millions	Balance at September 30, 2002
Equity and shareholders' advances	105.4
Shareholders loans and recourse claims from guarantees	120.5
Guarantees for bank loans	138.5
Rescheduled receivables and other services	18.8
Total	**383.2**

In addition, PIATCO can still request the equity support of $40.0 million, committed in connection with the long-term financing plan agreed on July 27, 2001, under certain conditions which cannot be influenced by Fraport. As Fraport assumes that the equity support commitment can be offset against existing claims for outstanding loans and receivables, no further risk arises over and above the overall exposure set out in the table.

As announced in the Group interim report as at June 30, 2002, Fraport has held talks over the past months with representatives of the Philippine government to explore the alternatives for the Manila project. To our knowledge, a senate committee of the Philippine parliament has in the meantime substantially completed its investigations into the legality of the concession agreement entered into for the operation of the terminal and of the supplementary agreements. As a consequence of this investigation, a Philippine court could pronounce the concession agreement wholly or partially null and void, the reason being terms allegedly detrimental to the Philippine people. Fraport, in close cooperation with the Philippine government, is currently determining how a possible court decision might affect our financial involvement described above. The Philippine government is striving for a solution that protects the interests of Fraport. Furthermore, it has confirmed that such a legal situation would increase the probability of a retransfer of the project with corresponding compensation payments for the investments made by Fraport AG so far.

Fraport AG sees this approach as a suitable basis for advancing this project. Should our negotiations not be successful, however, risks could arise which could lead to considerable negative effects on the results for 2002.

Reinvestment of IPO Proceeds

Following the IPO in 2001, we invested a portion of the proceeds in the amount of €525.0 million in a specialized securities fund. Because of the unfavorable development and outlook in the securities markets, the specialized securities fund was completely sold as of October 15, 2002, after a minor partial sale during the third quarter of 2002. We were able to maintain the nominal capital of the investment despite the turbulences in the capital market. The freed up funds are temporarily invested in short-term time deposits.

Airport Fees Will Increase by 2 Percent as Scheduled

On October 29, 2002, Fraport AG and the Hessian Ministry of Economics, Transport, and Regional Development signed a contract under public law governing approval of airport charges effective January 1, 2002 until the year 2006. The basis is the framework contract regarding airport fees, which we reported on in our Group interim report as at March 31, 2002. As agreed with the airlines, the fees covering the ongoing operations of the airport will increase by an average of 2.0 percent starting January 1, 2003. Furthermore, the fees will rise by an additional 0.5 percent for special services agreed on with the airlines, such as the integrated pre-control and the security surcharge per departing passenger. The special services also include an apportionment of the costs currently being incurred for preparing the approval of the airport expansion – for example expenditures for the zoning procedure.

The fee scale 2003 mainly raises the fees for noisy aircraft significantly once more. In this way, Fraport AG is purposefully pursuing an important issue of its Ten Point Program.

Outlook

Preparations for the Expansion

Fraport is currently preparing the application documents for two approval procedures. One procedure will deal with the approval for building a maintenance facility – hangar, ramp and associated access taxiways – required for the new low-noise, low-emission A380 widebody aircraft. We plan to submit the application to start the approval procedure before the end of the year. Frankfurt Airport as an international hub has to be able to serve aircraft of this size in order to remain competitive in the future. Furthermore, we have to fulfill the legitimate requirements of our key customer, Deutsche Lufthansa AG, for certainty in the planning of the future stationing of Lufthansa's new A380 fleet.

We are pursuing the second approval procedure for the urgently required expansion of Frankfurt Airport in order to meet current demand. We have postponed the submission of the application until 2003. The reason for this postponement is to allow for meticulous preparation in order to speed up successful completion of the procedure. Hence, our plan to commence operation of the new runway in 2006 remains unchanged.

As a significant milestone in the preparation process, the Supervisory Board has approved the Airport Master Plan 2000 in September 2002. It serves as a planning and management tool and contains all significant planning premises relevant to the future development of the airport facilities and institutions. In this way, based on the situation of Frankfurt Airport at December 31, 2000, and with reference to the regional planning assessment in the regional planning procedure (ROV) dated June 10, 2002, guidelines for the development of Frankfurt Airport are provided until 2015. The framework plan set out in the Airport Master Plan 2000 is based on current knowledge and can be adjusted depending on the development of traffic volumes, results of the project approval procedures, and the profitability of Fraport AG.

Airport Construction in Berlin-Schönefeld

Fraport AG has been participating in the privatization process for the Berlin airports since 1997. Fraport AG is represented by a seven-percent share in the bidding proceeding. The consortium is to operate Berlin's three existing airports as well as plan, build, and subsequently manage for 99 years the new Berlin-Brandenburg International Airport.

The new Berlin Airport is being built south of the city in Schönefeld. It will be closely linked to the city via highway and rail, and will be the first privately financed airport in Germany. Fraport AG has already made significant contributions to the airport specific section during the preparation of the privatization bid. This included among other things input regarding the economic potential of the new airport (retail/restaurants, car parking management, etc.). Our expert knowledge was also sought after for the technical development concept.

Fraport Adopts Corporate Governance Code

At its meeting on September 18, 2002, Fraport AG's Supervisory Board unanimously adopted the Corporate Governance Code. In it, Fraport AG openly commits to even more transparency and meets the expectations of the capital market and the shareholders.

The Fraport Code ensures an even higher flow of information regarding the company's activities and thus promotes confidence in the leadership and control of the company's management and financing.

The Fraport Code is based on a Corporate Governance Code that a federal government commission recommended for German stock-listed companies and contains accepted standards of good and responsible corporate management as well as significant statutory provisions for the management of a publicly listed company. In addition, it illustrates and strengthens the rights of shareholders who provide equity and thus bear the entrepreneurial risk.

With the Fraport Code, we are further developing the company's long-standing tradition of good corporate governance and are soliciting the confidence of shareholders and potential investors.

Fraport will make all efforts to completely integrate the guidelines step by step into the company's everyday life. Further details are available in the compliance declaration.

The Fraport Code can be downloaded from the homepage at anytime or can be requested from Investor Relations. The compliance declaration will be available on Fraport AG's homepage after its adoption by the Supervisory Board on December 18, 2002.

WM 2005 – Creating Value for Tomorrow

The group-wide efficiency improvement program "WM 2005 – Creating Value for Tomorrow" is still on schedule. Over the past few months, all areas have been examined for possible cost flexibility, process optimization, and revenue increases. As part of this process we have also reviewed all investments regarding their future strategic importance and expected value contributions. As the analysis still has not been completed, a decision to dispose or restructure several investments must be expected.

The Works agreement on "WM 2005", signed in November 2002 by the company management and the Works Council, is of central importance for the successful progress of Fraport's change processes. It defines the framework conditions for developing and implementing the "WM 2005" measures, while taking into account the interests of the employees. The essence of the agreement is to secure existing jobs and to create new ones. In particular, Fraport AG will continue to avoid operations-related layoffs.

We foresee being able to increase the "Quick Wins" of €10 million announced for 2002 in connection with the implementation of the total project to €12 million. The planning and realization of measures to improve efficiency which are to secure sustained value contributions of €150 million starting in 2005 are also on schedule. For 2005, we aim to achieve an EBITDA margin of between 35 and 40 percent.

Business Outlook

Despite a continued cautious estimation of the development of traffic volumes we expect a further recovery of air traffic in the fourth quarter 2002 in comparison to the previous year, and forecast only a marginal decrease in passengers at Frankfurt Airport for all of 2002.

Nevertheless, we anticipate a significant revenue increase for 2002, mainly as a result of the first-time full consolidation of ICTS Europe, the increased military air traffic, and the increase in traffic fees.

Because of the measures already taken in the current year under the project "WM 2005", Fraport is optimistic that it will be able to generate an EBITDA in 2002 at the same level as the prior year of at least €500 million – despite the lack of income from exceptional matters, which had had a positive impact on the prior year's profit.

Additional Information on the Financial Statements

Accounting Policies

In accordance with IAS 34, the interim report as at September 30, 2002, for the Fraport Group presented here was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). We applied the same accounting policies in compiling the interim report and the comparative prior year figures as in the 2001 consolidated financial statements.

This interim report also complies with the requirements of DRS 6 on interim reporting, issued by the German Standards Council (German Accounting Standards Board – GASB) and published by the Federal Ministry of Justice (Bundesministerium der Justiz – BMJ) on February 13, 2001.

Entities Included in Consolidation

The group of entities included in consolidation has been extended to include ICTS Europe, Air-Transport IT Services, Inc. and DST. These changes have affected consolidated revenues by €119.0 million. The profit impact was insignificant at €0.5 million. The first-time full consolidation of ICTS Europe had a major impact: the revenue effect as at September 30, 2002, amounted to €115.8 million; the profit contribution before taxes less goodwill amortization was €0.5 million. Under the initial full consolidation as at January 1, 2002, the acquisition of the remaining 55 percent interest resulted in additional goodwill of €60.0 million, which is being amortized over 15 years. This amount decreased by €1.9 million compared with the first quarter of 2002 due to the subsequent price reduction. The move to consistent application of IFRS accounting policies throughout the Group has resulted in an equity increase of €2.5 million.

The companies Philippine Airport and Ground Services Terminals, Inc. (PTI), Philippine Airport and Ground Services Terminals Holdings, Inc. (PTH), Philippine Airport and Ground Services, Inc. (PAGS), and Portway-Handling de Portugal, S.A. have been accounted for at equity since the first quarter 2002.

Contingent Liabilities/Commitments

The changes in contingent liabilities compared to December 31, 2001, resulted chiefly from changes in the contingencies in connection with the BOT project in Manila, as described in the section "Current Developments in Our Involvement in Manila".

Since the acquisition of the remaining ICTS Europe shares by Fraport AG, the €75.9 million guarantee for the second installment of the purchase price is no longer required.

Fraport AG currently holds a 20 percent interest in Flughafen Hannover-Langenhagen GmbH. NordLB, which holds 10 percent of the shares, has an option expiring on December 31, 2002, to sell these shares to Fraport AG at a purchase price of €30.9 million.

Other Disclosures

Long-term comparisons have shown that seasonal fluctuations result in passenger volumes during the first quarter being weakest, while they are strongest during the third quarter.

Transactions with related parties (Stadtwerke Frankfurt am Main Holding GmbH and Landesbank Hessen-Thüringen) and with entities related to them were subject to normal conditions.

Consolidated Financial Statements as at September 30, 2002

Fraport AG Frankfurt Airport Services Worldwide Consolidated Income Statement for the First Three Quarters 2002

in € millions	3rd Quarter 2002	3rd Quarter 2001	1st – 3rd Quarter 2002	1st – 3rd Quarter 2001
Revenues	**489.0**	**422.8**	**1,344.2**	**1,179.7**
Change in work-in-process	0.2	0.0	0.7	1.0
Own work capitalized	4.9	3.1	15.7	10.0
Other operating income	8.7	8.9	57.7	49.1
Total revenues	**502.8**	**434.8**	**1,418.3**	**1,239.8**
Cost of materials	– 63.6	– 74.4	– 192.0	– 204.4
Personnel expense	– 205.3	– 172.9	– 633.9	– 519.6
Depreciation and amortization of tangible and intangible non-current assets	– 53.9	– 52.9	– 158.7	– 154.1
Other operating expenses	– 49.0	– 23.9	– 167.3	– 148.7
Operating profit	**131.0**	**110.7**	**266.4**	**213.0**
Interest results	– 12.3	– 10.7	– 30.6	– 47.5
Results at equity	– 20.5	– 1.4	– 27.2	– 4.7
Other financial results	– 15.0	– 7.3	– 11.4	– 0.8
Profit from ordinary operations	**83.2**	**91.3**	**197.2**	**160.0**
Taxes on income	– 51.5	– 32.9	– 109.0	– 59.0
Other taxes	– 1.0	– 1.2	– 3.4	– 3.7
Minority interests' share of results	– 1.0	– 0.6	– 1.5	– 1.6
Consolidated profit	**29.7**	**56.6**	**83.3**	**95.7**
Earnings per €10 share in €			**0.92**	**1.28**

Fraport AG Frankfurt Airport Services Worldwide Consolidated Balance Sheet as at September 30, 2002

Assets

in € millions	Balance at Sept. 30, 2002	Balance at Dec. 31, 2001
A. Non-current assets	**3,164.1**	**3,222.8**
I. Intangible assets	229.2	99.8
II. Property, plant and equipment	2,390.5	2,435.1
III. Investments at equity	58.7	126.1
IV. Other financial assets	485.7	561.8
B. Current assets	**576.1**	**407.7**
I. Inventories	16.7	11.9
II. Trade accounts receivable	220.0	141.3
III. Other receivables and other assets (including deferred tax assets)	212.1	179.8
IV. Cash, bank balances and checks	127.3	74.7
C. Prepaid expenses	**37.8**	**41.5**
	3,778.0	**3,672.0**

Liabilities and Equity

in € millions	Balance at Sept. 30, 2002	Balance at Dec. 31, 2001
A. Shareholders' equity	**2,008.5**	**1,964.3**
I. Subscribed capital	901.1	900.9
II. Capital reserves	663.0	662.4
III. Revenue reserves	361.1	365.0
IV. Consolidated retained earnings 2001	–	36.0
V. Consolidated profit January 1 – September 30, 2002	83.3	–
B. Minority interests	**9.8**	**5.5**
C. Deferred investment grants on items in non-current assets	**20.9**	**22.4**
D. Provisions and accruals (including deferred tax liabilities)	**500.4**	**419.6**
E. Liabilities	**1,170.3**	**1,189.2**
I. Financial liabilities	973.0	970.1
II. Trade accounts payable	76.0	99.0
III. Other liabilities	121.3	120.1
F. Deferred income	**68.1**	**71.0**
	3,778.0	**3,672.0**

Condensed Consolidated Cash Flow Statement

in € millions	1st – 3rd Quarter 2002	1st – 3rd Quarter 2001
Consolidated profit	**83.3**	**95.7**
Taxes on income	109.0	59.0
Minority interests' share of result	1.5	1.6
Depreciation/write ups (non-current assets) and other adjustments	233.8	225.6
Changes in working capital	– 111.8	– 40.6
Interest paid (net)	– 30.6	– 47.5
Dividends received	3.9	5.9
Taxes on income paid (net)	– 62.5	– 44.0
Net cash flow from operating activities	**226.6**	**255.7**
Capital expenditures for intangible assets and property, plant and equipment	– 137.3	– 120.7
Other financial investments (net)	– 12.9	– 698.6
Acquisitions of consolidated subsidiaries and joint ventures (net of cash acquired)	– 71.2	0.0
Proceeds from disposals of consolidated subsidiaries and joint ventures	0.0	8.2
Proceeds from disposals of non-current assets	55.4	88.8
Net cash flow used in investing activities	**– 166.0**	**– 722.3**
Distribution	– 37.5	– 78.0
Capital increase	2.6	862.7
Transfer to capital reserve	0.0	44.4
Changes in financial liabilities	36.2	– 56.2
Net cash flow from financing activities	**1.3**	**772.9**
Foreign currency translation effect on cash and cash equivalents	– 1.9	– 3.6
Net change in cash and cash equivalents	**60.0**	**302.7**
Cash and cash equivalents at January 1	67.3	54.8
Cash and cash equivalents at September 30	**127.3**	**357.5**

Development of the Consolidated Shareholders' Equity

in € millions	Subscribed capital	Capital reserves	Legal reserve	Other revenue reserves	Consolidated retained profits	Total
Balance at January 1, 2001	**640.0**	**–**	**36.5**	**266.1**	**76.7**	**1,019.3**
Capital increase against deposit	261.1	618.1	–	–	–	879.2
Distribution/Shareholder contribution	–	44.4	–	–	– 76.7	– 32.3
Purchase of treasury shares	– 0.2	– 0.1	–	–	–	– 0.3
Consolidated profit January 1 – September 30, 2001	–	–	–	–	95.7	95.7
Foreign currency translation differences	–	–	–	1.1	–	1.1
Fair values of derivatives	–	–	–	0.0	–	0.0
Balance at September 30, 2001	**900.9**	**662.4**	**36.5**	**267.2**	**95.7**	**1,962.7**
Balance at January 1, 2002	**900.9**	**662.4**	**36.5**	**328.5**	**36.0**	**1,964.3**
Capital increase	1.1	1.5	–	–	–	2.6
Issue of treasury shares	0.1	0.1	–	–	–	0.2
Distribution	–	–	–	–	– 36.0	– 36.0
Purchase of treasury shares	– 1.0	– 1.0	–	–	–	– 2.0
Consolidated profit January 1 – September 30, 2002	–	–	–	–	83.3	83.3
Foreign currency translation differences	–	–	–	– 4.6	–	– 4.6
Fair values of derivatives	–	–	–	– 1.8	–	– 1.8
Effects due to changes in the consolidated group	–	–	–	2.5	–	2.5
Balance at September 30, 2002	**901.1**	**663.0**	**36.5**	**324.6**	**83.3**	**2,008.5**

Frankfurt am Main, November 25, 2002

Fraport AG
Frankfurt Airport Services Worldwide
Executive Board

Dr. Bender Prof. Schölch Endler Prof. Jakubeit Mai

Financial Calendar

April 29, 2003	Results for 2002, Press Conference, Analysts Conference
May 28, 2003	1st Quarter 2003 Interim Report
June 25, 2003	Annual General Meeting
August 21, 2003	2nd Quarter 2003 Interim Report, Press Conference, Analysts Conference
November 25, 2003	3rd Quarter 2003 Interim Report

For further information please contact

Fraport AG Frankfurt Airport Services Worldwide
Investor Relations (VSI)
60547 Frankfurt am Main
Germany

Tel.: +49 69-690-74842
Fax: +49 69-690-74843
E-mail: investor.relations@fraport.de
Internet: www.fraport.de

Imprint
Publisher: Fraport AG Frankfurt Airport Services Worldwide.
Responsible for contents: Controlling, Finance, Accounting (CFR).
Layout and production: Press and Publications (VSP).