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Our Company at a Glance in 2009



Corporate Headquarters

HOCHTIEF Americas Division

The Americas division combines the activities of our operational units in the USA, Canada and Brazil

Through its subsidiary Turner, HOCHTIEF has firmly established itself as the number one general builder in the USA, the world's largest construction market. Turner is the leader in the particularly high-growth segments of healthcare, education and office properties. It ranks first in the steadily growing green building segment and sets standards among those competing in the US market.

Our subsidiary Flatiron is a leading US player in complex infrastructure projects such as bridges and roads. We are therefore well equipped to bid for work in a growth market, that of infrastructure projects on a public-private partnership basis, in the USA and Canada. Flatiron's civil engineering services are a strategic complement to Turner's offering in the building construction sector.

In Brazil, HOCHTIEF do Brasil offers building and infrastructure construction, plus facility management services.

HOCHTIEF Asia Pacific Division

The Asia Pacific division orchestrates our activities in the Asia-Pacific region. Through its majority share in the Leighton Group, HOCHTIEF holds the leading position in the Australian market. Leighton's capabilities include building, infrastructure construction, mining and concessions, project development and industrial services.

Through its operational units comprising John Holland, Leighton Contractors, Leighton Properties and Thiess in Australia, plus Leighton Asia, Leighton International, and the company's interests in the Al Habtoor Leighton Group in the Gulf region, Leighton is able to provide services across the entire construction value chain.

Besides taking a top spot in the Australian infrastructure and project development segments, our subsidiary is continuously expanding its global leadership position as a mine operator and manager in contract mining. The education and healthcare sector is becoming increasingly important, and the water and energy industry is developing into a further growth market for Leighton. The Leighton group of companies is using its strong position in the Australian market to step up its activities in the particularly high-growth countries of Asia and in the Gulf states.

HOCHTIEF Concessions Division

HOCHTIEF Concessions is one of the world's leading industrial infrastructure investors. Through HOCHTIEF AirPort and HOCHTIEF PPP Solutions, the company develops and implements concessions and operation projects in the airports, roads and social infrastructure segments, where it also advises clients. In November 2009, HOCHTIEF Concessions reincorporated as a German stock corporation (Aktiengesellschaft).

HOCHTIEF AirPort holds interests in Athens, Budapest, Düsseldorf, Hamburg, Sydney and Tirana airports, which in fiscal 2009 served around 88.7 million passengers. Further paving the way for profitable growth, HOCHTIEF AirPort teamed up with major investors in 2005 to establish HOCHTIEF AirPort Capital. The aim is to strategically expand the portfolio of shareholdings.

HOCHTIEF PPP Solutions designs, finances, builds and operates public building and transportation infrastructure projects on a public-private partnership basis. At the end of 2009, the portfolio included seven roads with a total length of more than 750 kilometers, including two tunnels, 91 schools serving around 60,000 students, two town halls, a community center and one barracks. HOCHTIEF PPP Solutions is also masterminding Germany's first two wholly privately financed geothermal power plants.

*For further information on HOCHTIEF's companies and corporate divisions, please see pages 83–109 or visit our website at www.hochtief.com.



(management holding company)*

HOCHTIEF Europe Division

The Europe division pools our expertise in our core building business under the leadership of HOCHTIEF Construction. This takes in building construction together with civil and structural engineering in selected European countries including Germany, the UK, Austria, Poland, the Czech Republic and Russia. Under the FormArt brand, the company operates as a property developer focused on high-quality residential real estate. At the same time, HOCHTIEF Construction is building a growing reputation for itself as a general contractor on major projects outside Europe, for example, in the Gulf states. Some of the work on these projects is done under HOCHTIEF's partnership-based business models such as PreFair.

HOCHTIEF Construction provides preconstruction, construction and post-construction services in the form of packages that include, for instance, building diagnosis and location analysis. We also boast one of the largest engineering consultants in HOCHTIEF Consult, whose experts support numerous clients on complex, major projects.

Our subsidiary Streif Baulogistik is a service provider for construction, construction-related infrastructure and logistics. It carries out site installation for HOCHTIEF companies and external clients and also coordinates and streamlines building site processes.

HOCHTIEF Real Estate Division

The companies making up the Real Estate division develop, build, market and manage real estate across the entire property life cycle.

HOCHTIEF Projektentwicklung plans, develops and markets real estate projects in Germany and other countries. Its range of services spans all phases of a property's development from securing the site and financing the project through to the property's disposal. Its core business comprises office buildings in and within easy reach of city centers, while other focuses include retail and residential properties, accommodation for senior citizens and the development of entire urban districts. Hotel, logistics and special-purpose buildings are also among its product segments. HOCHTIEF Projektentwicklung operates as an "interim investor" with the intention of selling its projects on as swiftly as possible and therefore does not build up a property portfolio of its own.

HOCHTIEF holds a 50 percent stake in aurelis Real Estate. The company has more than 21 million square meters of real estate close to city centers, mainly in large cities and their catchment areas. aurelis markets some of this real estate for project development. The remainder comprises portfolio properties which the company rents out to commercial users.

As Germany's leading provider of property management services, HOCHTIEF Property Management acts on behalf of real estate investors. In representing ownership interests, it makes an important contribution toward optimizing returns on investment. We also have many years' experience in managing and marketing large real estate portfolios in the asset management segment.

HOCHTIEF Services Division

Through the companies in the HOCHTIEF Services division, we offer facility management and energy management services.

HOCHTIEF Facility Management is one of Europe's leading specialists in integrated facility management solutions. The company operates in sectors such as the automotive industry, chemical/pharmaceutical industries, electronics/semiconductors, financial service providers/real estate investors, airport/aviation, health-care, and venue management. It applies an integrated approach to buildings, properties, processes and facilities, thus creating solutions that go far beyond conventional facility management.

One of Germany's foremost energy contracting firms, HOCHTIEF Energy Management ensures the efficient operation of energy systems in industry as well as for public and private-sector buildings. For this, the company operates, improves, finances and refurbishes systems for the generation and distribution of heating, ventilation and air conditioning, refrigeration, compressed air, electricity, light and water. These measures enable it not only to deliver a sustained reduction in clients' operating costs, but also to save some 100,000 metric tons of carbon emissions a year.

Turning Vision into Value

HOCHTIEF is one of the leading international providers of construction-related services. We deliver integrated services covering the life cycle of infrastructure projects, real estate and facilities. Thanks to our global network, we are on the map in all the world's major markets. We believe in sustainable growth and take on responsibility.

HOCHTIEF offers a portfolio comprising the modules development, construction, services and concessions and operation. Our tightly knit capabilities allow us to offer clients premium quality and solutions individually tailored to their needs. Our company's expert staff create value for clients, shareholders and HOCHTIEF alike.

Our "One roof—all solutions" approach is designed to optimally network and market the services of our companies.



One roof—all solutions: This policy best describes the strategy HOCHTIEF companies are pursuing. Responding to clients' needs, we can integrate our modular offerings into one efficient package. From design, financing and construction to operation, our companies can complete the entire job—whether infrastructure projects, real estate or facilities. Our clients leverage the expertise, cross-divisional transfer of know-how and the partnership-based approach within the HOCHTIEF Group. In this Annual Report, we will present examples illustrating the benefits and efficiency of this collaboration: added value under one roof!





Dear Shareholders and Friends of HOCHTIEF,

Dr.-Ing. Herbert
Lütkestratkötter,
Chairman of the Executive
Board (CEO)



The impact of the financial crisis presented challenges to businesses around the world afresh in 2009. But even in this climate, the HOCHTIEF Group proved its strengths yet again. We were able to raise our forecast for the order backlog during 2009. The actual figure reached EUR 35.59 billion. We attained or exceeded all other targets we had set for ourselves as announced. Consolidated net profit of EUR 195.2 million and profit before taxes of EUR 600.5 million both topped the prior-year figures by some margin (2008: EUR 156.7 million and EUR 496.9 million respectively, restated in accordance with IFRIC 15*).

Thanks to recovery in the global economy and slow easing of the situation in the financial markets, HOCHTIEF stock regained some ground, especially in the second half of the year. It reached an annual peak of EUR 59.52 in October 2009. But even this value does not adequately reflect our successful business performance.

Throughout the Group, HOCHTIEF continued its positive development of the last few years in 2009, benefiting in particular from the advantages of our tightly knit portfolio: With services covering the life cycle of infrastructure projects, real estate and facilities, we offer our clients added value. The globally networked activities of our specialists ensure high levels of efficiency and quality—we underpinned this again internally and externally in the year under review with activities under the “One roof—all solutions” banner. It was especially clear in the difficult economic environment of 2009 that our clients appreciate our service portfolio with its major synergy opportunities as well as our partnership-based approach: New orders and contract renewals in all our divisions reflect trust in HOCHTIEF’s expertise. Our life cycle strategy has proven its long-term worth. Further-

more, our clear focus on activities in high-growth markets, industries and regions has shown itself to be a success factor. We will retain this focus in the future and enter 2010 with optimism.

This confidence is also bolstered by our strong financial base. The crisis made clear just how much we are benefiting from always having planned and acted very conservatively in the past. Our financing is secured for the long term—as our extremely solid balance sheet also shows. We have the scope we need for all projects, in which we continue to be selective, investing as usual only in projects that meet our high return-on-investment targets.

2009 was another excellent year for our Group, with all six divisions racking up successes. At HOCHTIEF Americas, our US subsidiaries Turner und Flatiron received attractive orders, providing for a healthy order backlog. Turner was able to further consolidate its strong market position: The market leader for education and healthcare properties and sustainable construction was awarded high-quality contracts in these segments, including a series of school projects in New York worth more than EUR 170 million and a hospital for the University Medical Center at Princeton worth EUR 340 million. Flatiron secured several major contracts, including the largest project to date for the US company: In a joint venture, the Port Mann Bridge will be built over the Fraser River in Vancouver, Canada, in a project worth more than EUR 1.5 billion. Flatiron also benefited from the US stimulus program—for instance, with its participation in the EUR 41 million contract to extend Route 905 in San Diego, California. And last but not least, our US subsidiaries stepped up their cooperation, as planned: Together with a partner, the companies are expanding Terminal 2 of San Diego Airport.

The operational units of our subsidiary Leighton likewise won attractive new contracts, providing for a very high order backlog in the HOCHTIEF Asia Pacific division. As part of a consortium, Thiess is to finance, design and build a seawater desalination plant and subsequently operate it for a period of 30 years. The project is worth EUR 2.1 billion. In the raw materials segment, a number of satisfied clients renewed their contracts with

*For details on the restatements, please see pages 142 and 143.

us: For instance, Leighton was awarded a three-year contract extension worth EUR 172 million at the Peak Downs coal mine in Queensland. Leighton also continued to expand its business at an international level, for example, in the Gulf in Abu Dhabi, where the Al Habtoor Leighton Group is building the St. Regis Hotel and Residences for just under EUR 345 million.

In the HOCHTIEF Concessions division, following the fall in passenger numbers due to the financial crisis, HOCHTIEF AirPort recorded a return to growth in traffic at several airports in our portfolio in the third quarter of 2009. In the second half of the year, Düsseldorf Airport actually saw a record number of passengers—a great testament to the airport management provided by our company. One of the achievements of HOCHTIEF PPP Solutions in the fiscal year was financial close for a British public-private partnership schools project in Salford as part of a consortium. This means we have effectively secured our first success in the long-term “Building Schools for the Future” UK investment program. The positive trend in our concessions portfolio reflects the successful business: As of December 31, 2009, its net present value* stood at EUR 1,596.4 million overall, an increase on the prior-year figure (EUR 1,470.0 million).

During the year under review, we considered the possibility of an initial public offering of HOCHTIEF Concessions AG. In December 2009, however, we decided not to pursue these plans further for the time being, since the capital market environment had deteriorated markedly because of the Dubai crisis and its repercussions in the international capital markets. Under these conditions, an IPO was no longer feasible without restrictions and as such was out of the question for us. Thus we remained true to our claim that we would not, under any circumstances, sell for less than our target value, particularly since all prior analyses had shown that the capital market considers our assets to be of enduring value.

The HOCHTIEF Europe division enjoyed a successful fiscal year, proving the value of the new organization and structure. HOCHTIEF Construction secured the largest single contract in its history with the construction of Barwa Commercial Avenue in Doha, worth EUR 1.3

billion. Overall, the importance of HOCHTIEF Construction's international business grew yet again. In Germany, we primarily increased our activities in the profitable real estate development business.

In the HOCHTIEF Real Estate division, HOCHTIEF Projektentwicklung demonstrated its strengths once more: In 2009's difficult market environment, we sold several properties, including the multi award-winning Unilever building in Hamburg. Contracts received by HOCHTIEF Property Management included an additional contract from aurelis to take over management of the 4,000 or so lease agreements.

The companies of the HOCHTIEF Services division also continued their successes in 2009 as an outsourcing partner for public-sector and industrial clients. HOCHTIEF Energy Management, for example, was awarded a contract by the Berlin Senate. HOCHTIEF Facility Management's commissions included a number of projects by its sister companies HOCHTIEF PPP Solutions and HOCHTIEF Projektentwicklung.

In 2009, we kept our promises to you, our shareholders. This was only possible thanks to a strong team performance, for which I thank all our employees. Our global team is ready to prove itself to you again in 2010.

*See glossary on page 198.

Essen, February 22, 2010

*Sincerely yours,
Herbert Lütkestratkötter*

Dr.-Ing. Herbert Lütkestratkötter

Report of the Supervisory Board

Dear Shareholders,



Dr. rer. pol. h. c. Martin
Kohlhaussen, Chairman of the
Supervisory Board

Throughout the fiscal year, the Supervisory Board closely supervised and advised the Executive Board's management of the Company, and performed the tasks and responsibilities incumbent upon it by law, under the Company's Articles of Association and under the Supervisory Board's Code of Procedure. The Supervisory Board was involved in all decisions of fundamental importance to the Company. The Executive Board provided the Supervisory Board on a regular basis with timely and comprehensive written and verbal reports on the financial position and development of the Company and the Group, planned business policies, corporate planning, the risk position, risk management and key transactions.

The Supervisory Board held four meetings in fiscal year 2009. All members of the Supervisory Board attended at least half of these meetings. The Supervisory Board passed the resolutions required by law and the Articles of Association, with decisions taken on the basis of the Executive Board's reports. Outside of its meetings, the Supervisory Board was kept fully abreast of particularly significant or urgent projects and events and, where necessary, asked to approve actions by way of a circular resolution. The Chairman of the Supervisory Board also maintained regular contact with the Executive Board outside of meetings and kept himself informed of the current status of the business and key transactions.

The global economic crisis and the situation on the financial markets continued to be core topics of discussion. Particular attention was paid in this connection to the differing trends in the Americas, the Asia/Pacific region—where moves toward recovery are already visible in

some parts—and in Europe, with their varied impacts on the operating business at a time when Group order books were very strong indeed. A major point of focus was therefore on planning certainty and on safeguarding liquidity, which was successfully achieved despite the fraught economic environment. Closely related to this, the Supervisory Board addressed exchange rate trends and specifically the persistent weakness of the Australian dollar despite a marked recovery of the exchange rate in the third quarter.

As part of a competition analysis, the Supervisory Board reviewed Group strategy and financial planning with a view to enhancing financial strength, further integrating products and services along the value chain, differentiating through technology leadership and expanding service activities. A key focus of attention was the situation concerning margins. On a closely related subject area, the Supervisory Board discussed in detail the Group's medium-term corporate planning as an integrated strategy and financial planning process based on value-based management parameters (the RONA approach), value created by individual divisions, and sustained increases in margins.

A prime topic in the second half of the year was the planned public offering of the HOCHTIEF Concessions division with its consequences for the funding of capital spending and the transparency gain regarding the worth of the Group's business portfolio by virtue of ongoing valuation by the stock market.

The Supervisory Board ensured that it was regularly informed about business expansion in the Middle East, about activities aimed at integrating operations across the Group and in particular the potential for cross selling, as well as about human resources and management development in the Group.

Other subjects of discussion included the plans and intentions of HOCHTIEF's major shareholder, which increased its holding to just under 30 percent, and the implications of new legislation (BilMoG and VorstAG) concerning the modernization of financial reporting law and reasonable levels of management compensation.

A major topic relating to the HOCHTIEF Americas division was the increasingly close cooperation both between Turner and Flatiron and between these and PPP Solutions. The Supervisory Board received ongoing reports about progress in the integration of capabilities on the way to becoming a full-service provider—a process which now also takes in the civil and structural engineering activities of HOCHTIEF Europe and expansion onto the Canadian market. The thematic focus was on the impact of the financial market crisis and the consequent weakness in private-sector commercial construction, causing a sharp downturn in what is one of Turner's market segments. The US government's infrastructure packages only made themselves felt in the segment served by Flatiron. The Supervisory Board was able to satisfy itself, however, that despite these developments, earnings in Turner's operating business were not adversely affected. Turner achieved a further boost in margins. A return to stability in the US general building market is not expected until the second half of 2010, while civil and structural engineering is set to see continuous growth throughout 2010. State economic stimulus packages are likely to have a stabilizing effect here, although they will not be sufficient to make up for the drop in volume from the private sector. The Supervisory Board gave close scrutiny to the sale of an 80 percent stake in HOCHTIEF do Brasil in conjunction with a privileged partnership with the acquirer. This means among other things that if HOCHTIEF engages in major infrastructure projects in Brazil, the established network and resources there will be available for use.

Concerning the HOCHTIEF Asia Pacific division, the Supervisory Board focused especially on the broad stabilization of the operating business, the ongoing conservative geographical expansion, developments in commodity markets and the strengthening of the contract mining business, and on action taken to improve working capital management at Leighton Holdings Limited (LHL). The market for commercial development stayed persistently weak both in Australia and in the Dubai building construction sector, while the picture in Abu Dhabi and Qatar remained healthy. The Supervisory Board received information in this connection on the impact on the Al Habtoor Leighton Group in the Middle

East market (in terms of project postponements and cancellations against the backdrop of a strong order backlog). LHL is expected to benefit as Australian investment spending on economic and social infrastructure remains at a high level as a result of state economic stimulus packages. Demand for commodities is also set to continue rising according to the latest projections.

Aside from the planned public offering of HOCHTIEF Concessions, the Supervisory Board's deliberations regarding the HOCHTIEF Concessions division likewise centered around negative impacts of the financial and economic crisis in a difficult economic environment. Attention particularly focused on airport passenger and cargo volumes, where HOCHTIEF airports did worse than the prior year but above average with regard to the competition. In this connection, the Supervisory Board was also informed about the development of the non-aviation business as an equal second pillar alongside the core activities of HOCHTIEF's airports, improvements to cost structures and the situation at the various airports in comparison with rivals. The Supervisory Board kept an especially close regular watch on whether developments at Budapest Airport were as projected.

Much of the Supervisory Board's discussions with regard to HOCHTIEF PPP Solutions related to the fact that despite the difficult general economic situation due to strained public budgets, there is likely to be an increasing global trend toward PPP projects to build roads and social infrastructure. Attention also focused on large-scale projects such as the toll roads in Slovakia (D1) and Greece (Maliakos-Kleidi/Elefsina-Patras-Tsakona) with their financing arrangements and effects on earnings, the expansion of business on the North American market and new segments such as geothermal energy.

Regarding the HOCHTIEF Europe division, the Supervisory Board again addressed the unit's restructuring and the completion of legacy projects. After several years of losses, it has been possible to stabilize divisional earnings in positive figures. The Supervisory Board supports the ongoing downsizing of the low-profit German building business. This is compensated

by higher levels of new orders in national and international civil and structural engineering. Other focuses of discussion included the German commercial building sector, which is currently in recession, the weakness of the markets in Poland and the Czech Republic, outcomes of large-scale projects in the Middle East, and concentration on new market segments such as offshore. Overall, no significant impact is to be expected from the German economic stimulus packages, especially in building construction, and only minor forward impetus is anticipated in national markets as a result of the varying trends in the course of the economic crisis. A positive note is the further growth in the profitable international side of the business.

With a view to the HOCHTIEF Real Estate division, as the Supervisory Board found in its discussions, the German market for real estate development is considered particularly stable among markets in Europe. Despite a slight recovery in the second half of the year, increasing pressure to invest and a trend toward inflation-proof asset classes, however, the investment market still faces problems. The Supervisory Board expressly welcomed the effects of the conservative business strategy in this connection. With high occupancy levels and high levels of sales prior to completion, the need did not arise at any time for distress sales at the expense of margins. The targeted aim of focusing on market segments such as office, residential, urban district developments and healthcare has proved successful. The Supervisory Board was also pleased with the performance of aurelis with its successful refinancing under difficult conditions on the financial market, and with the development of HOCHTIEF Property Management to become one of Germany's largest real estate managers.

In the HOCHTIEF Services division, the Supervisory Board paid close attention to the service range and pressure on margins in a still growing market, and to initiatives to minimize impacts of the recession with regard to industrial clients—from short-time working and cutbacks (despite greater propensity to outsource) through to loss of clients due to insolvency. A further agenda topic was the development of technical expertise, notably in the industrial services segment with regard to the energy and process industry, and the strong market growth expected for 2011 with its implications for the unit's ongoing development and management.

At Group-wide level, the Supervisory Board addressed claims and variation orders, the further development of the Group's compliance structure and the outcomes of auditing activities.

The Supervisory Board regularly reviewed the development of corporate governance at HOCHTIEF. In accordance with Point 3.10 of the German Corporate Governance Code, the Executive Board provides a joint Executive Board and Supervisory Board report on corporate governance in the next section of this report. The codes of procedure for the Supervisory Board and its committees were amended in line with the revision of the Code effective June 18, 2009. HOCHTIEF has also implemented new provisions in the German Stock Corporations Act (AktG) and the Code with regard to D&O insurance for the Executive Board and the Supervisory Board. With effect from January 1, 2010, a deductible was agreed as required in the Act and the Code.

In accordance with Point 5.6 of the Code, the Supervisory Board has also examined the efficiency of its activities. The members of the Supervisory Board answered a questionnaire for this purpose on all material aspects of the Supervisory Board's activities. After evaluation of the questionnaires, the findings were discussed in detail by the Supervisory Board and necessary modifications agreed to improve efficiency.

The Supervisory Board has formed four committees, whose members are listed in the Boards section. The Audit Committee met three times in 2009. It looked in detail at the quarterly reports, financial statements and financial reporting, and also devoted considerable attention to Internal Auditing's audit findings. In addition, the Audit Committee discussed risk management and compliance within the HOCHTIEF Group, the effectiveness of the internal control system, the motion for the General Shareholders' Meeting regarding the nomination for external auditor, priority areas for auditing and the commissioning of and the fee agreement with the external auditor.

The Human Resources Committee met three times. It dealt mainly with the Executive Board compensation system and the amount of Executive Board compensation. It also prepared the Supervisory Board's personnel-related decisions and—prior to the entry into force of the new legislation (VorstAG) on reasonable levels of management compensation—passed the necessary

resolutions regarding the Executive Board members' employment contracts.

The Nomination Committee had already passed a resolution at its July 2008 meeting putting forward Mr. Tilmann Todenhöfer as candidate for the Supervisory Board to nominate for election by the General Shareholders' Meeting in May 2009.

Once again, there was no reason to convene a meeting of the Mediation Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG) in fiscal year 2009.

At the meetings of the full Supervisory Board, the committee chairmen reported regularly and in depth on the subject matter and outcome of the committee meetings.

The annual Financial Statements prepared for HOCHTIEF Aktiengesellschaft by the Executive Board in accordance with the German Commercial Code (HGB), the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) and the combined HOCHTIEF Aktiengesellschaft and Group Management Report for fiscal year 2009, together with the bookkeeping system, were audited by and received an unqualified auditors' report from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, the auditors appointed by the General Shareholders' Meeting on May 7, 2009 and instructed by the Supervisory Board to perform the audit of the annual Financial Statements and Consolidated Financial Statements.

The above-mentioned statements, the Annual Report, the proposal on the use of net profit and the auditor's reports were sent to all members of the Supervisory Board in good time prior to the meeting of the Audit Committee on March 12, 2010 and the Supervisory Board's financial statements meeting on March 18, 2010. The Executive Board also provided verbal explanations at these meetings, while the auditors responsible reported on the main results of the audit—including on the control and risk management system—and were available to provide further information.

The Audit Committee scrutinized these statements and reports prior to the Supervisory Board's meeting and recommended that the Supervisory Board approve the annual Financial Statements, the Consolidated Financial Statements and the combined Management Report.

The Supervisory Board thoroughly examined the annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report and the proposal on the use of net profit and concluded on completion of its examination that there were no objections to be raised. Following its own appraisal and taking account of the Audit Committee's report, the Supervisory Board approved the results of the auditor's audit of the annual Financial Statements and Consolidated Financial Statements. The Supervisory Board has approved and thus adopted the annual Financial Statements and approved the Consolidated Financial Statements. It concurs with the proposal on the use of net profit submitted by the Executive Board.

Mr. Günter Haardt stepped down from the Supervisory Board with effect from midnight on May 7, 2009. The Supervisory Board thanked Mr. Haardt for his years of dedicated service and expert advice.

By resolution of Essen Local Court, Mr. Gregor Asshoff was appointed a member of the Supervisory Board effective May 25, 2009.

Mr. Albrecht Ehlers stepped down from the Executive Board by mutual agreement on March 18, 2009.

The Supervisory Board expresses its thanks and appreciation to the Executive Board, the Group company management teams and all employees for their work in 2009.

Essen, March 18, 2010



On behalf of the Supervisory Board

Dr. rer. pol. h. c. Martin Kohlhaussen

– Chairman –



The HOCHTIEF Aktiengesellschaft Executive Board (left to right):
Peter Noé, Frank Stieler, Burkhard Lohr, Herbert Lütkestratkötter (Chairman of the Executive Board) and Martin Rohr

Executive Board

Dr.-Ing. Herbert Lütkestratkötter (59)

was appointed Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft on April 1, 2007. Lütkestratkötter holds a doctorate in engineering and is in charge of the Corporate Development and Corporate Communications corporate centers. He is also responsible for corporate governance and management development. Until January 2010, his responsibility additionally included the HOCHTIEF Americas division. Dr. Lütkestratkötter has been with HOCHTIEF since 2003 and became Deputy Chairman of the Executive Board in December 2006.

Dr. rer. pol. Burkhard Lohr (46)

took office on the HOCHTIEF Aktiengesellschaft Executive Board in January 2006. As Chief Financial Officer (CFO) and Executive for Labor Relations, he is in charge of the Finance/Investor Relations corporate center and of Controlling, Accounting, Tax and Human Resources. Lohr holds a doctorate in economics and already worked as construction administrator with HOCHTIEF Aktiengesellschaft prior to his studies. He came back to HOCHTIEF in 1993 and was appointed to the Executive Board of HOCHTIEF Construction AG in January 2002.

Dr. rer. pol. Peter Noé (52)

has been on the HOCHTIEF Aktiengesellschaft Executive Board since February 2002. Noé holds a doctorate in business administration and is responsible for the HOCHTIEF Asia Pacific and HOCHTIEF Concessions divisions. Noé is Chairman of the Executive Board at HOCHTIEF Concessions AG, which was launched in November 2009.

Prof. Dr.-Ing. Martin Rohr (54)

joined the Executive Board of HOCHTIEF Aktiengesellschaft in June 2004 and is in charge of the HOCHTIEF Real Estate and HOCHTIEF Services divisions. Rohr has a doctorate in construction engineering. He has been with HOCHTIEF since 1994 and has held responsibility for the Bavaria main branch, the Civil division as well as international project business. Rohr became a member of the HOCHTIEF Executive Board in December 2000 before switching to the Executive Board of HOCHTIEF Construction AG in April 2001.

Dr. jur. Frank Stieler (51)

has been a member of the HOCHTIEF Aktiengesellschaft Executive Board since March 2009. Stieler, who holds a doctorate in law, is in charge of the HOCHTIEF Europe division and is additionally responsible for Global Procurement and HOCHTIEF's insurance business. Since January 2010, his responsibilities have also included the HOCHTIEF Americas division.

Attorney-at-law Albrecht Ehlers (52)

(not pictured)

joined HOCHTIEF in 2000 and became a member of the HOCHTIEF Aktiengesellschaft Executive Board in November 2004. He held responsibility for labor relations and the HOCHTIEF Services division. Ehlers stepped down from the Executive Board of HOCHTIEF Aktiengesellschaft in March 2009.

Corporate Governance

HOCHTIEF complies with all recommendations of the German Corporate Governance Code. In accordance with this Code, the Executive Board reports jointly with and on behalf of the Supervisory Board on corporate governance at HOCHTIEF.

Good corporate governance has always been highly important to our Group. It is the foundation of HOCHTIEF's management approach based on responsibility and long-term focus, of the efficient working relationship between the Executive Board and the Supervisory Board, of transparency in reporting and of proper risk management.

The German Corporate Governance Code is our model in this regard. We have fully complied with all of its recommendations since 2006. In March 2010, the Executive Board and Supervisory Board published a Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG). Once again, the Group has complied with all recommendations of the Code.

It is our conviction that good corporate governance in keeping with nationally and internationally recognized standards is a key success factor for our business. Corporate governance is for us a commitment encompassing all parts of the Group. We aim to uphold for the long term the confidence placed in us by investors, financial markets, trading partners, the workforce and the public. Continually refining our corporate governance practices is an important part of our work.

Detailed information on the subject of corporate governance is provided on our website*. This contains both the current Compliance Declaration and those issued in the past, together with all HOCHTIEF press releases and ad-hoc announcements.

We ensure that shareholders are kept informed about important dates through our financial calendar. This is published in annual reports, quarterly reports and on the HOCHTIEF website. In addition to two annual meetings for analysts and investors, we also hold conference calls when publishing quarterly results. All presentations for these events may be freely viewed on our website.

Recordings of the meetings are also kept available for playback online.

Our annual General Shareholders' Meeting is prepared with the goal of informing all shareholders in a prompt, comprehensive and effective manner both before and during the event. Ahead of the General Shareholders' Meeting, the annual report and the notice of the meeting provide shareholders with detailed information on the preceding fiscal year and all items on the agenda. All documents and information relating to the General Shareholders' Meeting are made available on our web-site together with the annual report.

Shareholders can vote at the General Shareholders' Meeting in person, appoint a representative of their choice to vote on their behalf, or authorize a Company-appointed proxy to vote according to instructions. Shareholders unable to attend a General Shareholders' Meeting can follow the entire proceedings in a web-cast.

The Chairman of the Supervisory Board outlined the main points of the Executive Board compensation system and any changes to it at the General Shareholders' Meeting in May 2009. This will be repeated at the 2010 meeting.

A core element of good corporate governance is transparency. This is particularly important in situations where transactions entered into by the Executive Board might give rise to conflicts of interest. We are able to report in this connection that no members of the Executive Board and no persons close to them effected material transactions with HOCHTIEF or any Group company in 2009. Similarly, no contracts were signed between HOCHTIEF and members of the Supervisory Board. There were no conflicts of interest involving members of the Executive Board or the Supervisory Board. The number of Company shares held directly or indirectly by members of the Executive Board and Supervisory Board and the number of financial instruments relating to such shares amounted to less than one percent of all shares issued by HOCHTIEF as of December 31, 2009 (Point 6.6 of the Code).

*For further information, please see www.hochtief.com

One focus of corporate governance activities during the year again related to the onward development of our compliance program*. Compliance with the law and internal guidelines is an essential management responsibility at HOCHTIEF. A Code of Conduct first adopted in 2002 has been supplemented in the meantime by a comprehensive set of rules, the compliance program. This is regularly reviewed and updated as necessary. All members of the workforce are called upon to take an active part in its implementation. The statutory requirements are explained in greater depth and in concrete terms in various Group directives and circulars.

Fighting corruption was an important issue in the year under review. The Executive Board once again made unequivocally clear that it will not accept any corruption-related infringement. Breaches of the rules are not tolerated in any way and trigger appropriate sanctions against the members of staff concerned.

Compliance officers keep the HOCHTIEF workforce up to date on the main points of the law, the Code of Conduct and HOCHTIEF's internal directives. Training is provided both in the classroom and using interactive e-learning programs—on combating corruption, for example. The focus in this training is on high-risk conduct such as corruption and collusive bidding. Compliance officers are also there to advise preventively on specific questions.

In February 2009, HOCHTIEF upgraded its previous ethics hotline into a whistleblower system based around an internal and an external hotline. The Chief Compliance Officer and an external attorney specializing in criminal law are available to take calls. HOCHTIEF employees can speak to them and report—where required anonymously and confidentially—information on possible breaches of the law, noncompliance with statutory or Company requirements and other irregularities. Use of the hotline is also open to outsiders.

The Supervisory Board's Audit Committee discussed the Executive Board's annual compliance report in its meeting of November 10, 2009 and noted it with approval.

Compensation report

The Compensation Report forms an integral part of the combined Management Report.

Executive Board compensation for the 2009 fiscal year

New requirements apply for the setting of executive board compensation in Germany under legislation (VorStAG) concerning reasonable compensation levels for executive board members in force on August 5, 2009. The Supervisory Board addressed the new requirements at its meetings in September and November 2009, in particular regulating the apportionment of responsibilities between the Boards and committees as required under

*For further information, please see page 49.

Compensation for the 2009 [2008] fiscal year

(EUR thousand)

	Fixed compensation	Performance-linked compensation	Non-cash benefits	Total
Dr. Lütkestratkötter	785 [785]	819 [807]	62 [16]	1,666 [1,608]
Ehlers (to March 2009)	113 [523]	121 [538]	8 [24]	242 [1,085]
Dr. Lohr	523 [523]	546 [538]	35 [29]	1,104 [1,090]
Dr. Noé	523 [523]	546 [538]	61 [18]	1,130 [1,079]
Dr. Rohr	523 [523]	546 [538]	29 [25]	1,098 [1,086]
Dr. Stieler (from March 2009)	436 [-]	455 [-]	20 [-]	911 [-]
Executive Board total	2,903 [2,877]	3,033 [2,959]	215 [112]	6,151 [5,948]

the new law. According to the new provisions, total compensation for members of the Executive Board is set by the Supervisory Board. The compensation system for the Executive Board is also decided and regularly reviewed by the Supervisory Board. The Supervisory Board's Human Resources Committee prepares the relevant motions for resolution by the full Supervisory Board.

Executive Board member compensation comprises a fixed salary supplemented by variable, performance-linked components. The fixed component constitutes basic compensation not linked to performance and is paid as a monthly salary; Executive Board members additionally receive supplementary compensation in the form of non-cash benefits. Non-cash benefits mostly comprise amounts to be recognized for tax purposes for private use of company cars, accident insurance and other non-cash benefits.

The value of performance-linked compensation depends on consolidated profit and the personal performance of the Executive Board members themselves.

In the event of full compliance with the targets, the total cash compensation comprises around 50 percent fixed and 50 percent performance-linked components. The performance-linked compensation consists of the Company bonus (60 percent) and an individual bonus (40 percent)—assuming full compliance with targets.

Executive Board compensation also includes pension awards, other awards in the event of termination of office, and participation in the Group's variable compensation arrangements combining long-term incentives with an element of risk.

Executive Board compensation for past fiscal years

Amounts paid in 2009 for offices held within the Group comprised EUR 35,000 in fixed compensation to Dr. Noé and EUR 702,000 in additional performance-linked compensation paid retroactively for FY 2008 (EUR 314,000 to Dr. Lütkestratkötter, EUR 52,000 to Mr. Ehlers, EUR 126,000 to Dr. Lohr, EUR 126,000 to Dr. Noé and EUR 84,000 to Dr. Rohr).

Variable pay components combining a long-term incentive effect with an element of risk

Executive Board compensation also includes participation in the Company's long-term incentive plans* (LTIPs). These comprise grants of stock appreciation rights (SARs) and stock awards (phantom stock).

If the applicable exercise targets are met after a two-year waiting period, the stock appreciation rights grant the Executive Board members a monetary claim against the Company, which they can exercise over the then following three years. The amount of the claim depends on the development of the share price within the waiting and exercise periods. In addition, relative and absolute performance targets, which cannot be modified retroactively, have to be met.

The terms of stock awards provide that after the three-year waiting period, those entitled have, for each stock award and for a further two-year exercise period, a monetary claim against the Company equal to the closing price of HOCHTIEF stock on the last day of stock market trading prior to the exercise date.

The value of all entitlements under long-term incentive plans is capped so that the amount of compensation stays appropriate in the event of extraordinary, unforeseeable developments. In fiscal 2009, the stock awards under LTIP 2006 were exercised in full by all members of the Executive Board. The sums paid out amounted to EUR 2,156,000 (EUR 547,000 to Dr. Lütkestratkötter, EUR 552,000 to Mr. Ehlers, EUR 267,000 to Dr. Lohr, EUR 265,000 to Dr. Noé and EUR 525,000 to Dr. Rohr). An additional EUR 102,000 in stock appreciation rights under LTIP 2007 were exercised by Dr. Lohr.

*See glossary on page 198.

Variable pay components combining a long-term incentive effect with an element of risk

	LTIP 2009				RSA 2008/Tranche 2		LTIP expense 2009 [income 2008]	
	Stock appreciation rights		Stock awards		Number	Value (EUR thousand)*	Value (EUR thousand)	
	Number	Value (EUR thousand)*	Number	Value (EUR thousand)*				
Dr. Lütkestratkötter	40,900	223	20,200	401	80,188	1,871	4,312	[(1,314)]
Ehlers (to March 2009)	–	–	–	–	53,458	1,247	1,767	[(358)]
Dr. Lohr	27,300	149	13,500	268	53,458	1,247	1,612	[(358)]
Dr. Noé	27,300	149	13,500	268	53,458	1,247	2,561	[(1,082)]
Dr. Rohr	27,300	149	13,500	268	53,458	1,247	3,033	[(1,025)]
Dr. Stieler (from March 2009)	27,300	149	13,500	268	53,458	1,247	767	[–]
Executive Board total	150,100	819	74,200	1,473	347,478	8,106	14,052	[(4,137)]

Executive Board compensation also includes long-term SARs under the Top Executive Retention Plan 2004 (TERP 2004)—a plan set up on the sale of RWE Aktiengesellschaft's stake in HOCHTIEF Aktiengesellschaft. The term of TERP 2004 was extended by three years in the year under review. Stock appreciation rights worth EUR 5,742,000 were exercised in 2009 under TERP 2004 (EUR 2,867,000 by Dr. Lütkestratkötter, EUR 276,000 by Dr. Noé and EUR 2,599,000 by Dr. Rohr).

In May 2008, a Retention Stock Award plan (RSA 2008) was launched, under which the first tranche of awards was granted in 2008 and the second in 2009. It was also decided in 2008 to grant a third and final tranche in 2010, identical in amount to the first and second.

The plans have also granted SARs and stock awards to members of upper management.

For his activities on the Turner Board, Dr. Lütkestratkötter was granted awards in past years under the Phantom Stock Award Plan for The Turner Corporation top managers and Board members. The plan is based on the granting of stock appreciation rights and phantom stock units whose performance is measured with reference to a phantom stock price based on earnings.

For fiscal 2009, the Executive Board members received fixed compensation in a total amount of EUR 2,903,000, performance-linked compensation totaling EUR 3,033,000 and combined non-cash benefits of EUR 215,000. Long-term compensation components from LTIP 2009, amounting to EUR 2,292,000, were also allocated for fiscal

2009. Total compensation for the 2009 fiscal year thus amounts to EUR 8,443,000 (2008: EUR 8,440,000).

The granting of the second tranche of the Retention Stock Award plan (RSA 2008) resulted in a EUR 8,106,000 extraordinary increase in the total compensation amount by the imputed market value of the second tranche, raising total compensation for fiscal 2009 to EUR 16,549,000 (2008: EUR 15,925,000). Although RSA 2008 runs for seven years, each of its three tranches is required to be accounted for at fair value at the grant date. This value is determined as of the grant date using the Black/Scholes option pricing model. The fair value at the end of the waiting period differs from the fair value at the grant date and depends on the future performance of the HOCHTIEF stock price. To put an even stronger emphasis on the incentive systems' long-term character, the Supervisory Board decided to adapt the terms of future Stock Appreciation Rights Plans by extending the waiting period to four years. The plans will thus be launched with a term of seven years in the future.

Pensions

All Executive Board members have pension awards under individual contracts setting the minimum pension age at 60. The pension amount is determined as a percentage of fixed compensation, the percentage rising with each member's term of office. The maximum amount for the Executive Board members is 65 percent of their final fixed compensation. Surviving dependants receive 60 percent of the pension.

*Value at grant date as per actuarial appraisal

(EUR thousand)	Transfers to pension provisions in fiscal 2009 [2008]		Estimated benefit amount	
	Service cost	Interest expense	(as of Dec. 31, 2009)	
Dr. Lütkestratkötter	268 [283]	221 [192]	353	
Ehlers (to March 2009)	184 [204]	97 [85]	209	
Dr. Lohr	140 [158]	58 [49]	183	
Dr. Noé	165 [182]	136 [123]	249	
Dr. Rohr	193 [211]	170 [154]	249	
Dr. Stieler (from March 2009)	316 [–]	– [–]	183	
Executive Board total	1,266 [1,038]	682 [603]	1,426	

Executive Board members whose contract is not extended or is prematurely terminated before they reach the age of 50 receive a transitional benefit payable until the commencement of regular pension payments and equaling 50 percent of the pension entitlement accumulated prior to leaving the Company or 75 percent in the case of members leaving at age 50 or older; where applicable, other income is partly deductible from the transitional benefit.

Dr. Lütkestratkötter, Dr. Lohr and Dr. Noé have received pension awards for their work on the Leighton Board. An expense of EUR 8,000 each for Dr. Lütkestratkötter, Dr. Lohr and Dr. Noé was incurred for this purpose by Leighton in the 2008/2009 fiscal year.

The present value of pension benefits for current and former Executive Board members is EUR 52,395,000 (2008: EUR 43,564,000). This amount is fully covered by plan assets in the form of pension liability insurance entitlements and the HOCHTIEF pension fund.

Payments to former members of the Executive Board and their surviving dependants were EUR 12,613,000 in 2009 (2008: EUR 3,116,000). The increase mainly relates to the exercise of long-term incentive plans.

Severance awards for members of the Executive Board

If shareholders obtain control of HOCHTIEF Aktiengesellschaft as defined in Sections 29 and 30 of the German Securities Acquisition and Takeover Act (WpÜG), all mem-

bers of the Executive Board are entitled to resign from office and simultaneously terminate their contracts at six months' notice. The members of the Executive Board are each similarly entitled in the event of other takeover-like contingencies specified in their contracts (including, among other things, the obtaining of a majority of voting rights at general shareholders' meetings). Executive Board members also have such a right if confronted by sustained and substantial pressure from shareholders demanding that they resign or take specific action which the members concerned are unable to reconcile with their personal responsibility for the exercise of office. In the event that their contracts are terminated by notice, terminated by mutual agreement or expire within nine months following a takeover, the departing Executive Board members receive in compensation for termination of their contracts a severance award equaling two-and-a-half years' benefits comprising their fixed annual compensation plus performance-linked compensation in the amount budgeted for in their contracts. If an Executive Board member's contract has more than two-and-a-half years left to run from the effective date of termination, the severance award increases by an appropriate amount. No earlier than two-and-a-half years following termination of their contracts, the departing Executive Board members are paid a contractual transitional benefit in accordance with their contractual pension arrangements. Regarding all entitlements under their contractual pension arrangements, the departing Executive Board members are treated as if their contract had three years left to run from the termination date. Regarding any entitlements under the Company's long-term incentive plans, the departing Executive Board members have a right to demand settlement of entitlements under plans currently in force. Departing Executive Board members who do not exercise the right to settlement are treated under the long-term incentive plans as if their contract had three years left to run from the termination date.

These severance entitlements have been granted to all current members of the Executive Board who joined the Executive Board prior to 2008. The severance award for Dr. Stieler, who was appointed to the Executive Board in 2009, was modified in accordance with the recommenda-

Supervisory Board compensation

(EUR thousand)	Fixed remuneration	Variable remuneration	Attendance fees	Total
Dr. Martin Kohlhaussen	36	210	8	254
Gerhard Peters	24	140	8	172
Ángel García Altozano	18	105	8	131
Gregor Asshoff	7	42	4	53
Alois Binder	18	105	8	131
Detlev Bremkamp	24	140	8	172
Günter Haardt	6	37	4	47
Lutz Kalkofen	12	70	8	90
Prof. Dr. Hans-Peter Keitel	18	105	8	131
Raimund Neubauer	14	81	8	103
Udo Paech	12	70	8	90
Gerrit Pennings	12	70	8	90
Prof. Dr. Heinrich von Pierer	12	70	8	90
Prof. Dr. Wilhelm Simson	18	105	8	131
Tilman Todenhöfer	12	70	8	90
Marcelino Fernández Verdes	12	70	6	88
Klaus WieseHügel	18	105	8	131
Supervisory Board total	273	1,595	126	1,994

tion in Point 4.2.3 of the German Corporate Governance Code in the edition dated June 6, 2008. In consequence, his severance award is limited to two years' benefits or if his contract has less than two years to run the benefits for the remainder of his contract term. Severance awards on early termination of contract due to a change of control are limited to three years' benefits regardless of the length of the term left to run.

Supervisory Board compensation

Supervisory Board compensation is determined at the General Shareholders' Meeting and is governed by Section 18 of the Company's Articles of Association. Supervisory Board compensation for fiscal 2009 based on the dividend proposed for approval at the General Shareholders' Meeting in May 2010 is shown in the table above.

For further information on corporate governance at HOCHTIEF, please see www.hochtief.com/corporategovernance.

Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act

After due appraisal, the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft submit their compliance declaration for 2009 as follows:

"HOCHTIEF Aktiengesellschaft complies in full with the recommendations of the Government Commission on the German Corporate Governance Code dated June 18, 2009 and published on August 5,

2009 by the German Ministry of Justice in the official section of the electronic Bundesanzeiger (Federal Official Gazette). Similarly, following submission of the last Compliance Declaration on March 18, 2009, HOCHTIEF complied until August 5, 2009 with all recommendations of the Code dated June 6, 2009 and has complied from August 6, 2009 onward with all recommendations of the Code dated June 18, 2009."

Essen, March 18, 2010

HOCHTIEF Aktiengesellschaft

For the Supervisory Board

Dr. Kohlhaussen

For the Executive Board

Dr.-Ing. Lütkestratkötter, Dr. Lohr

HOCHTIEF Stock

- **Above-average recovery for HOCHTIEF stock**
- **HOCHTIEF stock at EUR 53.55 at close of year**
- **HOCHTIEF again listed in Dow Jones Sustainability Indexes**
- **Proposed dividend of EUR 1.50 per share**

Stock market

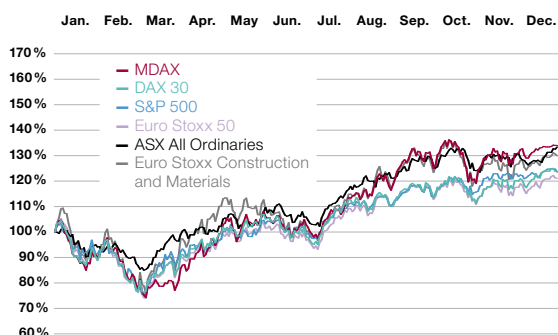
In the first three months of 2009, stock market prices fell further, owing to the ongoing recession and the negative prospects for the global economy. Following on from initial action taken at the end of 2008, governments and central banks continued their efforts to support the economy in 2009 and initiated further economic stimulus measures and rescue packages. Furthermore, central banks around the world kept to expansionary monetary policies and repeatedly cut prime rates, in some countries to historical lows. This helped to ease the global economic and financial crisis. From mid-March 2009, increasingly positive business figures and global economic data gave rise to improvements on the stock markets. By the end of 2009, stock markets around the world recorded significant increases against their lows in March, driven by expectations of a recovery in the global economy.

By the end of December, the German stock index DAX rose to its annual high of 6,011 points, an increase of around 64 percent compared with its low of 3,666 points in March. The DAX closed the year at 5,957 points, which was 23.9 percent higher than its closing value on December 31, 2008.

The international stock markets showed a similar picture. The US S&P 500 climbed by 23.5 percent during the year (65 percent compared with its low in March), the Euro STOXX 50 by 21.1 percent and the Australian ASX All Ordinaries by 33.5 percent (64 percent and 57 percent respectively compared with their lows in March 2009).

The Euro STOXX Construction & Materials Index, which reflects the share price performance of the biggest companies in the construction industry, rose by 29.7 percent compared with the start of the year. It therefore outperformed the Euro STOXX 50, after falling with the market by 23.8 percent between the start of the year and the beginning of March. This development in part reflects the fact that notably the European construction industry benefited from state programs designed to stimulate the economy in 2009.

Indexed performance of international stock indexes in 2009



HOCHTIEF stock: Historical performance

Key figures

		2009	2008
Number of shares	Million	70.0*	70.0*
Market capitalization	EUR million	3,748.5*	2,501.8*
High	EUR	59.52	88.65
Low	EUR	20.93	20.26
Close	EUR	53.55	35.74
Shares traded (average per day on Xetra)		514,000	653,300
Dividend per share	EUR	1.50**	1.40
Total dividends	EUR million	105.0	98.0
Earnings per share	EUR	2.93	2.26***

*as of year-end **proposed dividend per share ***restated

Key data on HOCHTIEF stock

ISIN	DE 0006070006
Stock symbol	HOT
Ticker symbol	Reuters: HOTG:DE, Bloomberg: HOT GY
Trading segment at Frankfurt	Prime Standard

Indexed performance of HOCHTIEF stock in 2009

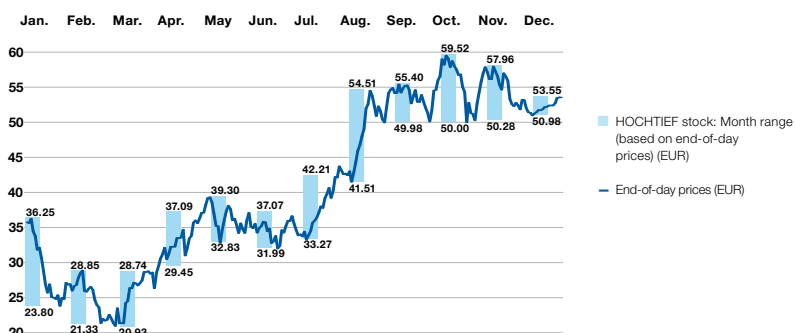


The price of HOCHTIEF stock climbed by EUR 17.81 (49.8 percent) over the course of 2009, closing the year at EUR 53.55. The stock reached its annual high of EUR 59.52 in mid-October, an increase of 184.4 percent compared with the annual low of EUR 20.93 in March.

The MDAX—which is the benchmark for HOCHTIEF and which comprises the 50 largest shares from more classic sectors—in addition to the DAX values, increased by 34 percent in 2009.

After a year of relatively high sales in 2008, HOCHTIEF stock benefited from the incipient market recovery to a much greater extent than corresponding benchmark indices in 2009. This was due to sustained stability in its operating results, a high level of new orders despite the economic crisis, and a positive outlook for future business performance. Our services cover the entire life cycle of projects worldwide and we offer end-to-end solutions from design, financing and construction through to maintenance and operation. This strategy sets us apart from the competition. HOCHTIEF's broad international presence is also valued by our investors and opens up above-average growth opportunities to the Group worldwide, including in connection with government economic stimulus programs. The Group-wide forward order book of approximately 21 months and the continued high level of new orders are evidence of this.

Absolute performance and trading volumes of HOCHTIEF stock in 2009



The average daily trading volume in the reporting period was 514,000 shares (2008: 653,300 shares), a decrease of 21.3 percent (2008: increase of 17.4 percent). This puts the annual share turnover based on a total number of shares in free float of 45.5 million at 286.9 percent.

HOCHTIEF is listed in the Prime Standard segment on the Frankfurt Stock Exchange and is a component of the MDAX index, in which it ranked fourth with a weighting of 4.11 percent (2008: fourth).

Weighting of HOCHTIEF stock (December 31, 2009)

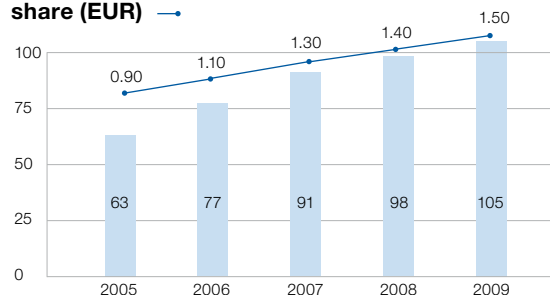
	Weighting	Rank	Stock in index
MDAX	4.11	4	50
Dow Jones Euro STOXX	0.10	174	313
Dow Jones Euro STOXX Construction & Material	2.27	11	21
Dow Jones STOXX Sustainability	0.09	124	154
Dow Jones Euro STOXX Sustainability	0.18	66	84
MSCI World	0.01	1,193	1,656

Dow Jones Sustainability Indexes

HOCHTIEF's eligibility for inclusion in the respected Dow Jones Sustainability Indexes was reaffirmed for 2009. We are the only German construction services company to be incorporated in these indices. This rewards our commitment to sustainability in the interests of economy, ecology and social responsibility. In this way, HOCHTIEF stock continues to appeal to investors who structure their portfolios in compliance with strict sustainability criteria. In addition, our Australian subsidiary Leighton has been listed in the new Dow Jones Sustainability Asia Pacific Index since March 2009.

Dividends

Total dividends (EUR million) and **dividend per share (EUR)**

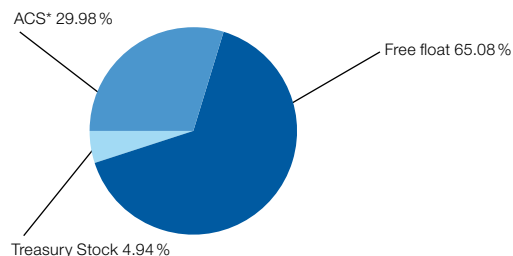


It remains our goal to grant our stockholders an appropriate share in the Company's earnings performance. HOCHTIEF Aktiengesellschaft's Executive Board and Supervisory Board propose paying a dividend of EUR 1.50 per share (2008: EUR 1.40) for the 2009 fiscal year. This means HOCHTIEF will have increased its dividends by just under 14 percent a year since 2005. This expresses our confidence in the future business performance.

Ownership structure

At the end of 2009, there were 70,000,000 issued shares. Of these shares, 29.98 percent were held by ACS Actividades de Construcción y Servicios and 4.94 percent by HOCHTIEF Aktiengesellschaft as treasury stock. As of December 31, 2009, another approximately three percent of the shares were held by HOCHTIEF Pension Trust e. V.

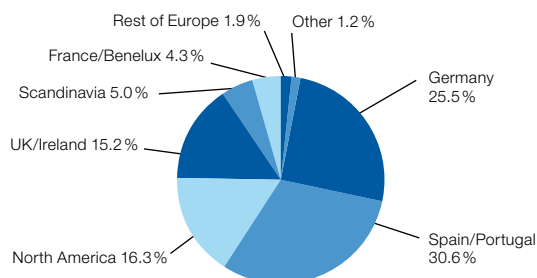
Ownership structure (as of December 2009)



*ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS S.A., Madrid

By the definition of Deutsche Börse AG, free float HOCHTIEF stock amounted to 65.08 percent as of December 31, 2009. This definition includes all shares except those held by ACS Actividades de Construcción y Servicios and HOCHTIEF Aktiengesellschaft's treasury stock.

Regional distribution (as of December 2009)



In terms of regions, investors in Spain and Portugal accounted for just under 31 percent of shares, primarily due to the Spanish major shareholder. Shareholders in Germany held 26 percent of capital stock, North American investors some 16 percent, UK and Irish shareholders 15 percent and shareholders in other regions the remaining 12 percent.

Analyst recommendations

As of the end of 2009, the company was covered by 24 analysts (2008: 24). Nineteen of them rated HOCHTIEF stock at “buy” (2008: 18) as of the year-end, and four at “hold” (2008: four). One analyst placed HOCHTIEF at “sell” (2008: two). Thus the large majority of analysts still consider the medium and long-term development of HOCHTIEF to be positive.

As of the end of 2009, analysts covering us set our target share price on average at EUR 63.11, and thus 17.9 percent higher than the closing price as of December 31, 2009.

Investor relations

Our investor relations work centers on transparent, full and timely communications with the capital market about all events relevant to the market. We are committed to continue increasing trust in the quality of our management and to facilitate a fair assessment of the company’s situation.

For this reason, we place great emphasis on intensive contact with institutional and private investors. In the course of 2009, we presented HOCHTIEF’s strategy at 23 roadshows and 14 investor and analyst conferences. The Executive Board also used two conference calls for timely reporting on key current developments of our company.

We will also continue our efforts to keep the capital market even better informed about individual segments and activities of our Group by taking part in topical conferences. In the past year, for example, we participated in conferences on topics such as real estate and sustainability, where we had the opportunity to specifically address focused investors as well as elucidate our activities in the relevant segments and our broader strategy. By participating again in a conference for small shareholders, we also pursued our communications in this area.

All annual and interim reports, the latest analyst forecasts and all presentations used are published on our website.

To contact HOCHTIEF Investor Relations or see the events planned in the financial calendar, please visit www.hochtief.com/investor-relations.

HOCHTIEF's Concessions Business

- **More additions to portfolio**
- **Stage set for further international expansion**
- **Leading role worldwide in privately financed infrastructure projects**

During the year under review, HOCHTIEF further expanded its portfolio in the concessions business for the development and realization of concessions and operation projects. The expansion is based on:

- The expertise and innovative strength we have shown time and again in designing, financing, building and operating complex projects, which means we can provide services at and optimize every stage of the project life cycle
- Our experience with concessions and operation projects worldwide
- Our closely linked international network and cross-border transfer of know-how, which enable us to reap synergies
- Our excellent reputation as one of the world's leading construction services providers and industrial infrastructure investors.

HOCHTIEF Concessions AG is one of the world's leading industrial infrastructure investors. It presides over the division of the same name and encompasses the companies HOCHTIEF AirPort and HOCHTIEF PPP Solutions with the segments airports, roads and social infrastructure as well as infrastructure ventures. Networked cooperation in market development, business planning, special operator responsibilities and other technical areas allow us to tap into long-term synergies—making us a strong partner for our clients.

As of December 31, 2009, the HOCHTIEF Concessions portfolio comprised stakes in six airports, seven roads including two tunnels, 91 schools, two city halls, a community center, a barracks and two geothermal power plants. Thus our Company plays a leading role worldwide in privately financed infrastructure projects. The Asia Pacific division holds further interests through our Australian subsidiary Leighton.*

*See glossary on page 197.

*Leighton's concessions projects are not outlined here. For further information, please see pages 88–91 and our website, www.hochtief.com.

Structure of HOCHTIEF's concessions business

Airports market segment	Roads market segment	Social infrastructure market segment
HOCHTIEF Concessions AG	HOCHTIEF Concessions AG	HOCHTIEF Concessions AG
HOCHTIEF AirPort GmbH	HOCHTIEF PPP Solutions GmbH (Europe, North and South America)	HOCHTIEF PPP Solutions GmbH (Europe, North America)
	Leighton Holdings Limited (Australia, India)	Leighton Holdings Limited (Australia)

The following information relates exclusively to the project portfolio of HOCHTIEF Concessions and its valuation.

The product and service spectrum of HOCHTIEF Concessions comprises the following elements: the strategic selection of projects, their design and development, the provision of shareholders' equity, structuring of financing and the implementation and operation of concessions projects through to disposals of ownership stakes. We continuously optimize the projects throughout.

HOCHTIEF Concessions' income primarily derives from the continuous income streams from participating interests in the various segments. The income is generated from dividends, interest from shareholder loans as well as transaction and management fees, plus any gains on market placement or disposals of ownership stakes.

Airports

HOCHTIEF Concessions' airport holdings are brought together in the subsidiary HOCHTIEF AirPort. HOCHTIEF became established in this dynamic market as early as the mid-1990s with the award in Athens of the world's first BOOT** concession for an airport, secured among other things by virtue of our airport construction expertise. We have since added interests in Budapest, Düsseldorf, Hamburg, Sydney and Tirana airports. This portfolio of attractive airports with strong prospects for the future makes us one of the world's leading private and independent airport investors and managers. HOCHTIEF AirPort enters into long-term arrangements

with the goal of improving an airport's operating efficiency and passenger comfort. Total passenger numbers served across our airport portfolio stood at 88.7 million in fiscal 2009.

We continually build on our airport operation expertise, creating substantial added value for the airports we operate. As an investor, we aim to develop our airport holdings into profitable transportation and commerce hubs that are ready for the challenges of the future. Our many years' experience in operating and managing airports of various sizes along with our financing expertise and potential are key elements in meeting this goal.

Despite the fall in passenger numbers at several of the airport holdings due to the global economic crisis, airports continue to be a dependable long-term choice for institutional investors seeking strong returns with little volatility. Experience shows that airports recover relatively quickly from crises.

Roads

The roads segment is managed by the subsidiary HOCHTIEF PPP Solutions. The portfolio comprises seven roads with a total length of more than 750 kilometers, including two tunnels. Some 600 kilometers are accounted for by just two Greek public-private partnership (PPP) road projects—Maliakos-Kleidi and Elefsina-Patras-Tsakona. Other projects we are involved in include the Vespucio Norte Express highway and the San Cristóbal toll tunnel in Chile, as well as a section of the Austrian A5 North Highway near Vienna. In Germany, our portfolio includes a section of the A4 highway in Thuringia and the Herren Tunnel in Lübeck.

Unlike in the airport segment, we do not aim to hold our stakes in road projects for the entire duration of the concession. The business model allows for interests to be reduced after the ramp-up phase, since roads only offer limited potential for optimization once they have been built and opened.

Social infrastructure

Projects in the social infrastructure segment are also combined under HOCHTIEF PPP Solutions. They currently include 91 schools in Germany, the UK and Ire-

land as well as two city halls, a community center, and a barracks in Germany.

In contrast to the airport and roads segments, HOCHTIEF's interests in social infrastructure projects in Germany are largely majority holdings.

Infrastructure ventures

Infrastructure ventures so far comprise two geothermal projects in the construction phase. The plants are to be sold to investors in 2010. In addition to providing the deep boreholes, HOCHTIEF PPP Solutions also offers to develop geothermal power plants right through to turnkey handover. This also includes financing through borrowing.

Portfolio valuation

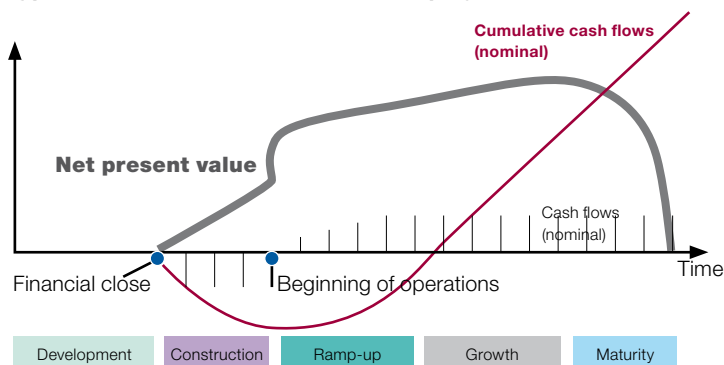
Our main subsidiaries and associates are regularly valued using the discounted cash flow (DCF) method.

The calculation is based on cash flows* between project companies and HOCHTIEF. Future cash flows, which comprise capital paid in and withdrawn such as dividends, interest and fees, are discounted by applying a risk-adjusted discount rate. Only projects that have reached financial close are included in the valuation. Owing to the short duration of geothermal projects, they are not included in the portfolio valuation.

*See glossary on page 197.

For airport holdings, HOCHTIEF applies a discount rate of 13 percent. The placement price obtained on establishment of the investment partnership in 2005 showed this to be in line with market rates. For this reason, and

Typical value curve for a concessions project



Discounting method for our concessions projects in the roads and social infrastructure segments

Project phase	Development	Construction	Ramp-up	Growth	Maturity
Risk mark-up for project phase (%)		3	2		
Risk mark-up for project type (%)		2-4	2-4	2-4	2-4
+ Risk-free base rate (6%)		6	6	6	6
= Discount rate (%)		11-13	10-12	8-10	8-10

in order to prevent temporary market fluctuations from influencing the valuation of long-term assets, we continue to apply a rate of 13 percent.

For roads and social infrastructure projects, we apply a risk-adjusted discount rate determined with reference to secondary market transactions. The conservatively chosen basic risk-free interest rate is supplemented with market-based mark-ups according to project type and completion stage. As of December 31, 2009, we apply a weighted discount rate of 12.1 percent for our portfolio (roads, social infrastructure). As projects move toward completion, risk and hence the mark-up drops and the value of HOCHTIEF's assets rises.

Project selection is subject to strict return-on-investment targets that are normally above the applied discount rates. Proceeds from sales of equity stakes further boost our internal rate of return.

The net present value* of our airport holdings as of the 2009 balance sheet date was EUR 1,296.7 million. This corresponds to an increase in value of 4.1 percent compared to the prior year. The rise is due in particular

to progress in the stage of completion, with cash flows rising in the future as well as improvements made in operating cash flow at the level of airports despite the financial crisis. The slowdown in portfolio growth compared to 2008 was due to the fact that shares in Sydney airport were diluted when we did not participate in a capital raising.

The net present value of our roads and social infrastructure holdings as of December 31, 2009 was EUR 299.7 million—up EUR 75.3 million on the prior year. The increment is accounted for by growth in the value of the portfolio, corresponding progress in project development and improvement in operating cash flows at project level—especially due to scheduled payments into equity.

The total value of our concessions portfolio amounts to EUR 1,596.4 million. The future discounted cash flows exceed HOCHTIEF's EUR 888.9 million investment by EUR 707.5 million.

HOCHTIEF sees the concessions business as a strategic growth area and will therefore continue to expand its activities in this sector.**

**For further information on HOCHTIEF's concessions business, please see the Segment Reporting section on pages 92–96.

*See glossary on page 198.

Portfolio value of concessions projects in the HOCHTIEF Concessions division

Status: Financial close (EUR million)	Total capital required	Capital provided by Dec. 31, 2009	NPV of expected cash flows at Dec. 31, 2009	NPV at Dec. 31, 2008	Difference due to portfolio growth	value growth
Airports	732.0	732.0	1,296.7	1,245.6	(42.5)	93.7
Roads	215.1	109.6	226.6	177.2	20.4	29.0
Social infrastructure	64.2	47.3	73.1	47.2	1.6	24.3
Total	1,011.3	888.9	1,596.4	1,470.0	(20.5)	147.0

HOCHTIEF Concessions Division: Concessions Project Portfolio

Roads

Project	Total project value	HOCHTIEF share in concession company	HOCHTIEF capital required	HOCHTIEF capital provided	Concession period
	(EUR million)	(%)	(EUR million)	(EUR million)	
A4 (Via Solutions Thüringen), Germany	258.5	50.0	19.4	0.5	2007–2037
Elefsina-Patras-Tsakona, Greece	2,214.2	25.0	52.4	20.3	2008–2038
Herren Tunnel Lübeck, Germany	78.5	50.0	11.0	11.0	2005–2035
Maliakos-Kleidi, Greece	1,113.2	35.0	47.7	5.3	2008–2038
North Highway A5 (Ypsilon), Austria	830.8	44.4	11.5	0.8	2010–2039
San Cristóbal Express, Chile	107.9	50.0	15.2	13.8	2008–2037
Vespucio Norte Express, Chile	521.0	29.2	57.9	57.9	2006–2033

Social infrastructure

Project	Total contract volume	HOCHTIEF share in project company	HOCHTIEF capital required	HOCHTIEF capital provided	Concession period
	(EUR million)	(%)	(EUR million)	(EUR million)	
Bangor & Nendrum Schools, Northern Ireland	216.6	20.4	1.1	1.1	2008–2038
Vocational training center, Leverkusen, Germany	69.6	100.0	0.0	0.0	2005–2034
Cork School of Music, Ireland	228.3	25.5	1.9	1.9	2007–2032
East Ayrshire Schools, Scotland	399.0	25.5	3.2	0.0	2007–2038
Five Schools, Ireland	281.3	50.0	5.8	5.8	2006–2027
Fürst Wrede barracks Munich, Germany	160.7	100.0	4.3	4.3	2008–2028
Comprehensive school, Cologne-Rodenkirchen, Germany	126.9	100.0	2.2	2.2	2009–2034
North Ayrshire Schools, Scotland	488.8	25.5	2.4	2.4	2007–2037
Gladbeck city hall, Germany	44.0	100.0	0.0	0.0	2006–2031
Moers city hall, Germany	142.0	100.0	0.0	0.0	2011–2035
Salford Schools, UK	218.6	25.5	0.9	0.9	2008–2033
Salford & Wigan BSF, UK	253.2	40.0	3.3	0.0	2011–2036
Schools, Frankfurt, Germany	248.7	100.0	9.1	9.1	2007–2029
Schools, Cologne, Germany	125.9	100.0	4.1	4.1	2005–2029
Schools, Offenbach, Germany	410.2	94.9	14.2	14.2	2005–2019
Sports College Manchester, UK	169.5	25.5	1.2	1.2	2007–2032
West Lothian Schools, Scotland	282.0	50.0	5.8	0.1	2009–2039
Wigan Joint Services Center, UK	261.6	50.0	4.7	0.0	2011–2036

Airports

Project	HOCHTIEF stake	HOCHTIEF capital required	HOCHTIEF capital provided	Concession period
	(%)	(EUR million)	(EUR million)	
Athens International Airport, Greece	26.7	91.4	91.4	1996–2026
Budapest Airport, Hungary	37.3	180.0	180.0	2007–2080
Düsseldorf International, Germany	20.0	56.6	56.6	open-ended
Hamburg Airport, Germany	34.8	283.1	283.1	open-ended
Sydney Airport, Australia	5.6	116.5	116.5	1998–2097
Tirana International Airport, Albania	47.0	4.4	4.4	2005–2025

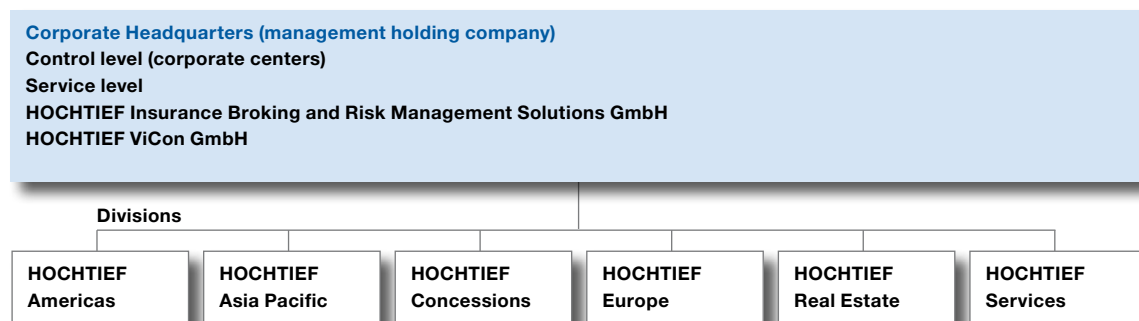


HOCHTIEF builds with class: With our one-stop solutions for educational properties, we meet our clients' needs and create modern learning spaces for students all over the world. The HOCHTIEF product and service spectrum includes building and refurbishing schools and universities—and we do it while classes are going on. We are also happy to take on the subsequent building management and ensure efficient energy supply. In all project phases, we leverage the expertise we've gained from numerous domestic and international projects. Making learning fun: that's a subject for which teachers and students all over the globe have awarded us top grades.



Combined Company and Group Management Report

Group structure and business activities



Control and service levels integrated into Group structure

The HOCHTIEF Group comprises six operating divisions. The management holding company has a control and a service level.

The control level—the Executive Board and the Group's corporate centers—is responsible for the strategic and organizational development of HOCHTIEF Aktiengesellschaft. The corporate centers are Global Procurement, Controlling, Finance/Investor Relations, Human Resources, Accounting, Legal, Auditing, Tax, Corporate Development, Corporate Communications, Insurance Management and Corporate Governance/Compliance. The service level brings together a range of ancillary functions for the Group as a whole, with Service Center units providing support in communications, accounting, legal, tax and other matters. The occupational safety, health and environmental protection competence center OSHEP is also part of the service level.

Our two companies HOCHTIEF Insurance Broking and Risk Management Solutions and HOCHTIEF ViCon are likewise directly owned by HOCHTIEF Aktiengesellschaft. Their task is to develop and implement trailblazing solutions in order to generate further added value for the Group.

HOCHTIEF Insurance Broking and Risk Management Solutions

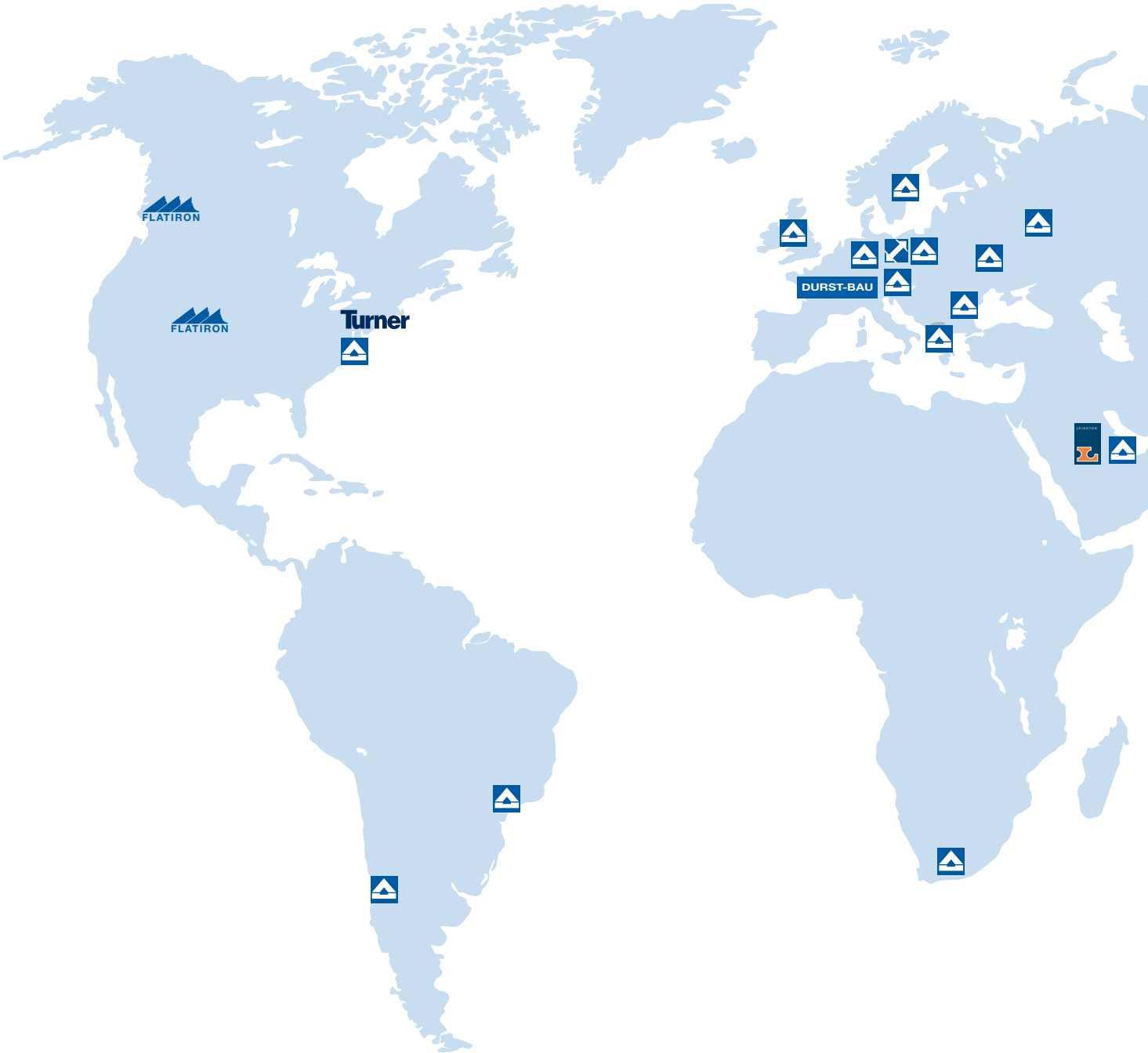
HOCHTIEF Insurance Broking and Risk Management Solutions offers insurance services spanning the entire life cycle of infrastructure projects, real estate and facilities before, during and after construction. The brokerage insures project risks across the Group—for example, covering construction work on infrastructure projects, real estate and facilities. This service is not restricted to Group companies but is also available to third parties—notably those involved in a project. For the period after the end of the construction phase, clients, owners and end users can purchase cover for risks such as fire and business interruption.

HOCHTIEF Insurance's portfolio is rounded out with reinsurance services used mainly by the HOCHTIEF Americas division. This includes insurance for construction work, subcontractor default and liability risks.

Our insurance activities not only allow us to cut insurance costs in that HOCHTIEF covers calculable risks itself. HOCHTIEF Insurance also brings in additional revenue and earnings by writing business with outside partners.

HOCHTIEF worldwide: A selection of our divisions' numerous subsidiaries and associates underscores HOCHTIEF's global

HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Concessions
Turner (USA) Flatiron (USA, Canada) HOCHTIEF do Brasil (Brazil)	Leighton Holdings (Australia) Leighton Contractors (Australia, New Zealand) Thiess (Australia, India, Indonesia) John Holland Group (Australia) Leighton International (Brunei, India, Malaysia, Qatar, Singapore, Sri Lanka, United Arab Emirates) Leighton Properties (Australia) Leighton Asia (Cambodia, Hong Kong, Indonesia, Laos, Macau, Mongolia, Philippines, Thailand, Vietnam) Al Habtoor Engineering (United Arab Emirates, Qatar)	HOCHTIEF Concessions (Germany) HOCHTIEF AirPort (Germany) HOCHTIEF AirPort Capital (Germany) HOCHTIEF AirPort Retail (Albania) HOCHTIEF PPP Solutions (Canada, Chile, Germany, Greece, Ireland, UK, USA) HOCHTIEF PPP Schools Capital (UK) Transport & Logistics Consultancy (UK)



presence

HOCHTIEF Europe

HOCHTIEF Construction (Austria, Bulgaria, Chile, Czech Republic, Germany, India, Luxembourg, Poland, Qatar, Romania, Russia, South Africa, Sweden, UK, Ukraine)
HOCHTIEF Global Trade (Germany)
HOCHTIEF Procurement Asia (Hong Kong)
Streif Baulogistik (Austria, Bulgaria, Denmark, Germany, Poland, Romania, Russia, Ukraine)
Durst-Bau (Austria)

HOCHTIEF Real Estate

HOCHTIEF Projektentwicklung (Austria, Czech Republic, Germany, Hungary, Poland, Romania, Russia, Switzerland)
HOCHTIEF Property Management (Germany)
aurelis Real Estate (Germany)

HOCHTIEF Services

HOCHTIEF Facility Management (Bahrain, Czech Republic, Denmark, Germany, Greece, Hungary, Ireland, Poland, Switzerland, UK)
HOCHTIEF Energy Management (Germany)



For the address and contact information of our subsidiaries and associates as well as their business units, branches and offices, please see our website www.hochtief.com.

*For further information, please see page 53.

ViCon (Virtual Design and Construction)*

HOCHTIEF ViCon specializes in services for all phases of the project life cycle, based on the principle of building digitally first. With the ViCon range of processes and technologies, our subsidiary supports construction projects from early planning, throughout construction and on to the operating phase. Selected data is retained through all phases. This data is updated at each iteration, allowing it to be reused indefinitely.

The heart of ViCon is a digital 3D computer model that can be enhanced to a 4D model by including extra information such as time, cost and utilization data. ViCon considerably reduces the effort and expense of entering and describing a problem, allowing substantially more time for actual problem-solving on behalf of clients. HOCHTIEF's aim is to save time and money in project implementation and to detect inconsistencies early on in project planning so as to minimize risk. Clear 4D models greatly ease communication between all parties to a project and help in achieving the planned outcome. Integrated with operational processes, building information modeling becomes a highly useful tool for all those involved.

All HOCHTIEF corporate units benefit from ViCon. Up to the end of 2009, we had deployed the technique on over 400 projects worldwide. The company also provides its service to outside clients. Alongside project managers, developers, clients and investors, the new technology is primarily of benefit to architects and engineers. HOCHTIEF ViCon notably became established in the Arab region with several successful projects during the year under review.

Business activities of the HOCHTIEF Group

We structure our business activities along the life cycle of infrastructure projects, real estate and facilities. With its modules of development, construction, services, and concessions and operation, HOCHTIEF spans every link in the construction value chain. Close global teamwork between our corporate units enables us to serve at all phases of highly complex projects and to create lasting value for clients.

Present in all key construction markets—notably Europe, the Americas, Australia, the Asia-Pacific region and the Gulf states—HOCHTIEF is an international provider of construction services with a global network. According to statistics from the Engineering News-Record, HOCHTIEF is the most international provider of construction services in the world. The Handelsblatt Firmencheck 2009 survey ranked HOCHTIEF as the most international German company. Our broad standing also allows us to compensate regional market fluctuations.

Our business activities are driven by innovation and market demand. Areas of focus in 2009 included sustainable projects—for example, green building, energy efficiency and renewables—as well as infrastructure projects. Under the banner of “One roof—all solutions,” we also strengthened teamwork between our operational units to further enhance our one-stop service capability.

Every HOCHTIEF project is unique and demands custom solutions. For this reason, we take a very flexible approach, bringing innovative strength and excellent quality to bear in our work as long-standing, reliable partners to our clients.

For further information on the business activities of our operational units, please see pages 3 and 4 and pages 83–109.

Markets and Operating Environment

Overall real economic growth (in percent) in regions served by HOCHTIEF

	2009	2010E
Asia excl. Japan	6.5	8.4
Australia	0.7	2
Austria	-3.8	6.3
Brazil	-0.4	4.7
Chile	-1.7	4.0
Czech Republic	-4.3	1.3
Germany	-4.8	1.5
Hungary	6.7	-0.9
India	5.6	7.7
Indonesia	4.0	4.8
Poland	1.0	2.2
Russia	-9.0	3.6
UK	-4.8	1.3
United Arab Emirates	-0.2	2.4
USA	-2.5	2.7

Source: International Monetary Fund (as of January 28, 2010)

Global economic environment and trends

The international financial and economic crisis shaped global trends again in 2009. The failure of several large financial institutions also impacted negatively on the economic situation and shook confidence in the financial markets. As a result, the economy and economic activity both declined. From January to June 2009, this primarily affected the real economy and commodities markets. However, the financial and economic system was largely stabilized thanks to massive investments by governments.

In the second half of the year under review, the markets began to regain strength. However, uncertainty remains and recovery is therefore expected to be slow.

The global economy shrank by 0.8 percent overall in 2009. Forecasts for 2010 are tentative due to continued risks and their potential impact on the economic situation. The International Monetary Fund (IMF) is anticipating global economic growth of 3.9 percent for 2010.

Recovery will vary from region to region. After economic output in the USA fell by 2.5 percent in the past year, experts are anticipating growth of 2.7 percent for 2010. The US economy significantly stabilized in the second half of 2009 thanks to state aid programs. However, owing to factors such as rising unemployment, it can be expected that economic growth will be slightly dampened in the medium term.

Negative trends in the global economy hit the export-oriented Asian states particularly hard. However, the situation eased in the first six months of 2009. Some Asian countries, including China, escaped the recession largely unscathed thanks to substantial government stimulus. After growing by 8.7 percent in 2009, China's real gross domestic product (GDP) is forecast to increase by ten percent in 2010. India also continued on its growth course. Following an increase of 5.6 percent in the past fiscal year, growth of 7.7 percent is expected for this year.

The countries of the European Union (EU) recorded a fall of four percent in 2009. Notably the EU's export-oriented countries were severely affected. Several countries from the region enacted state economic stimulus programs to inject new vigor into the economy. The economic situation did ease, especially from July to December 2009. The IMF expects EU growth of one percent in 2010.

In Russia, GDP contracted by nine percent. The marked deterioration in the economic climate was due in part to falling commodity prices as a result of declining demand internationally. Additionally, many international investors withdrew large amounts of their capital from Russia. In the wake of the deep recession in 2009, the IMF anticipates a slight recovery of 3.6 percent in 2010.

Markets served by HOCHTIEF

Development

Project development

General economic trends had a distinct impact on the real estate markets. After a poor start to the year, the second half of 2009 was decidedly more encouraging. While most of the investment markets have already turned a corner, however, several European office rental markets face another difficult year in 2010. The German real estate market in particular was very stable in the year under review compared with the rest of Europe.

The European **real estate rental market** clearly suffered under the poor economic conditions in the fiscal year. Demand fell above all in the office segment. Other segments—residential construction, for example, but also retail—were less affected. In Germany, the rental volume in new offices fell by around a third in 2009 compared with the prior year. By contrast, prime rents proved stable throughout 2009 and at the end of the year recorded only an incremental decrease against the prior year. Our subsidiary HOCHTIEF Projektentwicklung, which is especially active in the high-quality property segment, also benefited from this. After the record year in 2008, demand for office space dropped substantially in Eastern Europe according to CB Richard Ellis.

The economic crisis will continue to cast a shadow over the European office rental markets in 2010. It remains to be seen how the broad economic recovery forecast will affect employment figures in the relevant segments.

The European **real estate investment market** turned in a satisfactory performance in 2009. Although the first two quarters were still noticeably dogged by uncertainty on the financial markets, clear sales growth was reported in the third and fourth quarters. The increase in prime yield stabilized in most markets in the fiscal year. On the buyer side, mainly institutional investors with strong equity positions were active on the market. They were particularly interested in well-situated properties with long lease terms and tenants with good credit—the kind of real estate which HOCHTIEF Projektentwicklung focuses on developing. Investors mainly concentrated on the core Western European markets of the UK, France and Germany.

For 2010, the majority of industry experts forecast potential growth of up to 35 percent in the transaction volume of the European real estate investment market. Demand for high-quality core real estate* will remain strong while supply will be short. As a result, a moderate increase in the purchase price level is expected in this segment.

Construction

The construction markets of most significance to HOCHTIEF showed a highly diverse pattern of development in 2009. As in 2008, the continued weak trend in residential construction affected the sector in **Europe**. According to the eminent Euroconstruct group, a network of research and consultancy institutes that analyzes trends in the European construction industry on an annual basis, construction activity in the residential construction segment dropped sharply in 2009. In the 19 countries covered by Euroconstruct**, it fell by a clear 12.3 percent. HOCHTIEF remained largely untouched by this decline, however, thanks to its focus on highly sought-after premium apartments. The Eurocon-

struct group forecasts a 2.1 percent decline for 2010. A 2.1 percent increase is not expected until 2011. Construction activity as a whole fell by 8.4 percent in 2009.

The difficult economic environment also impacted on commercial construction in the year under review. A further decrease of 4.6 percent is anticipated for 2010. The experts at Euroconstruct expect the market to start recovering in 2011.

The civil engineering segment differs from the other segments in the construction industry. Although the effects of the economic crisis can be felt, they are considerably less pronounced. The economic downturn prompted many countries to issue economic stimulus programs, which primarily make funds available for investments in infrastructure. Because of this, civil engineering grew by 1.7 percent in 2009. For 2010, growth of 0.8 percent is forecast in the countries covered by Euroconstruct. Because civil engineering contracts are generally awarded by the public sector, further opportunities will arise in the medium term for PPP (public-private partnership)*** or BOT (build, operate, transfer) projects. HOCHTIEF is also well positioned for these projects and has many years' experience to fall back on.

Industry experts expect a growth surge in the offshore wind farms segment. In 2009, around EUR 1 billion was invested in this segment; investments of EUR 3.3 billion are already expected for 2011. Accordingly, the total capacity of these wind farms will increase in this period from 1,900 megawatts to around 4,500 megawatts.

New economic opportunities also arise from sustainable construction, to which HOCHTIEF is committed: The Deutsche Bank Research think tank forecasts, for example, that construction work promoting climate protection could generate additional construction activity of EUR 200 billion in Germany by 2030.

The financial and economic crisis hit the **US** construction sector particularly hard. For this reason, the government launched an economic stimulus program worth

***See glossary on page 198.

**See glossary on page 197.

**See glossary on page 197.

Percentage growth in the regional markets served by HOCHTIEF

Region	2009			2010		
	Non-residential construction	Civil engineering	Overall market	Non-residential construction	Civil engineering	Overall market
Australia	-25.0	16.9	-3.9	-14.0	-14.5	-4.4
Austria	-10.9	1.8	-3.0	-6.1	4.5	-1.5
Czech Republic	-24.0	15.9	-4.3	-9.0	6.5	-0.3
Eastern Europe	-8.2	17.7	0.7	-3.5	16.9	5.4
Germany	-3.5	0.9	-1.2	-0.7	3.9	0.8
Hungary	-8.8	10.0	-1.4	-6.0	10.0	-0.2
India	n.a.	n.a.	10.0	n.a.	n.a.	10.0
Indonesia	n.a.	n.a.	5.5-7	n.a.	n.a.	5.5-7
Poland	0.1	22.0	5.3	1.1	22.3	9.6
Russia	n.a.	-12.2	-12.0	n.a.	6.5	2.5
UK	-14.9	-1.4	-12.6	-4.6	7.7	-0.8
USA	-30.3	-9.3	-24.5	-1.5	11.8	11.3
Western Europe	-9.8	0.1	-8.9	-4.7	-1.0	-2.7

Sources:
Euroconstruct, BIS Shrapnel,
McGraw-Hill, GTAI, BMI

USD 787 billion at the beginning of 2009. USD 130 billion went to the construction sector overall. Approximately USD 70 billion of this is being poured into infrastructure. Some USD 30 billion has been earmarked for non-residential construction. The positive impact of this financial assistance will continue in 2010. Industry experts at McGraw-Hill Construction expect the construction sector to grow by eleven percent, after the sharp downturn of 25 percent in the year under review. However, the individual segments will vary considerably. Building construction, the segment served by our US subsidiary Turner, is expected to stabilize by the end of 2010. Turner will benefit above all from the strength of public building construction as well as the education and healthcare segments. The civil engineering segment, which our US subsidiary Flatiron serves, performed much better from the second half of 2009 thanks to the economic stimulus program. For 2010, McGraw-Hill Construction anticipates significant growth of 11.8 percent in this segment.

Sustainable, green building is also playing an increasingly important role in the US construction sector. According to McGraw-Hill Construction, the green building market as a whole was worth between USD 36 billion and USD 49 billion in 2009 and is expected to double in 2010. HOCHTIEF, with its subsidiary Turner, has long been No. 1 in this high-growth segment.

The economy and construction market in **Australia** were not immune to the international financial and economic crisis in fiscal year 2009, either. Nevertheless, most of the sectors served by HOCHTIEF were hardly affected. The civil engineering segment, for instance, in which we are represented by our Australian subsidiary Leighton, recorded very substantial growth, improving by 16.9 percent. The outlook is similarly positive for the education and healthcare sectors as well as the water and energy sectors. Market watchers from BIS Shrapnel expect building construction, which declined in 2009, to stabilize in 2011. Leighton anticipates great potential in Australia from the construction of infrastructure facilities for the production of oil and gas. Our Australian company has a presence in the high-growth markets, where it is constantly building on its position.

The **Gulf region** is and remains a highly attractive construction market which did, however, recede a little in the last few months of the fiscal year. Nevertheless, there is still a noticeable positive trend above all in Saudi Arabia, Qatar, Bahrain and Abu Dhabi. There will be particularly strong demand for infrastructure projects over the next few years. Industry experts at the Norton Rose Group expect the construction sector in the Gulf region to gain strength in the medium term. HOCHTIEF will profit from this situation through Leighton and other Group companies.

The markets in **Asia** also suffered under the economic crisis in the year under review. Despite this, the Indonesian construction industry, for example, has excellent medium-term growth prospects, according to Germany Trade & Invest. Numerous infrastructure projects will be carried out in the next few years, with huge backlogs in demand existing notably for transport, energy, water

and communications. The weak infrastructure in India also requires huge investment—some USD 450 billion by 2012. The stable political situation and government funded construction work favor the Indian construction market which, according to experts at the Construction Industry Development Council (CIDC), will expand by around ten percent a year until 2012. Public and private infrastructure projects will focus on road, airport, sea-port and power plant construction. Asia is mainly served by the HOCHTIEF subsidiary Leighton and the companies in the Leighton business portfolio.

Services

Facility management

According to a study by Interconnection, the German market for facility management (FM) services, worth EUR 93.4 billion in 2009, was little affected by the economic crisis. The study estimated the annual rate of growth to be roughly four percent. This applies above all to integrated services, which incorporate facility management activities into the customer's sophisticated production processes. One of the ways in which FM providers like HOCHTIEF Facility Management are responding to the strained economic situation is with long-term projects, for instance, in the public-private partnership segment, where contract terms are signed for periods of between ten and 30 years. For the last few years, customers from Eastern Europe and the Gulf region among others have shown increased interest in facility management. Our company recognized this trend early on and offers its services in these regions.

Fast-growing demand for green building is also a source of additional potential for FM service providers. They can exploit their expertise and experience in the field of energy-efficient property management right from the project design stage. HOCHTIEF Facility Management develops and implements integrated solutions comprising design, construction and operation with its subsidiary HOCHTIEF Energy Management and sister companies HOCHTIEF Projektentwicklung and HOCHTIEF Construction.

Energy management

The market for energy management is particularly vibrant. Industry, public institutions, the housing and real estate sector, and hospitals are paying more and more attention to energy contracting. According to a study by market research company trend:research, all the relevant customer groups believe the prospects for energy contracting are good. Experts forecast average market growth for contracting solutions of 12 percent a year until 2018. Studies by various trade associations estimate the overall market for energy management and contracting services to be worth roughly EUR 20 billion. So far, only seven percent of this high-growth segment has been tapped.

Property management

Strehle & Bell Managementberatung estimates the market volume for property management (PM) services in Germany to be between EUR 3 billion and EUR 7 billion. The industry is expected to grow further due to the increasing willingness of investors to have their properties managed and turned to account by external service providers. At present, property management is primarily offered for residential, office and commercial real estate. HOCHTIEF covers these segments and manages properties on behalf of customers in a fiduciary capacity, with the aim of maintaining the value of the real estate for the duration of the holding period or increasing its market value. HOCHTIEF Property Management is one of the leading providers in this segment.

Other services

In Australia, Leighton provides other services, including the servicing and maintenance of toll routes and tunnels, telecommunications services and innovative waste management. In Abu Dhabi, a new Leighton subsidiary is tapping into the business area of environmental protection. This includes the development and construction of a facility for recycling construction waste, which we will subsequently operate for 15 years. Demand for such services continues to grow substantially, for example, in the United Arab Emirates.

Concessions and operation

Airports

In mid-2008, the steady rise in global passenger volume was interrupted for the first time in years. The decline is attributable to a fall in demand owing to the financial and economic crisis as well as to rising operating costs. According to the airport association Airport Council International (ACI), the global passenger volume declined by another 2.6 percent year on year, falling to 3.2 billion. For the same period, the German Airports Association (ADV) reports a 4.6 percent drop in passenger figures in Germany.

As in the past, economic trends will impact on passenger volume in the short term, such that economic recovery is also expected to bring with it a rise in air traffic. Reflecting this, the industry reports positive growth rates once again since the third quarter of 2009. For the period 2010 to 2013, ACI expects growth rates of 2.2 percent, 4.7 percent, 7.4 percent and 6.6 percent.

Further airport privatizations can be expected in the next few years in Central and Eastern Europe, Asia and South America. In North America, this market is still at an early stage of development and accordingly has high potential for growth.

Roads

The market for road transportation infrastructure performed well, above all in Europe. Especially high growth rates can be expected in Eastern Europe, where major road projects worth several billion euros are currently in the pipeline. The reasons for this include high demand due to strong growth in traffic, gaps in the current infrastructure in the region, improved legal and regulatory conditions for PPP projects, and EU funds available for infrastructure investments.

Recovery continues in **Germany**, too. For instance, the total volume of federal highway construction between 2009 and 2011 is expected to amount to some EUR 2.9 billion.

In the **USA**, the PPP market is also playing an ever greater role. Industry experts expect average annual growth of 2.9 percent until 2013. This is supported by the fact that, while up to now infrastructure projects have traditionally been financed by state and federal funds, the current financial situation and pressures on public coffers make PPP projects increasingly interesting.

The PPP market in **Canada** is more mature than the US market and is still booming. In the infrastructure segment, especially in road building, investments of USD 14.9 billion are expected by 2013. HOCHTIEF already operates successfully in this segment through its subsidiary Flatiron.

There are currently PPP projects in road building in around half of all the countries in South America. In **Chile**, HOCHTIEF Concessions is in charge of two toll roads.

Social infrastructure

PPP projects are becoming more and more important for social infrastructure. According to the Central Federation of the German Construction Industry, over 130 such projects have been launched in **Germany's** building construction segment since 2004. Based on the accumulated investment volume of project contracts, the public building market in Germany—HOCHTIEF Concessions' core market—more than doubled between 2006 and 2009. This means an increase from approximately EUR 1.5 billion in 2006 to EUR 3.8 billion in the past fiscal year.

This sustained growth will be affected by the economic stimulus programs issued of the German federal government and the federal states up to 2010. These programs chiefly affect pure construction business and thus do not directly impact on private-sector involvement in the public sector. However, it can be assumed that the federal government, federal states and local authorities will return to PPP projects with renewed vigor in the medium term, since the debt to GDP ratio is likely to rise sharply as a result of economic stimulus measures.

In 2004, the **UK** government launched a PPP program with the aim of refurbishing all 3,500 secondary schools by 2020. The state intends to expand this program from around GBP 6.4 billion in 2007/2008 to some GBP 8.2 billion in 2010/2011. Other European countries have also recognized the advantages of PPP projects and are increasingly putting contracts out to tender.

In the **USA**, the first contracts are being put out to tender for a series of building construction projects. **Canada** plans to tender 16 PPP building construction projects by the end of 2010 in the provinces of British Columbia, Alberta and Ontario alone.

Contract mining

Demand for commodities fell off in the first half of 2009 as a result of the economic situation. However, the decrease did not affect investments made in the mining segment, since the investment decisions had already been made in the boom year of 2008. The experts from BIS Shrapnel expect new investments to decline until there is a change in the overall economic situation and, above all, in the trend in China. China is one of the largest importers of commodities in the world.

Alongside an improvement in the economic situation, BIS Shrapnel expects commodities prices to rise from mid-2010, thus triggering an increase in mining activities. Through our Australian subsidiary Leighton, we are the world's largest contract miner. We primarily mine iron ore and coal in Australia and Asia.

Geothermal energy

In **Germany**, the government's Renewable Energy Sources Act is supporting the production of geothermal power over the long term. This favorable environment promotes the further development of the geothermal market. According to a study by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, currently around 15 percent of all energy consumed comes from renewable sources. The German federal government intends to increase the share of these energies to at least 30 percent of total energy consumption by 2020. HOCHTIEF Concessions already has two projects underway in this high-growth segment.

Legal and economic factors

No significant legal or economic factors affected HOCHTIEF business in Germany in the fiscal year.

Orders and Work Done in 2009

Order backlog hits a new all-time high

- **New orders down on high prior-year figure**
- **Work done again at a high level**
- **Order backlog well in excess of EUR 35 billion**
- **Forward order book of around 21 months**

While new orders clearly reflect the caution in global markets, work done is only just short of the high prior-year figure. The order backlog even rose to a new all-time high. On the order front, therefore, the Group remains in a stable position.

New orders fall short of high prior-year figure

At an absolute total of EUR 22.47 billion (adjusted for exchange rate effects: EUR 22.33 billion), the Group's new orders were down on the prior-year figure (EUR 25.28 billion).

The beneficiary of a market recovery in the second half of the year, HOCHTIEF Asia Pacific was contracted to carry out some high-volume infrastructure and mining projects. As a result, new orders were only slightly down on the excellent prior-year figure (by EUR 0.23 billion).

In a US market weakened by the crisis, the HOCHTIEF Americas division fell short of the exceptional prior-year figure. At Turner, the weak trend in the US building construction market led to a decline in new orders of EUR 1.92 billion.

In a domestic market weakened by the financial crisis, HOCHTIEF Europe concentrated on projects that yield high returns. This selectivity in order taking caused new orders in Germany to fall by EUR 0.45 billion. Internationally, new orders surpassed the prior-year figure to reach EUR 2.04 billion. This was due primarily to the contract to construct an avenue of offices and shops in Qatar more than eight kilometers in length. Worth EUR 1.3 billion, this is the largest single contract in the history of HOCHTIEF Construction.

At HOCHTIEF Real Estate, new orders were on a par with the previous year. HOCHTIEF Projektentwicklung was able to lift new orders, thus offsetting the anticipated decline at HOCHTIEF Property Management.

At HOCHTIEF Services, new orders were 15.1 percent lower year on year. Amid the difficult conditions in the German market (down EUR 0.23 billion) in the course of the fiscal year, the division won fewer large projects than in 2008. The decline was partly offset by the EUR 0.11 billion increase at international level. In European countries outside Germany, the division won some notable contracts.

Overall, new orders at HOCHTIEF in Germany were down significantly year on year (by EUR 0.63 billion or 24.7 percent).

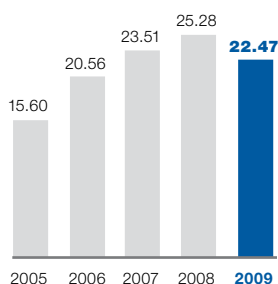
For the detailed five-year summary, please see pages 199 and 200.

*For details on the restatements, please see pages 142 and 143.

HOCHTIEF's order statistics are based on the definition by the Central Federation of the German Construction Industry. For further information, please see www.bauindustrie.de (in German only).

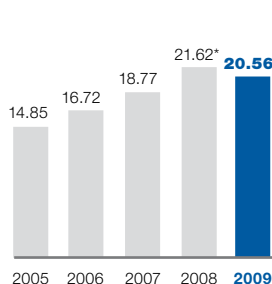
New orders

EUR billion



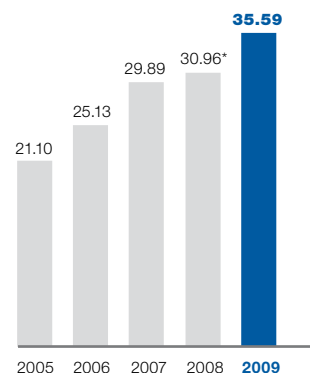
Work done

EUR billion



Order backlog

EUR billion



Internationally, new orders fell by 9.6 percent, an absolute decline of EUR 2.18 billion. The proportion of new orders generated at international level now stands at 91.5 percent.

The vast majority of the HOCHTIEF Concessions division's holdings are not fully consolidated. The high volume of new orders at the Al Habtoor Leighton Group is also not included due to equity-method consolidation. These statistics therefore exclude some of the high-volume new orders.

Work done at a high level in spite of the crisis

Group work done in fiscal 2009 fell short of the very high prior-year figure (EUR 21.62 billion). At EUR 20.56 billion, it was down 4.9 percent year on year. Adjusted for exchange rate effects—primarily against the US dollar and the Australian dollar—it was 5.6 percent lower.

The decline was due primarily to the weak building construction business in the USA and Germany. In absolute terms, work done in these segments dropped by EUR 1.88 billion. This trend was partly offset by positive contributions from Leighton's infrastructure and contract mining projects in the Asia-Pacific region, with the rise amounting to EUR 1.0 billion.

In Germany, HOCHTIEF Concessions increased work done on current PPP projects. Both in Germany and internationally, all the other divisions failed to match the prior-year figures.

In Germany, work done amounted to EUR 2.28 billion (2008: EUR 2.82 billion), a decline of 19 percent. In international markets, the Group recorded work done of EUR 18.28 billion, 2.8 percent less than in the previous year.

At 88.9 percent, the international share of Group work done clearly illustrates HOCHTIEF's international orientation.

New orders in the reporting period exceeded Group work done in 2009 by EUR 1.91 billion, as a result of which the order backlog continued to grow.

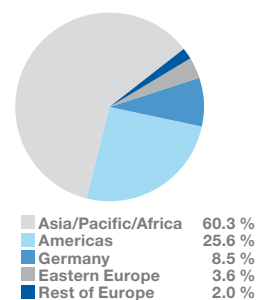
Order backlog reaches new all-time high

The order backlog by far exceeded the EUR 35 billion mark. It rose by EUR 4.63 billion to an absolute total of EUR 35.59 billion, thus exceeding the prior-year figure (EUR 30.96 billion) by 15 percent. In addition to the effects from new orders and work done, the rise was due primarily to a positive exchange rate effect against the Australian dollar. Adjusted for exchange rate effects, the order backlog would still have been clearly higher year on year at EUR 31.15 billion.

Whereas the order backlog in Germany declined by 10.8 percent in 2009 compared with the previous year, at international level it rose by 18.3 percent. The increase in the backlog was mainly the result of Leighton's extremely good business performance and a positive exchange rate effect from the Australian dollar.

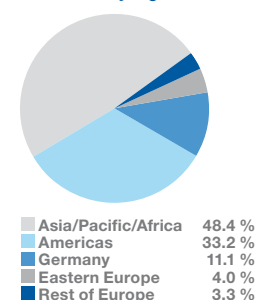
Based on the current annual work done figure, the Group has a forward order book of around 21 months.

New orders by region



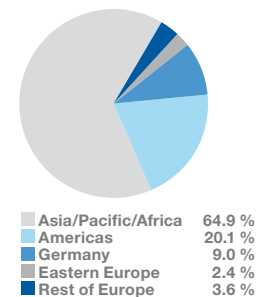
100% = EUR 22.47 billion

Work done by region



100% = EUR 20.56 billion

Order backlog by region



100% = EUR 35.59 billion



Budapest Airport, Hungary

An airport's energy consumption is roughly comparable to that of a small city. Managing that energy carefully translates directly into saving money—and protecting the environment. In the year under review, we analyzed energy use at Budapest Airport, which is part of the HOCHTIEF Concessions portfolio. Our goal: a long-ranging reduction in energy and hot water costs. In order to pool the HOCHTIEF Group's know-how, we assembled an excellence team: Specialists from the Group companies HOCHTIEF AirPort, HOCHTIEF Energy Management, HOCHTIEF Facility Management, HOCHTIEF Construction and HOCHTIEF Consult have developed a comprehensive concept to cut operating costs over the long term. We are now making our successful "Sustainable Energy and Heating Concept" available to other airports. That's how we harness our collective expertise to create individualized and sustainable solutions.



Strategy

- **Successful corporate strategy pursued further**
- **End-to-end life cycle management broadened**
- **Product and service range continually expanded**
- **Financial policy secures leeway for new projects**

HOCHTIEF is an international construction services provider ranking among the world's leading suppliers in this industry. Our portfolio includes the development, construction, services and concessions and operation modules. They enable us to provide integrated solutions at every link in the life cycle of infrastructure projects, real estate and facilities. Our clients benefit from solutions individually tailored to their projects. We offer both modular services and one-stop shopping for end-to-end solutions. There is no other company in the construction industry with a more extensive international reach than HOCHTIEF. We are thus able to provide our services worldwide and balance out within the Group the effects of economic ups and downs in individual regions.

Our activities throughout the entire HOCHTIEF Group are based on our vision: "HOCHTIEF is building the future.—Along with our partners, we expand horizons, link people and organizations, create new ways to think and act, and continually enhance the values entrusted to our care." Our vision will continue to point the way for HOCHTIEF in the future.

Our Group strategy includes the following elements:

Focus on growth markets

We focus on promising growth markets and develop our business in regions with strongly expanding economies. After a series of strategic acquisitions in recent years, we concentrated on organic growth in 2009. For instance, we strengthened our position as a reliable outsourcing partner and in 2009 again acquired several facility management units from our clients, including two divisions of Honeywell Building Solutions in Germany integrated by HOCHTIEF Facility Management.

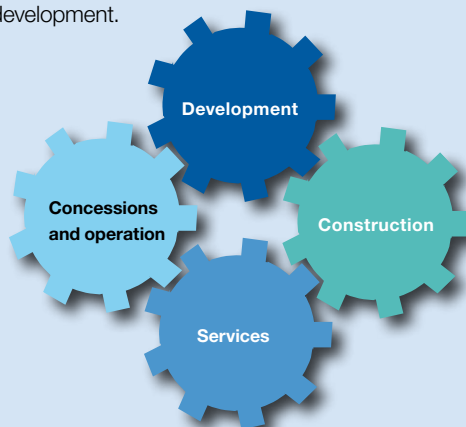
Our products and services

Development

This module encompasses real estate development, from planning and finance all the way to marketing, either as individual offerings or an all-in package.

Construction

This module comprises traditional construction operations as well as construction management in the areas of building, civil engineering and infrastructure development.



All modules of the product and service portfolio are closely interlocked.

Services

The services module covers services in the pure sense, such as construction planning, logistics, asset management*, facility management, energy management, property management and insurance. Construction management at fee** is also included.

*See glossary on page 197.

**See glossary on page 197.

Concessions and operation

Included here are all activities aimed chiefly at managing business processes. This notably covers airports as well as our public-private partnership projects such as roads and public buildings. Contract mining***, with its focus on operation, is also assigned to this module.

***See glossary on page 197.

India and the Gulf states are among the primary growth markets in which we aim to develop our business. We were awarded new projects in both regions in 2009: Leighton Asia received a building construction contract in Chennai, India, while Leighton, HOCHTIEF Construction and HOCHTIEF ViCon were successful in Qatar. We are also stepping up our activities in existing markets where growth is expected.

Expansion of product and service range

A high level of technical competence and process expertise sets HOCHTIEF apart from its rivals. Our clients enjoy cost benefits thanks to the sustainable, end-to-end solutions we provide, and we aim to extend this competitive edge. We offer our clients innovative solutions and excellent quality. This sets a high standard in contrast to the market's purely price-based competition and creates added value for our clients.

We selectively apply our knowledge of complex and sophisticated processes in new business areas. For instance, we see excellent opportunities for leveraging our expertise in the offshore wind energy market and are expanding our business accordingly. Along with our partner Beluga Shipping, a company focusing on project and heavy-lift cargo shipping, we are planning to construct special-purpose vessels. This will involve building on our experience in anchoring equipment to the sea floor as well as with our Thor and Odin jack-up platforms. The operation of wind turbines could also generate new business opportunities for HOCHTIEF Facility Management.

In recent years, we have steadily expanded our expertise in sustainability and energy efficiency and offer suitable solutions in all modules. The sustainable airport concept developed in 2009 illustrates how we channel our competencies into new services. In addition, we continue to focus on new solutions in the renewable energy sector. One example is an initiative launched in 2009 in which HOCHTIEF Energy Management will design, finance and operate wood-fired power plants. We aim to pursue our involvement in sustainability further and have made a clear statement of this commitment in our sustainability policy.*

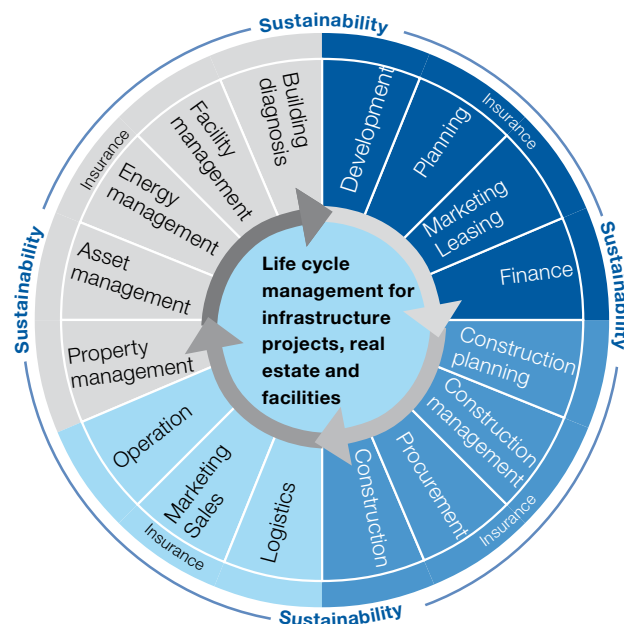
*For further information, please see page 48.

Our technology lead is based on innovations within the HOCHTIEF Group. We rely on the development of new products and services specifically to ensure that we can address complex challenges and shape new markets going forward.

Solutions for the entire project life cycle

It is our strategy to provide end-to-end services throughout the entire life cycle of infrastructure projects, real estate and facilities. We continually work toward networking all of our capabilities: Thanks to our integrated range, we sustainably create and boost value—for our clients, for our shareholders and for HOCHTIEF. During the year under review, we further underpinned our strategic life cycle approach both in-house and out under the "One roof—all solutions" banner.

We develop new potential for our business by harnessing the cross-selling effects generated from cooperation among our units. This is particularly evident in the case of public-private partnership projects in which HOCHTIEF companies can carry out all project phases from design and financing through construction or refurbishment to long-term operation. During this process,



One-stop shopping: HOCHTIEF as a life cycle manager. Our services are based on the principle of sustainability.

we bring together our experts for the projects early on to implement best practices based on experience. In this way, our facility managers consult on projects as early as the planning phase to enable optimal solutions for subsequent operation.

Moreover, the megatrends of our time provide new business opportunities for the companies within the HOCHTIEF Group. Based on our life cycle approach, we develop and implement solutions to meet today's social challenges. By doing business in a responsible and holistic manner, we create new types of spaces for people to live in. This allows us to respond to demographic change—for example, with pioneering projects such as urban districts that also offer administrative and related services or apartments for seniors based on a house community concept.

Expanding the service business

By offering services in construction-related segments, we secure a stable income stream over the long term. Services are less sensitive to cyclical fluctuations than the classic construction business and therefore lend stability to our product and service spectrum. Our service portfolio ranges from construction planning and logistics to facility and energy management services. We assume major responsibilities for all services that reach all the way to our clients' core businesses. In 2009, we expanded our service business as planned. For instance, Leighton took on new responsibilities in this sector in Australia, such as operation of Melbourne's rail network.

Positioning as an attractive employer

Our human resources efforts aim to guarantee that well-qualified employees are available to HOCHTIEF in all areas and at all times. To make this happen, recruiting and retaining employees is a top priority. We continually work to maintain a healthy corporate culture at HOCHTIEF along with the excellent reputation of our Group. We are proud of the numerous awards that HOCHTIEF received once again in 2009, including as best employer in the real estate industry and as one of the world's most admired German companies.

Conservative financial policy for the long term

HOCHTIEF's financial policy has always been conservative, with great importance attached to robust risk management—something which secured us a strong and solid financial position even during the crisis. This fact is also evidenced by a number of financing successes in 2009 such as placement of the promissory note loans (Schuldscheindarlehen) in May 2009 that were more than 100 percent oversubscribed at the end of the subscription period. Our financing is ensured for the long term, and we possess the necessary flexibility for new projects.

In view of the financial crisis, in 2009 we continued to adhere overall to our strict project selection criteria that are a traditional hallmark of our business.

Sustainability

- **Sustainability and corporate social responsibility soundly integrated into Group strategy**
- **Six clear objectives for sustainability**
- **HOCHTIEF once again listed in Dow Jones Sustainability Indexes**
- **Compliance structure reinforced**

****For further information, please see page 50.

Sustainability at HOCHTIEF

As a forward-looking company, we accept responsibility for society and the environment. Sustainability is therefore a hallmark of our activities both at corporate level and in contracting. We work systematically to protect the climate, conserve resources, save energy and boost energy efficiency. HOCHTIEF's values, vision* and guiding principles are geared toward sustainability. Corporate social responsibility (CSR) is part of our corporate strategy. In this way, we further the company's sustainable development while unlocking new sales potential. During the year under review, the CSR/Sustainability function was integrated into the Corporate Development corporate center, which reports directly to the Chairman of the Executive Board. An IT project launched in 2009 aims to help improve the collection of sustainability data across the Group.

*****For further information, please see pages 50–53.

*For further information, please see page 45.

Our sustainability activities win recognition on the capital market. In September 2009, HOCHTIEF stock was included for the fourth time in a row in the prestigious Dow Jones Sustainability Indexes. No other German construction company is featured. Since March this year, our Australian subsidiary Leighton is also listed in the new Dow Jones Sustainability Asia Pacific Index.

Sustainability focus areas

Sustainability at HOCHTIEF is concentrated in six areas with clearly defined objectives:

Sustainable products and services

We pressed ahead with our green building activities in 2009 and expanded our related services. Several buildings were awarded the new certification from the German Sustainable Building Council** (DGNB). In the USA, our hundredth project achieved LEED*** certification. We launched our integrated services/sustainable

**See glossary on page 197.

***See glossary on page 198.

airports service package with a pilot project at Budapest for development of a sustainable energy strategy.****

⇒ **Our objective:** We aim to lead the global market for sustainable projects in the construction and construction-related services segments. We therefore constantly add to our range of services spanning the infrastructure project, real estate and facility life cycle.

Active climate protection

With green building, sustainable energy management and promotion of renewable energy*****, we play an important part in protecting the climate and cutting greenhouse gas emissions. In 2009, HOCHTIEF Energy Management succeeded in saving a total of about 100,000 metric tons of carbon in projects undertaken for clients. We also stepped up our involvement in wind energy, among other things entering into cooperation with Beluga Shipping, the world's leading heavy-lift shipping company, with the aim of jointly designing and building special ships for the construction, maintenance and operation of offshore installations.

The HOCHTIEF Climate Protection Day held for the first time in 2009 was a success: 2,800 staff tuned into live intranet webcasts on a range of climate-related topics and energy economy. Aims of the recommended action include a five percent cut in HOCHTIEF's energy and fuel consumption by 2011 compared with 2008. From 2010, our main German office locations will be powered entirely with green electricity.

⇒ **Our objective:** We aim to save carbon emissions together with our clients.

Attractive working environment

We employ 66,178 people worldwide, and some 50,000 subcontractors additionally work on HOCHTIEF contracts. As responsible employers, we are conscious of our obligation to provide the best working conditions and offer the highest standards of occupational health and safety.

Our cross-divisional competence center for occupational safety, health and environmental protection (OSHEP)* works continually to improve Group-wide environmental and safety management systems and ensure implementation in HOCHTIEF companies. In the year under review, for example, we succeeded in keeping the accident rate across the entire Group at the same level as the previous year, with 7.2 accidents per thousand employees.

The HOCHTIEF People.Index*** workforce survey launched at the end of 2009 is designed to provide regular new impetus for future human resources activities. The aim is to increase employee satisfaction.

⇒ **Our objective:** We aim to further boost our position as a sought-after employer and, over the long term, establish ourselves among the most attractive employers in the industry.

Corporate citizenship

HOCHTIEF has always primarily employed staff and subcontractors from the regions where our projects are located around the world. We also practice active corporate citizenship in those regions. To cite a few examples: In September 2009, a German school opened in Doha with financial assistance from HOCHTIEF. We are currently involved in several projects in the Qatari capital. Record numbers of visitors were attracted by "Bauhaus. A Conceptual Model," an exhibition sponsored by HOCHTIEF and staged in Berlin to celebrate the 90th anniversary of the founding of the Bauhaus design school. We also supported various other exhibitions and publications under our Bauhaus/modern architecture sponsorship focus. In 2010, we are sponsoring a number of projects in connection with the RUHR.2010 European Capital of Culture***.

⇒ **Our objective:** We aim to get involved in the community wherever our company is at work.

Compliance and ethics management

As a company operating in regions with different cultures and political systems, HOCHTIEF attaches great importance to compliance**** and ethics management. 2009 saw the structure of the compliance system further refined at divisional level and compliance officers designated. The compliance officers perform HOCHTIEF compliance system responsibilities within the divisions—

primarily the provision of compliance training and advice. From 2009, the company's anticorruption e-learning program has been supplemented by another on illegal employment. Scheduled training was also held on the HOCHTIEF Code of Conduct and various HOCHTIEF directives. The existing in-house whistle-blowing hotline has been paralleled since February 2009 by a second external line. The two hotlines can be used by employees and outsiders—anononymously if required—to report information about possible criminal offences, noncompliance with statutory or company rules, or irregularities of other kinds.

⇒ **Our objective:** We aim to set standards in business ethics and do our utmost to apply those standards.

Resource protection

Conserving natural resources is especially important for a provider of construction services like HOCHTIEF. We therefore launched a wide range of activities in the past year to reduce quantities of waste on construction sites and increase recycling quotas. Supplying the population with clean water is the aim of numerous infrastructure projects. Our company also works in-house to conserve resources. During the year under review, for example, we further increased the proportion of "green" products in our KaufPilot***** electronic procurement platform.

⇒ **Our objective:** We aim to conserve natural resources and optimize the use of resources.

Transparent communication

HOCHTIEF published its third, audited sustainability report in 2009. We adhered in its preparation to the Guidelines of the Global Reporting Initiative (GRI) and the principles of the UN Global Compact. The next report will appear in 2011. HOCHTIEF is the only German construction company to publish a sustainability report. We provide information about current activities and events at www.hochtief.com/sustainability. In an additional service for clients since 2009, people can now use this platform to direct their specific requests for information on sustainable products and services to the HOCHTIEF experts responsible.

*For further information, please see page 57.

***For further information, please see page 56.

*****See glossary on page 198.



***For further information, please see page 108 and www.hochtief.com.

****For further information, please see page 197.

Research and Development

For further information on R&D and innovation projects, please see www.hochtief.com/rd, our Sustainability Report and www.hochtief.com/sustainability.

- **Innovations an integral part of many projects**
- **Numerous products rooted in R&D projects**
- **Leading edge in the construction industry through innovations**
- **Persuasive examples of strong innovative drive**

One of a kind, not one size fits all

As an international provider of construction services, HOCHTIEF only designs, finances, builds and operates facilities that are unique and often also complex. Nearly every one of our projects involves research and development (R&D) work to ensure individuality and to provide customers with quantifiable added value. Our aim is to optimize these projects.

Innovation management spurs growth

Our company's pioneering developments set standards in the construction industry worldwide. We continue to bolster this leadership position primarily through systematic innovation management in all areas of the company. For instance, we do not simply produce unique solutions for projects and develop high-growth business segments: Our innovations also contribute to the continual optimization of internal workflows and processes and set us apart from the competition.

Three levels of innovation

HOCHTIEF's innovation management operates at three levels:

The **first level**, central innovation management, addresses cross-cutting issues that could have a sustained impact on the operating business. Our international expertise and global network allow us to develop and implement such innovation projects throughout the Group. Central Corporate Development coordinates integrated innovation management, reviews promising innovation projects and sees to their implementation. Our Innovation Committee, which is made up of members from all divisions, the corporate centers and the Executive Board, decides which projects will be carried out. Implementation is supported by Corporate Development, and efficiency is ensured by systematic monitoring and control. In the year under review, HOCHTIEF spent more than EUR 5 million on Group-wide R&D projects. Sixty-five employees worked on 41 of these

projects in 2009, with 14 initiatives started and 17 completed.

The **second level** of innovation management at HOCHTIEF targets innovations by the divisions. These projects are developed, financed and implemented by these divisions and the respective companies.

The **third level** consists of project-specific innovations. These services account for the majority of our innovations and are mostly provided directly at building sites or as early as the project planning phase. We not only develop custom technological solutions, but also optimize areas such as materials and logistics for our unique projects. The expenses for this work are allocated to the projects and not recognized at Group level.

Examples of current innovation projects

Level 1: Central innovation management

Offshore wind energy activities bolstered

HOCHTIEF operates in several segments of the expanding offshore wind energy market. We design, build and lay the required concrete and steel parts anchored directly to the sea floor. Moreover, our company performs soil analyses, and installs and maintains wind turbines. In 2009, key parts of the first offshore wind farm in Germany, "alpha ventus," were constructed north of the island of Borkum. We also expanded our product and service spectrum in 2009 with the Beluga HOCHTIEF Offshore joint venture. In cooperation with the world's leading heavy-lift cargo carrier, Beluga Shipping, we aim to develop and operate special-purpose vessels that enable the installation of offshore facilities with a height of over 100 meters and a capacity of more than five megawatts. The first vessel is expected to be operational in 2012. Thanks to Thor, our new jack-up platform, we have been able to build wind farms that serve at depths of up to 50 meters since 2009, thereby unleashing additional sales and earnings potential.

Innovations for sustainable airports

"Sustainable airports" is a new market strategy for environmentally friendly consulting services developed by our subsidiary HOCHTIEF AirPort along with central departments in other divisions. One of the four corner-



stones of this consulting service involves inspecting and evaluating existing airports for potential energy savings and making suggestions for improvement. Moreover, the company also prepares environmental impact studies and develops waste management concepts for airports.

HOCHTIEF sponsors winning team

The team of students from Darmstadt Technical University we sponsored won the US Department of Energy's 2009 Solar Decathlon. For the German institution, it was the second win in a row at the US competition, where participants must build a self-sufficient, marketable building. The "surPLUShome" met the strict requirements by including, among other things, highly insulated exterior walls covered in photovoltaic cells. In the summer months, the heat is reduced by a cooling ceiling. We provided the successful team with technical, logistic and financial support, and the resulting innovative ideas will benefit our residential construction segment.

Sustainability seal awarded

The German Sustainable Building Council, an organization of which we are a founding member, began awarding German Certification for Sustainable Buildings in January 2009. We reviewed the efficacy in practice of such certification criteria as environmental, economic, socio-cultural and functional quality in an in-house innovation project, thereby actively participating in the development of the certification. In the subsequent pilot phase, our "smarthouse" office complex in Munich was one of the first projects to receive the gold preliminary certification from the German Sustainable Building Council. At the same time, we added to HOCHTIEF's consulting expertise in green building



Winners of the 2009 Solar Decathlon: The innovative "surPLUShome" produces more energy than it requires, but comfort is not sacrificed in achieving this extreme energy efficiency (photo at left).

Our new Thor jack-up platform: Thanks to its 82-meter jack-up legs, the platform can serve at impressive depths for installing offshore wind turbines. Additional advantages include a huge payload and large deck area, which allow the platform to be used even in stormy conditions.

across the Group. In the course of the year, additional HOCHTIEF projects were certified according to German Sustainable Building Council criteria.

Tunneling research project completed

In November 2009, "TUNCONSTRUCT," a European Union-funded multi-disciplinary research project, was completed successfully. HOCHTIEF participated in the project from the very beginning and coordinated two work packages. The first involved development of control software to help minimize surface subsidence during shield driving in sensitive areas. The other project aimed to further develop materials for tunnel linings. The research and experiments demonstrated that the use of high-performance materials can reduce shell thickness and improve quality. We will integrate the knowledge gained from these projects into our business.

inHaus2 activities continue

In cooperation with partners, HOCHTIEF is continuing to use the inHaus2* research building in Duisburg, completed in 2008, as an opportunity to test innovative ideas for smart building systems. In 2009, we developed and tested projects for increasing the efficiency of facility management services, including a condition monitoring system. The aim of the project is to perform maintenance based on the current condition of the relevant facility rather than at the pre-set intervals currently used. The results of this project will help optimize processes at HOCHTIEF Facility Management, thereby reducing costs and boosting our competitiveness.

*For further information, please see www.inhaus-zentrum.de.

*Radio Frequency Identification (RFID) uses electromagnetic waves to automatically identify and locate objects. This simplifies data collection and storage.

Easier maintenance with RFID*

Technical components fitted with RFID tags enable users to seamlessly collect information from installation all the way to servicing. For example, when a project is handed over after the construction phase, a facility management service provider can use an RFID reader to collect data about all building components and their condition, and automatically print out an inspection report with images. Using the saved information, it is also possible to quickly clear up warranty claims and carry out repairs in the event of damage to the building. This project was also initially tested at inHaus2 and will be used at HOCHTIEF Construction and HOCHTIEF Facility Management.

New cutting, polishing and surface technologies

HOCHTIEF SurFace enables our company to kill two birds with one stone: decontaminate surfaces at nuclear and chemical plants and treat facades and surfaces during renovation and other work on buildings. In addition, vertical concrete surfaces can be enhanced by polishing while meeting high architectural standards. Featuring powerful suction units, the DECON and FORMIS systems can be used nearly dust free both indoors and out.

Cutting-edge idea management gets results

In 2008, HOCHTIEF set up a virtual "Ideas Room" on the intranet in which any employee in Germany can contribute ideas or suggestions for improvement. The new tool has proven its worth. During the year under review, our employees submitted 407 ideas. Approximately 40 percent of these recommendations were implemented in 2009 or implementation was begun.

Examples of current innovation projects

Level 2: Innovations by the divisions

Geothermal energy

HOCHTIEF continues to be committed to deep geothermal energy. Drilling for the two plants in Dürnrhaar and Kirchstockach was completed during the year under review. In Kirchstockach, HOCHTIEF carried out the drilling activities very successfully with HOCHTIEF's own drilling team. We also co-developed a drilling system. Our geothermal energy projects allow us to contribute to feeding largely CO₂-neutral electricity into the grid in the future. The power plants will produce

four to five megawatts of power each—enough energy for around 10,000 single-family homes.

Innovative investment vehicle

In May 2009, HOCHTIEF entered into a cooperation agreement with NMI Capital, an issuing house specializing in alternative energy sources. The New Energy Holz green investment fund launched by NMI Capital will invest in wood-fired power plants. HOCHTIEF Energy Management will design, build and operate these plants under a full-service contracting model. The electricity produced will be fed into the grid operated by utilities, which will buy the power for 20 years at guaranteed prices. The generated heat will be utilized by industrial clients and sold at an index-linked price. This new alternative to conventional types of investment was launched extremely successfully despite the difficult capital market situation. The first project is slated to be realized in early 2010. The financing by NMI Capital is structured as 40 percent investment fund capital and 60 percent debt. Additional projects are slated for the end of 2010 and 2011. Interested parties can subscribe for shares in the fund until the end of 2010.

Wheel loaders now more efficient

Leighton Contractors' fleet includes large-scale wheel loaders used in the mining business. Our company's engineers developed a new design for the heavy vehicles, reducing their weight dramatically. The result was that wheel loader capacity rose sharply while fuel use dropped by ten percent. In the long term, we expect to reduce emissions of CO₂ by 2,960 metric tons.

Examples of current innovation projects

Level 3: Project-specific innovations

World's tallest building completed

The 818-meter Burj Khalifa is the tallest building in the world. Our subsidiary Turner's construction management services contributed to the success of this megaproject in the Arab emirate of Dubai. For example, a pioneering system provides for the safety of occupants of the giant tower in case of emergency. The builders of the facade also set a world record: Never before has an aluminum and glass facade this high been installed before. In total, workers spent 22 million hours constructing the project, which consumed 330,000 cubic



meters of concrete and 142,000 square meters of glass, among other materials.

Further advancement of virtual construction

Our company HOCHTIEF ViCon was formed in 2007 out of a former focus of our R&D activities, virtual construction. The company is successfully concentrating on the growth market for virtual design and construction (ViCon)*, also known as Building Information Modeling (BIM). HOCHTIEF's divisions are now using this state-of-the-art design process in numerous projects. In total, our US subsidiary Turner** has constructed more than 180 buildings using BIM. For instance, this process is enabling Turner to complete the Middle Tennessee Medical Center project in Murfreesboro approximately three months ahead of schedule. For the first time, HOCHTIEF ViCon is applying this method to one of its infrastructure projects, the Lusail City urban development project in Qatar. The 3D planning method is being used in designing and constructing the primary infrastructure, including roads, railway lines, and pipes for gas and drinking water. With the help of 3D collision tests conducted while designing the building's technical systems, we succeeded in identifying and eliminating a number of problems in advance.

John James Audubon Bridge

The HOCHTIEF subsidiary Flatiron is building the longest cable-stayed bridge in the United States, crossing the Mississippi River, north of New Orleans. Completion is scheduled for 2011. Our company faces a particular challenge: Construction needs to be done during the constant changing stages of the river and its strong currents. For the construction of the footings for the main towers, which are supported on large diameter drilled shafts, Flatiron elected to use a prefabricated cofferdam system***, weighing 2,300 metric tons,



History brought back to life: We reconstructed the two candelabra at the Charlottenburg gate using a newly developed type of concrete. Antique postcards guided the construction process (photo at left).

One of our ViCon projects in Qatar: Virtual planning allows problems to be solved quickly before construction on the Lusail City urban development project begins.

which could be erected independent of the unpredictable river elevations. Once erected, it was lowered, supported off the temporary extended drilled shafts, into the river.

Historical structure's features reconstructed

Having already restored the neo-baroque Charlottenburg gate in Berlin, HOCHTIEF has now recreated two candelabra in front of the monument which had been destroyed. The ornamentation on the two approximately 22-meter candelabra was originally made of tuff, which does not weather well. It was reconstructed by HOCHTIEF using imitation tuff made from specially developed concrete.

*For further information, please see www.hochtief-vicon.com.

**For further information, please see www.turnerconstruction.com.

Every project powered by R&D

The projects described here are perfect examples of how multi-faceted our Group's research and development activities are. Technological or process innovations feature in every HOCHTIEF project. A major role is played in many innovations by HOCHTIEF Consult, an ideas factory that ranks among Germany's largest engineering consultants.

Close cooperation with scientists

HOCHTIEF also gains R&D benefits from partnerships with universities, scientists and industry associations. In addition, HOCHTIEF's doctoral program allows selected employees to obtain a doctorate. The doctoral students represent an interface between the Group and the university concerned, further deepening our already close cooperation with institutes of higher education. Through our active membership of the European Construction Technology Platform, we help to maintain excellence in the European construction industry. HOCHTIEF is also a member of ENCORD, the European Network of Construction Companies for Research and Development.

A summary presentation of research and development over several years is not provided because no statistics are compiled on the cost of individual research done in HOCHTIEF projects.

For the R&D outlook, please turn to "Looking Ahead: Outlook and Opportunities" on page 121.

***See glossary on page 197.



Elefsina-Patras-Tsakona toll road, Greece

From Athens via Patras, the second largest port in Greece, to Tsakona: The Elefsina-Patras-Tsakona toll road is one of the country's most important traffic corridors. Part of the link on the northern coast of the Peloponnesian peninsula is being newly constructed, while existing segments are being widened. The consortium, in which HOCHTIEF PPP Solutions holds a 25 percent stake, is designing, financing and building the 365-kilometer free-way and will operate it until 2038. Among the partners in this venture to build the largest freeway project in the country is our sister company HOCHTIEF Construction.



Employees

- **Staff development tools enhanced**
- **Global vacancy management established**
- **Safety at work increased**
- **Number of trainees up**

Human resources strategy rigorously pursued

HOCHTIEF's success depends on the performance, qualifications and motivation of its employees in all corporate divisions. This is why we aim to retain the right employees for our company. We therefore identify talented individuals in Germany and internationally, secure them for HOCHTIEF and foster their continuous development. Our employees can count on our skills management tailored to individual capabilities and potential and ranging from the company's training phase through to the development of new managers. Our growth-oriented human resources strategy is a key element of our overall corporate strategy.

Strategic response to shortage of specialist staff

The need for skilled and management personnel in the construction industry continues to pose challenges for HOCHTIEF. These challenges can only be resolved with long-term approaches in human resources management. In 2009, we were primarily seeking employees for property services, project management, procurement as well as monitoring and control. We were also still in need of construction engineers for international assignments. Overall, we managed to fill more than 90 percent of the vacant positions within the HOCHTIEF Group.

Increase in employee numbers

The number of employees at HOCHTIEF rose to a total of 66,178 in 2009, with the Asia Pacific division recording the highest increase.

In the USA, the number of employees dropped, reflecting the lower construction output. This development chiefly affected Turner, where jobs have been cut in a socially responsible manner, carefully allowing for proj-

ect requirements and specific conditions. In order to keep job losses to a minimum, employees were offered short and long-term transfers and Turner remains in constant contact with many of its former employees through its strategic alumni program*, so that when market conditions improve the company can consider them for employment once again.

Global filling of vacant positions

As a global group of companies, we have exacting demands and therefore require exceptionally well-qualified personnel. In order to fill vacant international positions in a selective manner with the most suitable internal or external specialist staff, we have set up the Global Recruitment department. This department makes sure that information is exchanged at an early stage in order to fill positions across national borders. Vacant positions and projects worldwide can be presented centrally and attractively on a new intranet platform. So far, the companies HOCHTIEF Construction, Turner, Flatiron and Thiess have been integrated.

Retention programs successful

For HOCHTIEF, retaining capable and talented employees in the company for the long term is a success factor. For this reason, an intern retention program was launched at the end of 2008 to retain above-average interns at the company. So far, eight out of ten interns supported on the basis of this program have been given employment contracts at HOCHTIEF. For employees specifically wishing to gain a further qualification through a doctorate, we offer a doctoral program. The participating students are released for study at the university for an agreed period, receive financial assistance for the duration of their studies, and are guaranteed a job at HOCHTIEF when they return.

Our "Employees Recruit Employees" program also continued to bear fruit, with new employees again being recruited in this way. This program rewards employees who propose a candidate with a bonus.

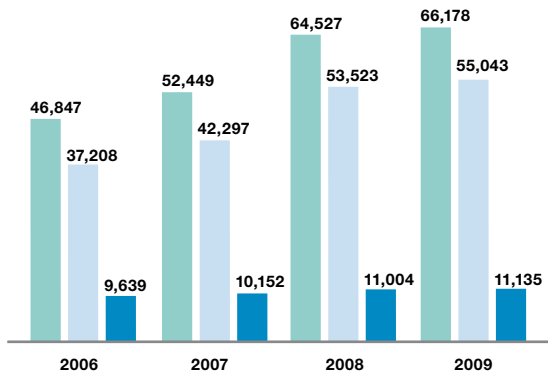
Further information on our employees as well as occupational safety and health at HOCHTIEF is available on the Internet at www.hochtief.com under Career and Sustainability.

*See glossary on page 197.

Number of employees at HOCHTIEF

Average for the year

■ Total
■ International employees
■ Employees in Germany



Targeted integration of new employees

The integration of new employees played an important role again in 2009. The HOCHTIEF Services division alone integrated 100 employees due to the takeover of business operations.

In fiscal 2009, HOCHTIEF had a total of 528 trainees in more than 30 different professions in Germany, 152 of whom began their training in 2009. Thus the number of trainees increased compared to the prior year. HOCHTIEF also continued to train young people beyond current demand. This is our contribution to giving more of them the best possible qualifications and good prospects for their future careers. Following their traineeship, we hired 59 percent of trainees.

Regular workforce survey launched

The "HOCHTIEF People.Index" was used for the first time in 2009 as the new regular tool for surveying employees: Almost 12,000 employees from the HOCHTIEF Europe and HOCHTIEF Services divisions and Corporate Headquarters were invited to give feedback about their job satisfaction and commitment. Employees from the HOCHTIEF Real Estate and HOCHTIEF Concessions divisions will be surveyed in May 2010. The survey will then be conducted Europe-wide every six months starting in fall 2010. The findings will be analyzed in the different teams and improvements implemented collectively. Leighton also commonly conducts an annual employee survey, the "Your Say" staff survey.

In 2009, employee satisfaction was again reflected in how long employees remain with the company. In Germany, average length of service is 13.8 years, at Turner it is 8.7 years and at HOCHTIEF Polska it is ten years.

Initiatives for future employees expanded

In order to secure excellent graduates for the company, we regularly make a showing at university job fairs and graduate conventions. In addition, HOCHTIEF once again held practical seminars at German universities, giving students the opportunity to get to know the company. In total, 4,100 applications were received from students in 2009.

The seeds for people to become interested in technical subjects are sown at an early age. For this reason, we continued our work in schools in the fiscal year to ensure the next generation of engineers. This includes our support of the Germany-wide "Girls' Day," where girls are introduced to technical professions. HOCHTIEF is also a member of the "Sachen machen" initiative of the Association of German Engineers, which aims to get children and young people interested in technology.

Staff development stepped up further

At the end of 2009, we implemented a new leadership concept whereby top managerial staff are given regular, systematic feedback on their skills. The main aim is to sustainably strengthen management culture at HOCHTIEF.

It is through top employees that HOCHTIEF ensures the basis for the Group's optimum development. The professional and personal development of our employees is therefore given a high priority within the company. We work continuously to improve staff development and offer our employees attractive prospects.

HOCHTIEF set up a new support program in the fiscal year, which prepares especially qualified and motivated employees for more advanced functional and management tasks. The talent pools started off with a total of 72 participants in Germany.

The existing range of continuing education options was used more intensively in the fiscal year. Turner recorded a total of 136,000 hours for training in 2009—19,000 more than in 2008. Training offered for employees wishing to qualify as LEED Accredited Professionals was particularly well taken up. This specialized training is needed in the field of green building, in which Turner leads the

market in the USA. Turner currently has more than 1,100 employees with this specialized training, compared with just 500 in 2008.

Demand for continuing education has also risen in Germany. In 2009, the section of the HOCHTIEF Academy responsible for training organized 373 events in total—119 more than in the prior year. In addition, a number of initiatives were supported by individual units, for instance, sales training tailored to the employees of HOCHTIEF Facility Management. Furthermore, other targeted training sessions and courses were designed and implemented on topics such as dimensional tolerance in building construction and project management at HOCHTIEF Energy Management. The number of participants rose by 40 percent overall in fiscal 2009.

Internal degree program taken up

In 2009, we continued to offer the opportunity of a further qualification through a degree program. In its second year, the “Bachelor of Facility Management” degree program gained another 21 participants, bringing the total number to 38. At present, 53 people are on the officially recognized “Bachelor of Engineering—Construction Site Management” degree program at the HOCHTIEF Academy. Based on the model of the “Turner Knowledge Network” training tool, sister company Flatiron founded Flatiron Construction University in the fiscal year. Here, online learning content is dedicated to the fields of technology, management, business management and safety.

Employees facilitate HOCHTIEF’s success

We know that motivated employees achieve particularly good project results. HOCHTIEF’s personnel tools help to promote and enhance our employees’ levels of motivation and commitment. “HOCHTIEF People.Index,” the employee feedback tool introduced in the fiscal year, helps our managerial staff to focus even more firmly on employee commitment. HOCHTIEF offers attractive career and development opportunities, compensating its employees fairly and based on performance. Turner (USA) and Leighton (Australia) similarly apply bonus and incentive systems calibrated in line with the company’s performance.

A fit and healthy HOCHTIEF workforce not only benefits the individual well-being of our employees, it also ensures the high quality of our work. In the interests of both these goals, we therefore offer our employees a comprehensive program on the subject of healthcare.

Transparent, timely information is similarly key to motivating staff. We use numerous media to ensure that our employees can easily keep track of what is going on in the company.

Safety at work increased

Traditionally, a high priority is placed on occupational safety, health* and environmental protection (OSHEP) in our Group. For this reason, HOCHTIEF has its own competence center. We define occupational safety as a key management role and support our managerial staff through the activities of the OSHEP Center. Our experts develop plans of action, advise, inform and train employees as well as providing support in hazard assessment and workplace design.

*For further information, please see pages 48 and 49.

Thanks to employees and employee representatives

Our employees work hard for our company in all four corners of the globe. It is down to the commitment, dedication, and loyalty of every single employee that the HOCHTIEF Group can report an excellent result once again in 2009. The thanks of the company’s management therefore goes out to all our staff. Constructive discussions in a spirit of partnership and good cooperation with employee representatives are also important success factors. We would like to thank them, too, for their sound and successful work in 2009.

Main points of the Executive Board and Supervisory Board compensation system

The main points of the compensation system as well as details of payments received by individual members of the Executive Board and Supervisory Board from Group companies for fiscal year 2009 are summarized in the compensation report.** This report is to be considered part of the combined Company and Group Management Report.

**For further information, please see pages 17–21.

For the outlook on employees, please turn to “Looking Ahead: Outlook and Opportunities” on page 121.

Procurement

Further information on the subject of procurement is available on the Internet at www.hochtief.com under Purchasing.

- **Procurement volume comes to EUR 12.56 billion**
- **Synergies within the Group fostered**
- **Direct purchasing further expanded**

Contributing to the company's success

In fiscal year 2009, we purchased supplies and services worth EUR 12.56 billion, the equivalent of 69.2 percent of Group sales. Our procurement strategy enabled us to capitalize on market opportunities, particularly during the economic crisis, and avoid additional risk.

Supplier management further optimized

The careful selection of suppliers and subcontractors contributes significantly to the success of our projects and enables us to build a reliable supplier portfolio.

Prequalification minimizes risk

Subcontractors and suppliers gain qualification through an Internet-based supplier portal. In 2009, over 1,000 new subcontractors and suppliers registered. They enter their business policies and principles along with any clearance certificates and accept the Code of Conduct for Subcontractors and Suppliers. We then supplement this information with financial data.

Cross-divisional master agreements

All buyers within the Group have access to the master agreements negotiated by the lead buyers*. This means that they have information about the most favorable terms on offer and are able to use these agreements to meet their requirements. The year under review saw a sharp rise in the volume of supplies purchased in this way.

*See glossary on page 198.

Cross-divisional supplier assessment

Our standardized supplier assessment system helps ensure that HOCHTIEF buyers are able to quickly access information about partner companies. We use the results of the assessments to integrate the services provided by selected suppliers and subcontractors into our portfolio.

Systematic supplier development

In fiscal year 2009, HOCHTIEF launched a pilot project that will enable it to systematically develop subcontractors and suppliers. HOCHTIEF agrees the necessary measures with the subcontractors and suppliers and together they review implementation of the measures. This may, for example, involve the development of tools or the expansion of a supplier's regional reach.

KaufPilot leverages potential for attractive savings

In Europe, via our electronic procurement platform KaufPilot, we purchase items from 16 product categories on favorable terms. These range from energy, health and safety, motor vehicles, office supplies and furniture through to telecommunications, tools and travel. Our trading company HOCHTIEF Global Trade, for instance, is now not only a client, but a KaufPilot supplier as well. Since the project began in 2006, HOCHTIEF has ordered a total of 217,910 articles and processed around 57,087 orders. In fiscal year 2009, 1,856 users ordered 110,556 articles via KaufPilot, increasing the use of KaufPilot master agreements to roughly 90 percent. In 2009, KaufPilot saved us EUR 4.2 million in total.

In our global procurement network, we significantly stepped up information exchange and cooperation between our European units and our US subsidiaries Turner und Flatiron. This enabled us to coordinate invitations to tender, bundle volumes as well as exchange contacts and market information.

Direct purchasing expanded worldwide

Our trading companies HOCHTIEF Global Trade and HOCHTIEF Procurement Asia source high-quality supplies worldwide. The companies reduce process costs by bundling volumes and obtain better terms by purchasing directly. At HOCHTIEF Global Trade, the focus is primarily on technical building installations, flooring and wall materials, and sanitary equipment. HOCHTIEF Procurement Asia concentrates on product groups that are purchased in Asia, mainly tiles, mosaics, natural stone, laminate and sanitary materials.

In 2009, HOCHTIEF also developed its own brand, HOCHMEISTER, and registered it in key markets for the product groups comprising sanitary appliances, sanitary ceramics, bathroom equipment, bathroom furniture, tiles, natural stone, mosaics, lighting and hotel furniture. Our two trading companies, HOCHTIEF Global Trade and HOCHTIEF Procurement Asia, are responsible for quality assurance and sales.

Turner Logistics

In response to the economic crisis, our US subsidiary Turner Logistics is now offering product planning and procurement services for state healthcare institutions and other projects outside its national borders, too. Having secured a contract to fit out a data center in Toronto, it will be operating in Canada for the first time.

Together with HOCHTIEF Procurement Asia, Turner Logistics is to supply a hotel in Charlotte, North Carolina, among other things with sanitary equipment. The contract is worth more than EUR 100 million. In addition, Turner Logistics has stepped up cooperation with HOCHTIEF and its US civil engineering subsidiary Flatiron—to the benefit of all partners.



Our new brand HOCHMEISTER: A mark of high-quality products such as tiles, mosaics, sanitary appliances and equipment, and hotel furniture.

For the outlook on procurement, please turn to "Looking Ahead: Outlook and Opportunities" on page 121.

Measuring Return on Capital: Return on Net Assets

For further information on our use of RONA as a measure of return on capital, please see our website, www.hochtief.com.

- **Value-driven strategy holds its own in critical market environment**
- **RONA once again well above cost of capital**
- **Value created strong at EUR 224 million**
- **Group expects to continue creating value in 2010**

Financial control system creates Group-wide transparency

We run the HOCHTIEF Group on the basis of a value-driven management system. Our management objective is sustained growth in Group value.

Our return on net assets (RONA) performance metric makes value growth measurable. It is integrated into all Group company planning and reporting systems to ensure transparency throughout the Group. It also provides the basis for assessing the profitability of investment decisions. Value-based performance measures are used alongside indicators focusing on earnings and cash flow as key components of our management system.

Value-driven management is fostered by ensuring that performance-linked compensation for HOCHTIEF management is closely tied to the attainment of targets for value created.

Return on net assets (RONA)

The two main control parameters relating to return on capital are RONA and value created.

If RONA exceeds weighted average cost of capital (WACC), value created is positive, which means the Group is generating value. Expressed in absolute terms, value created is RONA, minus WACC, times average net assets.

RONA is return as a percentage of net assets and indicates how well HOCHTIEF's assets are performing as an investment. Return is defined for this purpose as operating earnings (EBITA, shown in the Operational Statement of Earnings) plus interest income from the Group's financial assets. The net assets figure reflects the total capital commitment from which returns are to be generated. Net assets can be calculated starting from the assets side or the liabilities side of the balance sheet.

For divisional management purposes, net assets are determined starting from the assets side by taking total assets and deducting non-interest-bearing liabilities.

The assets-side calculation of net assets is useful in monitoring operating activities as it specifically highlights accounting parameters that operational managers can influence, such as trade accounts receivable, liquidity and trade accounts payable.

For the HOCHTIEF Group's external reporting purposes, net assets are determined from figures on the liabilities side of the balance sheet. Net assets are obtained in a simple and easy-to-follow calculation by adding interest-bearing liabilities items on the published balance sheet (shareholders' equity, pension provisions, and financial liabilities). Since RONA is calculated on a pre-tax basis, deferred taxes are eliminated from the net assets figure to remove tax effects.

Cost of capital*

Cost of capital is calculated on a weighted average basis. Putting the relevant parameters into the cost of capital equation, the HOCHTIEF Group's cost of capital stands at ten percent before tax. The factors affecting cost of capital are regularly checked and revised in line with any significant changes in the market environment.

*For a detailed calculation of cost of capital, please see www.hochtief.com/rona.

HOCHTIEF Group performance

The HOCHTIEF Group generated a 13.8 percent return on net assets in fiscal 2009 (versus 13.1 percent in 2008). This places us well above our target of equaling cost of capital.

The fiscal 2008 figures have been restated as a result of HOCHTIEF electing early application of IFRIC 15.* This ensures comparability with the figures for the year under review. In comparison with the accounting policies applied in that year, RONA for 2008 is reduced from 13.5 percent to 13.1 percent. Prior-year value created falls from EUR 186.6 million to EUR 164.5 million.

HOCHTIEF Group: Return on net assets (RONA)

(EUR million)	2009	2008 restated
Operating earnings (EBITA)**	767.2	652.9
+ Interest income***	46.1	43.2
Return	813.3	696.1
Shareholders' equity (including minority interests)	3,311.9	2,826.2
+ Pension provisions	71.3	76.7
+ Financial liabilities	2,843.5	2,926.8
– Deferred tax assets	232.8	217.1
+ Deferred tax liabilities	111.5	93.8
Net assets at December 31	6,105.4	5,706.4
Average net assets	5,905.9	5,307.9
Return on net assets (RONA)	13.8	13.1
Value created (absolute)	224.4	164.5

The Group generated a **return** of EUR 813.3 million, a 17 percent improvement on the prior-year figure of EUR 696.1 million. Average net assets rose year on year from EUR 5.3 billion to EUR 5.9 billion. This represents an increase of some 11 percent.

HOCHTIEF Group **value created**, at EUR 224.4 million, is higher than the prior-year figure. HOCHTIEF has continued to create value despite the financial crisis and the troubled economic environment. This is an outcome of our consistent strategic focus on value growth.

Divisional value created

So that we can better measure and compare the performance and competitiveness of HOCHTIEF's divisions, we manage them with reference to division-specific costs of capital. The use of a separate cost of capital for each division is made necessary by the divisions' differing business models and regional focus.

The **HOCHTIEF Americas** division comfortably exceeded its cost of capital in 2009 with RONA of 23 percent (2008: 19 percent). The increase on the prior year reflects strong performance at our US subsidiaries Flatiron and Turner, aided by a positive exchange rate trend. In consequence, the division also achieved a near-doubling of value created.

HOCHTIEF Asia Pacific generated RONA of 23.3 percent in 2009 (2008: 22.7 percent). This was driven by strong infrastructure activities and the stable contract mining business. The Abu Dhabi, Qatar and Hong Kong markets likewise showed healthy growth. An absence of writedowns on listed shareholdings compared with the prior year also had a positive impact.

HOCHTIEF Concessions produced RONA of 12.1 percent (2008: 14 percent), slightly above its 10.1 percent cost of capital.

HOCHTIEF AirPort attained RONA of 13.3 percent (2008: 14.2 percent), above the cost of capital. The drop in passenger numbers induced by the financial crisis affected HOCHTIEF AirPort's earnings performance. When comparing with the prior year, it is necessary to bear in mind that HOCHTIEF AirPort registered EUR 36.6 million in exceptional operating income from payment of the last purchase price installment for HOCHTIEF AirPort Capital and from a special dividend paid out by Sydney Airport.

*For an explanation, please see pages 142 and 143.

** See page 65 for the derivation of operating earnings (EBITA).

*** Interest income is adjusted to eliminate interest from advance payments received, which is already included as an interest credit in EBITA.

Divisions	Return	Net assets	RONA	WACC	Value created	Value created
	2009	2009	2009	2009	2009	2008**
	(EUR million)	(EUR million)	(%)	(%)	(EUR million)	(EUR million)
HOCHTIEF Americas	110.1	479.6	23.0	14.1	42.7	23.2
HOCHTIEF Asia Pacific	544.6	2,337.1	23.3	11.6	273.4	213.2
HOCHTIEF Concessions	155.1	1,283.0	12.1	10.1	25.7	48.8
Of which: HOCHTIEF Airport*	145.0	1,093.5	13.3	10.2	33.9	41.0
Of which: HOCHTIEF PPP Solutions	16.6	191.5	8.7	9.6	(1.7)	7.7
HOCHTIEF Europe	47.1	529.9	8.9	11.3	(12.7)	(59.8)
HOCHTIEF Real Estate	55.6	951.3	5.8	9.6	(36.1)	(15.6)
HOCHTIEF Services	20.0	155.0	12.9	9.6	5.1	11.4
Group	813.3	5,905.9	13.8	10.0	224.4	164.5

*Figures for HOCHTIEF Airport adjusted

**Value created figure restated

With RONA of 8.7 percent (2008: 13 percent), HOCHTIEF PPP Solutions fell short of its target of matching cost of capital. A factor to be taken into consideration here is that earnings in 2008 were boosted by success fees for attaining financial close on Greek toll road contracts and also by the sale of interests in the Vespucio Norte Express project.

HOCHTIEF Europe generated RONA of 8.9 percent (2008: 0.3 percent). The marked improvement is notably due to strategic initiatives such as restructuring and focus on higher-margin contracts. The division's successful international business was a significant contributing factor. Value created is still negative in absolute terms but remains on a sustained upward trend. As a result, we continue to expect that value created will be positive in the medium term.

HOCHTIEF Real Estate attained RONA of 5.8 percent (2008: 7.8 percent). In light of the market situation in 2009, the division pursued a highly selective policy for the acquisition of new projects. Reduced sales of projects in the year under review were the main factor behind the decrease in RONA. Average net assets also increased in line with the volume of projects in progress during the past two years. The division's onward development vitally depends on the strength of recovery in the real estate and financial markets.

HOCHTIEF Services exceeded its cost of capital with RONA of 12.9 percent (2008: 16.0 percent). It was not possible to match prior-year levels in terms of earnings, primarily due to the drop in new business induced by the financial crisis. Aside from this, a rigorous drive to bring down receivables led to a decrease in net assets with a corresponding positive impact on value created.

Outlook

Although 2009 was marked by the financial crisis, HOCHTIEF has been able to increase value created. This underscores all the more that our corporate strategy geared to value creation is successful, even in times of great challenge. Based on our earnings forecast, we expect once again to deliver a stable level of value created for our shareholders, workforce and clients in fiscal 2010. This is based on the assumption of a stable overall economic environment and functioning financial markets.

Value Added

- Net value added continues to grow
- Lion's share distributed to employees
- Shareholders benefit from dividend increase

HOCHTIEF recorded another significant increase in value added in fiscal year 2009. Net value added rose by EUR 343 million year on year to a total of EUR 4,270.0 million. This represents growth of around nine percent. As a proportion of corporate performance, net value added was up from 21.5 percent to 23.3 percent.

The increase in value added is attributable to the year-on-year decline in input costs as a proportion of corporate performance. While corporate performance was down by 5.4 percent on the previous year, the corresponding input costs declined by a greater 10.4 percent.

Although this boosted value added by EUR 566 million, this positive effect was partly offset by lower net income from participating interests as well as higher depreciation and amortization expense.

As in previous years, the largest share of value added, over 81 percent, was distributed to employees. The share distributed to lenders fell mainly due to the reduction in financing costs resulting from greater selectivity in order taking. The increase in the share distributed to minority shareholders is attributable primarily to the HOCHTIEF Asia Pacific and HOCHTIEF Americas divisions.

The Executive Board proposal for the use of net profit for fiscal 2009 provides for a further increase in the dividend to EUR 1.50 per no-par-value share. In particular, the dividend increase and a slight rise in the number of shares in circulation boosted the proportion of value added distributed to shareholders.

Sources of value added

	2009		2008 restated	
	EUR million	%	EUR million	%
Sales	18,166.1	98.6	18,703.1	96.0
Changes in inventories	32.2	0.2	399.4	2.1
Other operating income	225.1	1.2	375.9	1.9
Corporate performance	18,423.4	100.0	19,478.4	100.0
Materials	(12,562.5)	68.2	(14,273.4)	77.4
Other operating expenses	(1,333.1)	7.2	(1,259.7)	6.8
Other investment expenses	(39.1)	0.2	(22.7)	0.1
Input costs	(13,934.8)	75.6	(15,555.8)	84.3
Investment and interest income	79.9	0.4	117.7	0.6
Net income from participating interests	229.8	1.2	306.0	1.7
Gross value added	4,798.3	26.0	4,346.3	23.6
Depreciation and amortization	(501.4)	2.7	(392.3)	2.1
Net value added	4,270.0	23.3	3,954.0	21.5

Distribution of value added

	2009		2008 restated	
	EUR million	%	EUR million	%
Employees	3,508.7	81.5	3,261.8	82.6
Lenders	187.8	4.4	195.3	4.9
Minority shareholders	212.9	5.0	167.1	4.2
HOCHTIEF shareholders*	96.7	2.3	88.2	2.2
Public authorities	192.3	4.5	173.0	4.4
HOCHTIEF	98.6	2.3	68.6	1.7
Net value added	4,270.0	100.0	3,954.0	100.0

The tax expense, constituting the proportion of value added distributed to public authorities, showed a moderate increase compared with the previous year. This was due primarily to the higher earnings at the HOCHTIEF Asia Pacific division.

Net value added distributed to HOCHTIEF represents the difference between consolidated net profit and dividends paid to shareholders.

*The total dividend amount stated for 2009 is based on the dividend of EUR 1.50 per no-par-value share proposed by the Executive Board and the number of shares in circulation on December 31, 2009.



Kowloon Southern Link project, Hong Kong

“Xiaolongnu”—little dragon girl—is what employees affectionately called their tunnel boring machine, which had been tirelessly making its way through the earth below Hong Kong over the past few years. Today, the Kowloon Southern Link connects the city’s western and eastern rail lines. Two Leighton Group companies worked hand-in-hand on the project: John Holland was responsible for construction projects including two tunnels and an underground station, while Leighton Asia, a company familiar with the local market, designed and built a rail link. Both companies worked together seamlessly thanks to their specific expertise.



Financial Review

- **Strong year-on-year growth in profit before taxes and consolidated net profit**
- **Sales nearly match high prior-year level**
- **Further increase in Group total assets**

Earnings

In a difficult competitive environment, HOCHTIEF generated **sales** of EUR 18.17 billion in 2009, only 2.9 percent down on the EUR 18.7 billion recorded in 2008.

Markets relevant to HOCHTIEF were affected to varying degrees by the global financial and economic crisis.

As expected, our international activities saw sales decrease, especially on the American continent. The US general building sector showed a marked downturn. Our subsidiary Turner nonetheless held its own and kept its status as market leader in the general building segment in fiscal 2009. In local currency—US dollars—Turner attained sales of USD 8.09 billion, compared with USD 10.45 billion in the prior year (a decrease of 22.6 percent). Expressed in the Group currency, the euro, however, the percentage decrease was a significantly smaller 18.3 percent due to exchange rate gains relating to currency translation. Translated into euros, Turner's sales amounted to EUR 5.8 billion (2008: EUR 7.1 billion). The North American civil engineering market important to our US subsidiary Flatiron similarly saw a drop over 2009 as a whole. As a result of the US economic stimulus packages, however, the market followed a considerably more stable trend in the second half of the year. After EUR 854.2 million in the prior year, Flatiron contributed EUR 775.9 million (down 9.2 percent) to Group sales in the year under review. In total, the HOCHTIEF Americas division generated sales of EUR 6.61 billion (2008: EUR 8.05 billion).

In the Australian market, in parts of Asia and in the Gulf states, HOCHTIEF continued to be highly successful in 2009 with its majority shareholding in the Leighton Group. By concentrating on strong-growth markets in these regions, the HOCHTIEF Asia Pacific division boosted sales by 12.9 percent to EUR 7.77 billion (2008: EUR 6.88 billion). The trend in the Australian dollar exchange

Operational Statement of Earnings

(EUR million)	2009	2008 restated
Profit from operating activities	525.3	287.3
+ Net income from participating interests	229.8	306.0
– Non-operating earnings	–	(+) 15.0
+ Interest credited	12.1	44.6
Operating earnings (EBITA)	767.2	652.9
Net investment and interest income	(166.7)	(141.0)
Non-operating earnings	–	(15.0)
Profit before taxes	600.5	496.9
Income taxes	(192.3)	(173.0)
Profit after taxes	408.2	323.9
Of which: Consolidated net profit	195.2	156.8
Of which: Minority interest	213.0	167.1

rate produced a negative currency translation effect of EUR 75.3 million.

HOCHTIEF's global presence was once again a key success factor for our business in 2009. The share of Group sales generated internationally stood at 88.2 percent, a similarly high level to the prior year (87.8 percent).

In Germany, HOCHTIEF was unable to fully break away from the general downtrend. We also deliberately continued to scale back our activities in the hotly contested building construction business, accepting lower sales on a planned basis as a result. This decrease was partly made up for, however, by pushing ahead with expansion of the project development, service and operation business. Sales in Germany were consequently slightly down at EUR 2.14 billion compared with EUR 2.29 billion in the prior year.

Operating earnings and profit before taxes well up on the prior year

HOCHTIEF achieved outstanding earnings figures in spite of the global economic downside in the year under review. **Operating earnings/EBITA** rose compared with the prior year (EUR 652.9 million) by 17.5 percent to EUR 767.2 million. The quality of Group earnings is underscored by the fact that all operating divisions contributed positively to the total. The HOCHTIEF Group profited especially from the improved earnings situation in the HOCHTIEF Europe division. Focusing on high-earnings market segments and turning away from the ruinous competition on price in the German building construction market paid off here. After posting a EUR 30.3 million loss in the prior year, HOCHTIEF Europe was comfortably back in the black with operating earnings of EUR 26.7 million in 2009. With EUR 535.6 million, the HOCHTIEF Asia Pacific division delivered a contribution to operating earnings in fiscal 2009 that was both exceptionally strong and represented a marked 25.3 percent improvement on the prior year (EUR 427.5 million). The financial crisis also made itself felt here, however, impacting on the project development business in Australia and the building construction market in Dubai. In contrast, demand for commodities picked up toward the year-end to produce a stable earnings contribution from the contract mining segment. The HOCHTIEF Americas division did well in a difficult business environment and likewise raised operating earnings, posting EUR 110.1 million in 2009 compared with EUR 102.8 million in the prior year. Our strategy of placing the business of the HOCHTIEF Americas division on a broader footing and of entering the US civil engineering market with the Flatiron acquisition has delivered results. It has also been possible to cushion the impact of the difficulties in the US general building sector thanks to Turner's specialized range of services in the education, healthcare and green building market segments. The appreciation of the US dollar relative to the euro also had a positive effect on HOCHTIEF Americas earnings. International air transport saw a sharp drop in cargo and passenger numbers as a re-

sult of the economic crisis. Investor and lender reticence in the provision of long-term structured finance also held back growth in the market for PPP projects. This affected the earnings performance of the HOCHTIEF Concessions division, whose operating earnings remained comfortably positive at EUR 113.9 million but were down on the prior year (EUR 145.7 million). The real estate investment and office rental market was overshadowed by the overall economic trend and registered a marked fall in transaction volumes. The HOCHTIEF Real Estate division performed in line with our expectations and attained operating earnings of EUR 53.2 million (2008: EUR 59.2 million). The HOCHTIEF Services division generated good operating earnings of EUR 19 million, but fell short of the EUR 26.8 million prior-year figure due to short-time working and caution with regard to capital expenditure on the part of several industrial clients.

Net income from participating interests was EUR 229.8 million in fiscal 2009 compared with EUR 306 million in the prior year. Much of the decrease was accounted for by the HOCHTIEF Asia Pacific division, where net income from participating interests relating to jointly controlled entities at Leighton was significantly down on the very high prior-year levels. Overall, the HOCHTIEF Asia Pacific division earned net income from participating interests of EUR 97.9 million, down from EUR 159.2 million in the prior year. HOCHTIEF's airport holdings were not able to fully break free from the impacts of the economic downturn in 2009. Net income from participating interests in the HOCHTIEF Concessions division came to EUR 98.1 million, below the comparative prior-year figure (EUR 119.2 million). It is necessary to note in this regard that the prior-year figure was boosted by the special dividend received from Sydney Airport. In the HOCHTIEF Real Estate division, net income from participating interests was dominated by aurelis Real Estate. Due to the difficult market situation, net income from participating interests in that division fell to EUR 10.3 million (2008: EUR 20.2 million).

The EUR 15 million negative amount shown for **non-operating earnings** in the prior year related to re-structuring expenditure at the HOCHTIEF Europe division. No income or expenditure was generated under the heading of non-operating earnings in fiscal 2009.

Net investment and interest income ran to minus EUR 166.7 million, another EUR 25.7 million under the figure for the prior year (minus EUR 141 million). The main cause of the decrease was a fall in net interest income. This primarily related to lower interest income on funds invested in the capital market. A positive offsetting factor was a slight drop in interest expense. We had taken early action to secure adequate Group liquidity, using the funding sources available on favorable terms. The turbulence on the international financial markets adversely affected net investment income.

Further growth in consolidated net profit despite the economic crisis

HOCHTIEF successfully mastered the challenges of the past fiscal year with a further improvement in **profit before taxes**. This increased from EUR 496.9 million in the prior year to EUR 600.5 million in fiscal 2009—a rise of 20.8 percent.

Tax expense came to EUR 192.3 million, up 11.2 percent on the prior-year figure of EUR 173 million. The total amount included EUR 185 million in current income tax, compared with EUR 147.3 million in the prior year. The increase followed from significantly higher earnings, primarily in the HOCHTIEF Asia Pacific division. Deferred tax expense, on the other hand, decreased from EUR 25.7 million in the prior year to EUR 7.3 million in 2009.

The effective tax rate remained at a low level in 2009. After a prior-year figure of 34.8 percent, the effective tax rate decreased slightly to 32 percent.

Profit after taxes improved by 26 percent from EUR 323.9 million in the prior year to EUR 408.2 million in 2009. Consolidated net profit grew substantially to EUR 195.2 million, up 24.5 percent compared with the prior-year figure (EUR 156.8 million). The minority interest in consolidated net profit rose to EUR 213 million (2008: EUR 167.1 million). The driving factor here was the significantly higher earnings contribution from Leighton, in which minority shareholders have an interest of some 45 percent.

On the year-end figures, despite the deterioration in the economic climate, HOCHTIEF thus exceeded its forecast published in the interim report as of September 30, 2009. While Group sales steadied as expected at normal levels below the high figures attained in 2008, both profit before taxes and consolidated net profit were significantly stronger.

*The full Consolidated Statement of Cash Flows appears on page 130, in the Financial Statements and Notes section.

Cash flow

Consolidated statement of cash flows

Net cash provided by operating activities increased in the period under review to EUR 949.3 million. Operating activities thus generated a EUR 683.2 million larger cash inflow than the prior-year figure of EUR 266.1 million. Alongside the improvement in profit after taxes, this notably reflected changes in working capital. Whereas in the prior year considerable financial resources were tied up in working capital due to a large rise in trade receivables, growth in working capital was only slight in the year under review. Net cash provided by operating activities was particularly strong in the HOCHTIEF Real Estate and HOCHTIEF Asia Pacific divisions.

HOCHTIEF committed resources of EUR 968.5 million in 2009 for **capital expenditure** on property, plant and equipment and financial assets. Capital expenditure was consequently EUR 187.5 million down on the prior-year total of EUR 1.16 billion. After several years of strong growth through large-scale acquisitions, the HOCHTIEF Group focused capital spending in the period under review on the purchase of necessary plant and equipment as well as on selective additions to our business portfolio. Purchases of intangible assets and property, plant and equipment accounted for EUR 826 million (2008: EUR 645.5 million). Our subsidiary Leighton undertook the largest share of capital expenditure on property, plant and equipment, at EUR 708.7 million.

With regard to capital investment in financial assets, we applied a restrictive spending policy in the past fiscal year with expenditure of EUR 142.5 million marking a significant reduction on 2008 (EUR 510.5 million). The focus of our investment policy was on selective additions to the Leighton business portfolio and on participation in corporate actions at Sydney Airport. The HOCHTIEF Asia Pacific division spent a total of EUR 73.5 million on participating interests. Its expenditure was thus EUR 393 million below the prior-year figure (EUR 466.5 million). In contrast, capital spending on financial assets in the HOCHTIEF Concessions division was substantially higher, at EUR 48.6 million compared

Statement of Cash Flows for the HOCHTIEF Group (Summary)*

(EUR million)	2009	2008
Net cash provided by operating activities	949.3	266.1
Net cash used for investment activities	(848.6)	(901.3)
Net cash (used in)/provided by financing activities	(181.0)	1,046.1
Net cash (decrease)/increase in cash and cash equivalents	(80.3)	410.9
Cash and cash equivalents at year-end	1,769.6	1,787.7

with EUR 27.6 million in the prior year, due to funds made available for the shareholders' contributions at Sydney Airport.

Disposals of property, plant and equipment and financial assets generated a cash inflow of EUR 213.3 million. This represents a EUR 209.1 million drop in disposal proceeds compared with the prior year, when disposals generated EUR 422.4 million. Most of the total was accounted for by sales of property, plant and equipment in the HOCHTIEF Asia Pacific division. In the opposite direction, changes in securities holdings and financial receivables made for a cash outflow of EUR 58.2 million. This mainly related to the granting of new loans and increases in the size of existing loans to companies in the business portfolio. A notable part of the EUR 148.1 million cash outflow in the prior year related to purchases of securities by our Luxembourg reinsurance companies. Changes in cash and cash equivalents due to consolidation changes involving Group companies came to a negative figure of EUR 35.2 million in the period under review (2008: minus EUR 19.7 million). Taking all factors into account, net cash used in investing activities amounted to EUR 848.6 million in fiscal 2009, compared with EUR 901.3 million in the prior year.

Our management of financing in the past fiscal year was systematically geared to securing Group finances on a long-term, diversified basis. We responded early

to the emerging challenges of the financial crisis with suitable action to safeguard financing and liquidity. We successfully continued this policy in the year under review, negotiating a so-far unutilized revolving credit facility for EUR 400 million and issuing four promissory note loans for a total of EUR 300 million. The cash inflow from the new promissory note loans was used to refinance a EUR 200 million promissory note loan from 2004, which was due to expire. This was supplemented by corporate actions at Leighton, mostly in the form of bond issuance totaling EUR 165.9 million. The HOCHTIEF Group took out new borrowing for a total of EUR 1.13 billion in fiscal 2009. This was almost exactly countered by cash outflows for debt service in the amount of EUR 1.16 billion. Most of this figure related to HOCHTIEF Aktiengesellschaft and Leighton. In the prior year, use was made of the low price levels induced by the financial crisis to make purchases of treasury stock, resulting in an outflow of funds of EUR 93.5 million. In the period under review, treasury holdings of HOCHTIEF Aktiengesellschaft stock remained virtually constant. Payments into equity by minority shareholders amounted to EUR 66.4 million in fiscal 2009. These mainly comprised the participation by minority owners in the shareholders' contribution at Sydney Airport. In the prior year, stock issues at Leighton and Sydney Airport generated cash proceeds of EUR 222.1 million. After payments of dividends to HOCHTIEF's and minority shareholders totaling EUR 224.8 million (2008: EUR 234.6 million), **net cash used in financing activities** came to EUR 181 million.

Cash and cash equivalents stood at EUR 1.77 billion as of December 31, 2009, down EUR 18.1 million on the prior-year figure of EUR 1.79 billion. EUR 62.2 million of this figure (2008: minus EUR 25.7 million) is accounted for by the effect of exchange rate changes.

Free cash flow was strongly positive, at EUR 100.7 million. The figure consists of net cash provided by operating activities (EUR 949.3 million) less net cash used in investing activities (EUR 848.6 million). Free cash flow in the prior year was a negative EUR 635.2 million due

to significantly lower cash flow provided by operating activities and higher capital expenditure.

Group finances secured despite global capital and financial market crisis

Although international financial markets continued to be characterized by severe uncertainty in 2009 and some forms of financing were impossible to deploy for part of the year, the HOCHTIEF Group once again secured its long-term finances during the year under review.

First of all, in the absence of other financing options on the market, the Group successfully negotiated a revolving credit facility as a tranche of the existing syndicated guarantee facility*. This required approval from the entire banking syndicate as the syndicated guarantee facility had not initially made provision for cash drawings. Following successful renegotiation, the package now comprises a reduced guarantee facility of EUR 1.5 billion and alongside this a EUR 400 million revolving credit tranche. HOCHTIEF consented in negotiations to reducing the total size of the overall facility by five percent to EUR 1.9 billion.

The documentation remained almost completely unchanged. Modifications were only necessary regarding the technical distinction between guarantee facility and credit facility drawings. The overall term of the original facility was also retained so that it provides HOCHTIEF with long-term revolving guarantee and revolving credit finance through to the end of October 2012.

The terms for the credit facility tranche reflect the HOCHTIEF Group's excellent credit standing on international capital markets despite a minor adjustment necessitated by widening spreads. The currently still favorable overall interest rate climate makes up for this margin expansion, however. The credit facility tranche remained undrawn as of the balance sheet date. This therefore remains available in full to finance the long-term growth of the HOCHTIEF Group. The EUR 400 million facility** consequently ranks alongside the similarly long-term EUR 600 million syndicated revolving

*See glossary on page 198.

**See glossary on page 197.

credit facility as one of the Group's main financing instruments.

The HOCHTIEF Group's first promissory note loan for EUR 200 million dating from 2004 was due to expire in May 2009. Such loans have in the meantime become an important form of financing instrument for the HOCHTIEF Group as they allow a broadening of the creditor base and help relieve the burden on increasingly scarce conventional bank lending. Accordingly, we elected to issue a number of further promissory note loans when it came to refinancing the loan in question. The issue was placed for the first time with three of the Group's core banks and proved a resounding success. The originally planned EUR 150 million issue size was ultimately doubled to EUR 300 million. Aside from a small number of modifications, it was possible to reuse the previous year's documentation, which closely parallels the terms and conditions of the syndicated credit facilities. The Group has thus attained and secured uniform documentation and a consistent set of financial covenants* for its major long-term financing arrangements.

*See glossary on page 197.

The four individual promissory note loans are split close to half-and-half between three and five-year loan terms. The ability to arrange a portion with a five-year term was highly beneficial in terms of lengthening loan durations** in the Group.

**See glossary on page 198.

With a view to investor preferences, the main emphasis is on floating rate tranches, which make up somewhat more than two thirds of the total issue volume. We were also able to offer a fixed-rate tranche, however, in order to serve the corresponding investor group.

The terms and conditions attached to the promissory notes remain attractive. HOCHTIEF continues to possess immaculate top-class credit standing among German and European investors in these financing instruments. This is once again borne out in the large oversubscription relative to the issue size.

The proceeds on the new promissory note loan issues were used to repay the expired promissory note loan dating from 2004. The remaining funds have been used as part of the Group's general financing.

The short-term bilateral revolving credit facilities used to finance day-to-day liquidity in the HOCHTIEF Group fall due on an annual basis and were extended in their entirety in 2009 as in previous years. The Group has also attracted individual creditors to enter into new exposures in this segment. The total facility amount now available comes to slightly under EUR 300 million. Three-quarters of short-term credit facilities have written confirmation.

The same applied to the bilateral guarantee facilities that fell due during the year under review. These were likewise extended without modification. The HOCHTIEF Group thus has sufficient liquidity on both the revolving credit and the revolving guarantee sides. The loan terms have once again been lengthened, securing the necessary finance for the long term.

Group borrowing is supplemented with project-related facilities as needed. These are individually negotiated on the basis of specific projects and are available in addition to the Group facilities. They are restricted in almost all cases to the projects to be financed and do not entail recourse to other Group assets. Project funding is mostly taken out with short terms to obtain maximum flexibility with regard to market placement and consequently repayment of the debt. Where individual projects run for longer periods, the financing is hedged against potential interest rate risk.

Additionally, the funds borrowed for the aurelis acquisition fell due in the year under review and were refinanced as planned with a medium-term, three-year capital expenditure loan without recourse to HOCHTIEF Group assets.

As an extra reserve, the Group also continues to maintain holdings of securities at the same high level as in the prior year. These funds are invested in top-ranking issuers and well diversified to spread risk. The securities are managed either externally in special-purpose investment funds or as direct investments.

Further loans are in place on a local basis for the Group's American and Australian operational units. In the USA, Turner and Flatiron retain their USD 5 billion bonding facility with four major US surety companies to provide security for public-sector construction contracts. Similarly for the Leighton Group, which continues to enjoy top credit standing on debt markets. This was demonstrated in the year under review with the highly successful issue of a long-term five-year bond in Australian dollars as part of the long-term debt issuance program in Australia.

No long-term facilities fall due in fiscal 2010. We will nonetheless keep a close watch on international finance and capital markets and take out further borrowing for the Group when opportunities and acceptable terms arise.

Balance sheet

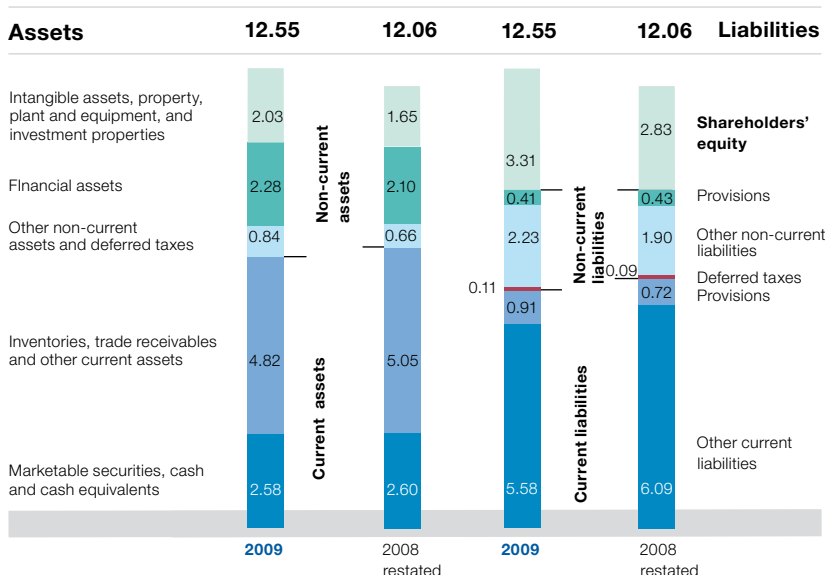
HOCHTIEF Group balance sheet a sound foundation for ongoing growth

Despite tightened financial market conditions throughout the reporting period, the HOCHTIEF Group has maintained an ample supply of liquidity at all times. The foundation for this success in fiscal 2009 was furnished by HOCHTIEF's strong and sound Group balance sheet, which also provides us with the financial scope to continue growing our operating business into the future.

We once again added substantially to total assets compared with the prior year-end. Total assets came to EUR 12.55 billion, an increase of EUR 486.2 million or four percent on the figure as of December 31, 2008 (EUR 12.06 billion).

Non-current assets grew particularly strongly by EUR 743.4 million to EUR 5.15 billion. This represents growth of 16.9 percent on the prior-year figure (EUR 4.41 billion). Intangible assets rose slightly to EUR 503.7 million (2008: EUR 482.7 million). Much of this amount is accounted for by EUR 431.1 million in goodwill recognized on initial consolidation of fully consolidated companies.

Consolidated Balance Sheet (EUR billion)



The EUR 407.9 million increase on the prior-year figure was mainly due to exchange rate effects. Intangible assets also include EUR 72.6 million in concessions and similar licenses (2008: EUR 74.8 million). Capital expenditure on plant and equipment in fiscal 2009 resulted in a marked overall rise in property, plant and equipment. This balance sheet item gained 33.2 percent from EUR 1.12 billion at the end of the prior year to EUR 1.49 billion at the end of the year under review. The EUR 38.2 million in investment properties (2008: EUR 42.9 million) mostly relate to properties in the HOCHTIEF Real Estate division. Financial assets grew by EUR 185.3 million to EUR 2.28 billion, up 8.8 percent on the prior year-end (2008: EUR 2.1 billion). The EUR 128.9 million increase in equity-method investments to EUR 1.8 billion (2008: EUR 1.67 billion) primarily reflected changes in the carrying amounts of investments in associates. The gain in other financial assets to EUR 486.5 million (2008: EUR 430.1 million) was mostly accounted for by the shareholders' contributions at Sydney Airport. Financial receivables, totaling EUR 425.4 million (2008: EUR 352.7 million), largely consist of loans granted upon acquiring the interests in aurelis and Budapest Airport. The additional sum compared with the prior year chiefly

reflected an increase in the size of the loan to aurelis. Other receivables and other assets ran to EUR 177.1 million at the end of the year under review, a significant increase on the prior-year figure of EUR 95.8 million. The main factor here comprised fair value gains on pension fund balances and derivatives receivables. Deferred tax assets are recognized on the balance sheet in the amount of EUR 232.8 million, slightly higher than the comparative prior-year figure (2008: EUR 217.1 million).

Current assets decreased and stood at EUR 7.4 billion at the December 31, 2009 balance sheet date. This corresponds to a 3.4 percent reduction compared with the end of the previous fiscal year (2008: EUR 7.65 billion). The total figure includes EUR 1.12 billion in inventories (2008: EUR 943.6 million), primarily resulting from real estate developments under construction in the HOCHTIEF Real Estate and HOCHTIEF Asia Pacific divisions. Trade receivables dropped—especially in the HOCHTIEF Americas and HOCHTIEF Europe divisions—in the wake of the economic crisis due to the overall decrease in demand. At EUR 3.41 billion, trade receivables were EUR 375.7 million or 9.9 percent down on the prior-year figure of EUR 3.78 billion. Settlement of amounts receivable for disposals of real estate and shareholdings caused other receivables and other assets to fall by EUR 44.2 million to EUR 126.8 million. Our marketable securities totaling EUR 807.7 million mainly consist of fixed-interest bonds, equities and investments in bond funds and show only a minor net change relative to the prior year-end balance (EUR 809.4 million). As a result of disposals and portfolio adjustments, the proportion of fixed-interest securities in the total decreased in favor of floating-rate bonds, bond funds and equities. Cash and cash equivalents came to EUR 1.77 billion at December 31, 2009, on a par with the end of the prior year (2008: EUR 1.79 billion).

HOCHTIEF significantly strengthened its capital base in the past fiscal year with **shareholders' equity** increasing to EUR 3.31 billion at the December 31, 2009 balance sheet date. This represents a substantial EUR 485.8 million or 17.2 percent improvement in our capital base compared with the prior year-end (2008: EUR 2.83 billion). Profit after taxes accounts for EUR 408.2 million of the increase. Other positive factors comprised EUR 200 million from currency translation differences and changes in the fair value of financial instruments, EUR 37.6 million from actuarial gains and losses and EUR 64.8 million in other changes not recognized in the Statement of Earnings. In the opposite direction, dividend distributions to HOCHTIEF's and minority shareholders deducted EUR 224.8 million from shareholders' equity.

The increase in shareholders' equity produced a significant improvement in the equity ratio (shareholders' equity to total assets). This stood at 26.4 percent as of the December 31, 2009 balance sheet date, three percentage points higher than the comparative prior-year figure (2008: 23.4 percent).

Driven by the successful refinancing of borrowings, **non-current liabilities** increased sharply by EUR 327.2 million to EUR 2.75 billion (2008: EUR 2.42 billion). Provisions for pensions and similar obligations came to EUR 71.3 million, EUR 5.4 million below the prior-year figure. This decrease mainly results from growth in the value of our pension fund assets. Other non-current provisions were down on the prior-year with a decrease of EUR 20.3 million to EUR 337.9 million (2008: EUR 358.2 million). As in the prior year, these consist of provisions to cover personnel and insurance-related obligations. There was a marked rise in non-current financial liabilities, which were up from EUR 1.68 billion at the end of fiscal 2008 to EUR 2.05 billion at the end of the period under review. This mainly related to the EUR 300 million in promissory note loans issued by HOCHTIEF Aktiengesellschaft and a EUR 174.9 million bond issued

by Leighton. Other non-current liabilities, at EUR 185.1 million, were EUR 33.9 million down on the prior year (2008: EUR 219 million). Deferred tax liabilities, on the other hand, increased by EUR 17.7 million to EUR 111.5 million.

Current liabilities amounted to EUR 6.49 billion at the end of fiscal 2009, representing a decrease of EUR 326.8 million compared with the figure as of December 31, 2008 (EUR 6.81 billion). Within the total, a significant reduction in financial liabilities was notably countered by increases in provisions. The EUR 452.5 million drop in financial liabilities to EUR 795.9 million mostly resulted from the successful refinancing of the EUR 200 million promissory note loan dating from 2004 and the repayment of overnight borrowing taken out at the end of the prior year. Trade payables decreased by EUR 170.1 million to EUR 4.39 billion at the end of fiscal 2009, compared with EUR 4.56 billion at the end of the previous year. The increase due to the larger volume of business at Leighton was offset by substantial reductions at Turner and the Europe division. A rise in personnel-related and derivatives-related obligations produced a rise in other liabilities to EUR 381.6 million (2008: EUR 267.1 million).



Unilever headquarters, Hamburg

The new Unilever headquarters realized by HOCHTIEF Projektentwicklung has received many accolades: The building located on Hamburg's Strandkai has already won several awards, with its energy features making the biggest impression. Even today, the corporate headquarters meets the environmental requirements of the coming decades. As a result, HOCHTIEF Projektentwicklung was able to sell the Unilever building to an investor as early as the beginning of 2010. Our project developers relied on the consulting expertise of colleagues at HOCHTIEF Consult during the acceptance process for the property. HOCHTIEF Property Management will handle commercial property management for the green building. Fellow subsidiary HOCHTIEF Facility Management will lend its expertise to operation of the prize-winning structure on behalf of HOCHTIEF Projektentwicklung.



HOCHTIEF Aktiengesellschaft (Holding Company): Financial Review

HOCHTIEF Aktiengesellschaft presides over the HOCHTIEF Group's divisions as a strategic management holding company. HOCHTIEF Aktiengesellschaft's profits are therefore mostly determined by net income from participating interests as well as by revenues and expenditure relating to its function as a holding company.

The HOCHTIEF Aktiengesellschaft annual financial statements were prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG) and have been given an unqualified auditors' report dated February 16, 2010 by auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. The 2009 Annual Financial Statements and Management Report of HOCHTIEF Aktiengesellschaft are published in the electronic Bundesanzeiger (Federal Official Gazette).

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	Dec. 31, 2009	Dec. 31, 2008
Fixed assets		
Intangible assets and property, plant and equipment	38.2	42.7
Financial assets	1,978.8	1,853.9
	2,017.0	1,896.6
Current assets		
Inventories, receivables and other assets, and prepaid expenses	825.4	908.7
Cash and cash equivalents, and marketable securities	686.3	905.0
	1,511.7	1,813.7
Total assets	3,528.7	3,710.3
Shareholders' equity	1,503.7	1,489.4
Provisions	388.3	388.7
Liabilities	1,636.7	1,832.2
Total liabilities	3,528.7	3,710.3

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2009	2008
Sales	211.3	195.0
Changes in the balance of construction work in progress	9.3	0.7
Other operating income	92.5	95.4
Materials	(135.4)	(116.9)
Personnel costs	(106.0)	(83.2)
Depreciation and amortization	(3.7)	(6.2)
Other operating expenses	(116.0)	(112.8)
Net income from financial assets	237.5	182.8
Net interest income	(33.2)	(17.5)
Writedowns on financial assets and marketable securities	(50.6)	(35.1)
Profit from ordinary activities	105.7	102.2
Income taxes	(3.2)	(4.3)
Net profit before changes in reserves	102.5	97.9
Net profit brought forward	9.8	32.6
Changes in revenue reserves	(7.3)	(32.5)
Unappropriated net profit	105.0	98.0

Earnings

In the separate financial statements for HOCHTIEF Aktiengesellschaft, profit is primarily determined by net income from participating interests and by income and expenditure arising in its capacity as a holding company.

Balance sheet

Due to its function as a holding company, HOCHTIEF Aktiengesellschaft's balance sheet is dominated by financial assets and receivables from affiliated companies. These represent 74.3 percent of total assets, compared with 68.5 percent in 2008.

HOCHTIEF Aktiengesellschaft's subscribed capital of EUR 179.2 million is divided, as in previous years, into 70,000,000 no-par-value shares. EUR 39 million was transferred from the reserve for own shares in line with changes in the carrying amount of treasury stock (2008: EUR 186.9 million reclassified to the reserve for own stock). Shareholders' equity equaled 42.6 percent of total assets, versus 40.1 percent in 2008.

The liabilities include EUR 250 million for two promissory note loans issued in the prior year, comprising one for a nominal amount of EUR 200 million and a term of five years and one for a nominal amount of EUR 50 million and a term of seven years. The coupon on both is equal to six-month EURIBOR plus an appropriate margin. On May 25, 2009, HOCHTIEF Aktiengesellschaft issued four further promissory note loans for a total of EUR 300 million and split half-and-half between three and five-year loan terms with part-fixed and part-variable coupons. The coupon on the individual notes corresponds to market rates at the time of issue. Also included, as in the prior year, is EUR 477 million in drawings on a EUR 600 million syndicated revolving credit facility.

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves for 2009 was EUR 102.5 million. In accordance with Section 58 (2) of the German Stock Corporations Act, EUR 7.3 million of this amount was transferred to other revenue reserves. Including profit carried forward from the previous year (EUR 9.8 million), unappropriated net profit comes to EUR 105 million.

Executive Board proposal for the use of net profit

The Executive Board and the Supervisory Board propose a resolution on the use of net profit as follows:

The unappropriated net profit of HOCHTIEF Aktiengesellschaft for fiscal 2009 in the amount of EUR 105,000,000.00 will be used to pay a dividend of EUR 1.50 per eligible no-par-value share, and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 8,334,952.50, will be carried forward. The dividend is payable on the day following the General Shareholders' Meeting. The number of eligible shares may change by the date of the General Shareholders' Meeting. In this event, a revised proposal for the appropriation of net profit will be submitted to the General Shareholders' Meeting, leaving the dividend unchanged at EUR 1.50 per eligible no-par-value share.

Disclosures pursuant to Sections 289 (2) 5, 289 (4), 315 (2) 4 and 315 (4) of the German Commercial Code

As in the previous year, HOCHTIEF Aktiengesellschaft's subscribed capital of EUR 179,200,000 is divided into 70,000,000 no-par-value shares. Each share accounts for EUR 2.56 of capital stock.

The capital reserve comprises premium on shares issued by HOCHTIEF Aktiengesellschaft.

The Executive Board is unaware of any restrictions on voting rights or transfers of securities.

CARIÁTIDE S.A., Avda. Pio XII n° 102, 28036 Madrid, Spain, gave notice with reference to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in HOCHTIEF Aktiengesellschaft was 25.08 percent on April 24, 2007. Identical notification was given by ACS, Actividades de Construcción y Servicios, S.A., Avda. Pio XII n° 102, 28036 Madrid, Spain, together with notice that the voting rights concerned are held by CARIÁTIDE S.A. and are attributable to ACS by virtue of its ownership interest in CARIÁTIDE S.A. under Section 22 (1) 1 of the German Securities Trading Act.

For the purposes of clarity, we would like to add that according to its own notification of February 27, 2009, ACS acquired a further 4.9 percent of HOCHTIEF shares by exercising an equity swap. The sum total of its voting rights is thus 29.98 percent.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least three individu-

als. Section 23 (1) of the Articles of Association provides that resolutions of the General Shareholders' Meeting require a simple majority of votes cast unless there is a mandatory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized subject to Supervisory Board approval to increase the capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 53,760,000 by or before May 17, 2010 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 38,400,000 divided into up to 15,000,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares:

The Company is authorized by resolution of the General Shareholders' Meeting of May 7, 2009 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 6, 2010. It is limited to ten percent of the capital stock at the time of the General Shareholders' Meeting resolution, with the quantity of shares able to be acquired by the use of call options limited to a maximum of five percent of the capital stock at the time of the resolution. The authorization can be exercised directly by the Company or by companies in its control or majority ownership or by third parties engaged by the Company or engaged by companies in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount or any fraction. The repurchase may be effected through the

stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the General Shareholders' Meeting of May 7, 2009, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of repurchased shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of any warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell repurchased shares other than through the stock exchange and other than by way of an offer to all shareholders provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer repurchased shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of warrant-linked and/or convertible bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the General Shareholders' Meeting of May 18, 2005 (agenda item 10) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the General Shareholders' Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer and retirement of treasury stock are set forth in detail in the General Shareholders' Meeting resolution.

The long-term global revolving guarantee facility signed with a syndicate of international banks on October 24, 2007 was modified by HOCHTIEF Aktiengesellschaft in 2009 so that it now has at its disposal a EUR 1.5 billion revolving guarantee facility and a EUR 400 million cash facility. An earlier revolving credit facility for a total of EUR 600 million and an earlier revolving guarantee facility for a total of EUR 291.5 million remain in place. These facilities have substantively identical change-of-control provisions. Lenders may each withdraw from their credit exposure subject to satisfaction of an agreed condition precedent if negotiations with the borrower to continue the facility have failed, such negotiations having given consideration to the credit standing of the company taking control, the risk of any change in corporate strategy and the risk of the lenders being restricted in any way in provision of the facilities. The condition precedent is satisfied if a party, or group of parties acting in concert, secures control of the borrower within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG). Lenders may give notice of termination of their credit exposure within 70 days of it becoming known to HOCHTIEF Aktiengesellschaft that the condition precedent has been satisfied, subject to a minimum of ten days to consider the options available.

HOCHTIEF Aktiengesellschaft signed a EUR 65 million global credit facility with a German bank on October

29, 2009, and in December 2009 extended the term of a further, EUR 130 million facility dating from August 2/9, 2005. These two facilities have substantively identical change-of-control provisions, under which in the event of a change of control the bank can terminate the credit facility for cause if it deems this appropriate in consideration of the acquirer's creditworthiness, the risk of changes in corporate strategy and possible maximum credit limits. A change of control is defined in this context as a party, or group of parties acting in concert, either acquiring a majority of shares or voting rights in the borrower or otherwise securing control of the borrower, for example by way of a control agreement; voting rights are attributed for this purpose in accordance with Section 30 of the German Securities Acquisition and Takeover Act (WpÜG).

HOCHTIEF Aktiengesellschaft signed two promissory note loan agreements (Schuldscheindarlehen) for EUR 50 million and EUR 200 million with a German bank on July 4, 2008. It also signed four promissory note loan agreements for a total of EUR 300 million with differing durations and interest rates on May 25, 2009. All of these agreements contain a substantively identical provision under which in the event of a change in control, HOCHTIEF Aktiengesellschaft must repay the loan early unless it and the lender reach agreement on the loan's continuation within 60 days of announcement of the change of control and the lender does not demand early repayment within ten days of the 60-day period expiring. A change of control is defined in this context as a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG), securing control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2), WpÜG.

On October 23, 2007, HOCHTIEF Aktiengesellschaft signed a general counter indemnity with four US surety companies to secure a USD 5 billion bonding line provided by the surety companies. The general counter indemnity contains a change-of-control provision giving them the right, if an agreed condition precedent is satisfied, to require HOCHTIEF Aktiengesellschaft to submit up to USD 500 million in cash by way of security. The condition precedent is satisfied if a party, or group

of parties acting in concert, acquires in total 30 percent or more of all shares in HOCHTIEF Aktiengesellschaft or otherwise secures control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG). The security payment must then be made within 30 bank working days of notification that it is required.

Through subsidiaries, HOCHTIEF Aktiengesellschaft indirectly holds an ownership interest—as general partner, trading as HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG—in HOCHTIEF AirPort Capital GmbH & Co. KGaA, a limited partnership with share capital. This ownership interest is governed by a shareholders' agreement under which the limited-liability shareholders are entitled in specific contingencies to purchase all ownership interests in the general partner. The first such contingency arises, dependent upon who the purchaser is, in the event that a company acquires the majority of the shares or voting rights in or otherwise secures control of HOCHTIEF Aktiengesellschaft or serves as a trustee for such voting rights or control mechanisms. The second contingency arises in the event that a third party acquires more than half of the shares or voting rights in HOCHTIEF Aktiengesellschaft or otherwise secures control of HOCHTIEF Aktiengesellschaft and, within nine months of the acquisition becoming known, more than half of the key personnel or at least three individuals among the key personnel leave HOCHTIEF AirPort GmbH.

HOCHTIEF PPP Solutions GmbH has sold stakes in two Chilean toll road project companies. Under the contract of sale, the seller is obliged in certain circumstances to provide the buyer with a guaranteed present value greater than the purchase price. HOCHTIEF Aktiengesellschaft has furnished a guarantee for the seller's obligations. A change of control at HOCHTIEF Aktiengesellschaft is consequently one of the circumstances that trigger the guaranteed present value obligation. The contract defines a change of control as when a party, or group of parties acting in concert, secures control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG).

Under the terms of the liability insurance taken out by HOCHTIEF Aktiengesellschaft, the insurer has a right to alter the premiums and conditions in the event of a takeover of the Company. The terms of the D&O insurance taken out by HOCHTIEF Aktiengesellschaft provide for a limitation of insurance cover if another company or other third party gains control of HOCHTIEF Aktiengesellschaft. In such an event, the insurance solely covers claims relating to breaches of obligations toward third parties that took place before the change of control.

Above and beyond the mandatory disclosures under Sections 289 (4) 8 and 315 (4) 8 of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and nonexhaustive presentation: A change of control at HOCHTIEF AirPort GmbH would have various legal consequences. In particular, such a change of control may trigger sale or purchase obligations relating to ownership interests held by HOCHTIEF AirPort GmbH. In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

If shareholders obtain control of HOCHTIEF Aktiengesellschaft as defined in Sections 29 and 30 of the German Securities Acquisition and Takeover Act (WpÜG), all members of the Executive Board are entitled to resign from office and simultaneously terminate their contracts at six months' notice. The members of the Executive Board are each similarly entitled in the event of other takeover-like contingencies specified in their contracts (including, among other things, the obtaining of a majority of voting rights at general shareholders' meetings). Executive Board members also have such a right if confronted by sustained and substantial pressure from shareholders demanding that they resign or take specific action which the members concerned are unable to reconcile with their personal responsibility for the exercise of office. In the event that their contracts are terminated by notice, terminated by mutual agreement or expire within nine months following a takeover, the departing Executive Board members receive in compensation for termination of their contracts a sever-

ance award equaling two-and-a-half years' benefits comprising their fixed annual compensation plus performance-linked compensation in the amount budgeted for in their contracts. If an Executive Board member's contract has more than two-and-a-half years left to run from the effective date of termination, the severance award increases by an appropriate amount. No earlier than two-and-a-half years following termination of their contracts, the departing Executive Board members are paid a contractual transitional benefit in accordance with their contractual pension arrangements. Regarding all entitlements under their contractual pension arrangements, the departing Executive Board members are treated as if their contract had three years left to run from the termination date. Regarding any entitlements under the Company's long-term incentive plans, the departing Executive Board members have a right to demand settlement of entitlements under plans currently in force. Departing Executive Board members who do not exercise the right to settlement are treated under the long-term incentive plans as if their contract had three years left to run from the termination date.

These severance entitlements have been granted to all current members of the Executive Board who joined the Executive Board prior to 2008. The severance award for Dr. Stieler, who was appointed to the Executive Board in 2009, was modified in accordance with the recommendation in Point 4.2.3 of the German Corporate Governance Code in the edition dated June 6, 2008. In consequence, his severance award is limited to two years' benefits or if his contract has less than two years to run the benefits for the remainder of his contract term. Severance awards on early termination of contract due to a change of control are limited to three years' benefits regardless of the length of the term left to run.

With regard to a presentation of the salient points of the Executive Board compensation system pursuant to Sections 289 (2) 5 and 315 (2) 4 of the German Commercial Code, we refer to the information provided in the Compensation Report section of the Corporate Governance Report*.

*For further information, please see pages 17–21.

Explanatory report by the Executive Board of HOCHTIEF Aktiengesellschaft pursuant to Section 176 (1) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289 (4), 289 (5) and 315 (4) of the German Commercial Code (HGB)

The Executive Board provides the following explanatory notes on disclosures provided in the combined Group and HOCHTIEF Aktiengesellschaft Management Report and required under Sections 289 (4), 289 (5) and 315 (4) of the German Commercial Code:

Our disclosures for HOCHTIEF Aktiengesellschaft relate to the situation in fiscal 2009. The disclosures consist of information on the Company's subscribed capital, direct and indirect holdings in the Company exceeding ten percent of voting rights, statutory rules and rules contained in the Company's Articles of Association about the appointment and replacement of Executive Board members and about amendment of the Articles of Association, powers of the Company's Executive Board including in particular any powers in relation to the issuing or buying back of shares, any significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid, and any agreements between the Company and members of its Executive Board providing for compensation in the event of a change of control.

The structure of the Company's subscribed capital and rights attaching to no-par-value bearer shares in the Company are determined among other things by the Company's Articles of Association. Restrictions on voting rights attaching to those shares may result from the provisions of the German Stock Corporations Act. For example, there are circumstances in which shareholders are prohibited from voting (Section 136 of the Act). The Company also has no voting rights with regard to treasury stock (Section 71b of the Act). No agreements are known to us that may result in restrictions on voting rights or on the transfer of securities. The fact that ACS, Actividades de Construcción y Servicios, S.A., Madrid, Spain, indirectly holds 25.08 percent of voting rights in HOCHTIEF Aktiengesellschaft is known from the notice published by ACS on April 25, 2007. The information

provided on appointment and replacement of Executive Board members conforms to the substance of the German Stock Corporations Act and the Company's Articles of Association, as does the information on amendment of the Articles of Association.

The Executive Board's powers in relation to the issuing or buying back of shares are based in their entirety on authorizations granted by resolution of the General Shareholders' Meeting. The information provided on these powers conforms to the authorizations granted by resolution of the General Shareholders' Meeting.

Significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid, and the effects of such agreements, are accurately described. If lenders were to exercise their right of termination under these agreements according to the conditions stated, the corresponding borrowing needs of HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group would have to be met by other means.

By way of an additional disclosure for informational purposes, in supplement to the mandatory disclosures under the stated sections of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and nonexhaustive presentation:

A change of control at HOCHTIEF AirPort GmbH would have various legal consequences. In particular, such a change of control may trigger sale or purchase obligations relating to ownership interests held by HOCHTIEF AirPort GmbH. In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

Where there are agreements between the Company and members of its Executive Board providing for compensation in the event of a change of control, the agreements serve to maintain the independence of the members of the Executive Board.

The remaining disclosures required under Sections 289 (4) and 315 (4) of the German Commercial Code relate to circumstances that do not apply to HOCHTIEF Aktiengesellschaft. We do not therefore cover these points in detail in the combined Group and HOCHTIEF Aktiengesellschaft Management Report. There are no limitations on voting rights, no restrictions on the exercise of voting rights attached to employee shares, no agreements between the Company and its employees for the event of a takeover bid, and no securities carrying special rights with regard to control of the Company.

The main features of the internal control and risk management system in relation to the financial reporting process described in the Management Report are accurately presented and conform with the Executive Board's knowledge.

Essen, February 2010

Dr. Herbert Lütkestratkötter

Dr. Burkhard Lohr

Dr. Peter Noé

Dr. Martin Rohr

Dr. Frank Stieler



Barwa Commercial Avenue, Qatar

In Doha, the capital of Qatar, Barwa Commercial Avenue is currently being built on an area the size of 110 soccer fields. This more than 8-kilo-meter-long building complex includes a shopping mall as well as numerous office and residential units. The project exemplifies the close-knit cooperation between the Group's subsidiaries: HOCHTIEF ViCon ensures dependable planning and implementation with virtual 3D and 4D models. HOCHTIEF India prepares the plans for the project. Streif Baulogistik delivers the formwork materials and coordinates installation. The building work is carried out by HOCHTIEF Construction. This is the largest single contract in the company's history so far. By combining the efforts of the units, we have already won further contracts in the desert state of Qatar.



Segment Reporting

Synergies boost sales and earnings

HOCHTIEF's product and service offering spans the entire life cycle of infrastructure projects, real estate and facilities. On every project, we set ourselves the highest quality standards and aim to impress clients by delivering innovative solutions at fair prices.

Our method of fulfilling these exacting requirements is one of networking and collaboration among our companies. In line with our motto "One roof—all solutions," we pool our capabilities, create networks and cooperate within the Group. In doing so, we transfer knowledge both nationally and internationally. On this basis, we create groundbreaking, efficient solutions that are always tailored to our clients. For our shareholders, employees and the company, we leverage additional earnings potential.

Examples of cooperation within the Group

Concessions projects are a particularly important element of Group-wide cooperation. Together with other divisions, HOCHTIEF Concessions is currently implementing projects worth EUR 1.86 billion. Under contract to sister company HOCHTIEF PPP Solutions, HOCHTIEF Construction, for example, is working on concessions projects totaling EUR 1.45 billion in the roads and social infrastructure segments. Of these, contracts worth just over EUR 615 million are still at the construction stage, which in December 2009 equated to roughly 17 percent of the order backlog at HOCHTIEF Europe. The HOCHTIEF Services companies also contribute their specialist expertise to concessions projects. In this division, cooperation projects amount to roughly EUR 413 million in total. Of these, contracts worth some EUR 235 million were still in hand at the end of 2009, representing roughly 16 percent of the order backlog at HOCHTIEF Services.

The companies also work closely together at an international level. For example, sister companies HOCHTIEF PPP Solutions UK and HOCHTIEF Facility Management UK are collaborating on several projects in Great Britain and Ireland, such as at the Cork School of Music. In addition, HOCHTIEF PPP Solutions North America has further expanded cooperation with our American subsidiaries.

In the HOCHTIEF Americas division, our strategy of complementing Turner's building construction capabilities with Flatiron's civil engineering expertise in the US market is paying off. We are now also a one-stop shop for projects requiring both building construction and civil engineering know-how. By way of example, our US subsidiaries Turner and Flatiron are working together on the expansion of Sacramento and San Diego airports. The construction work on these projects is worth a total of EUR 557 million to HOCHTIEF.

In the HOCHTIEF Real Estate division too, there are numerous projects on which the Group units are cooperating. For instance, HOCHTIEF Projektentwicklung developed a bus station in Munich, which is now being operated by HOCHTIEF Facility Management and managed by HOCHTIEF Property Management. HOCHTIEF Facility Management had advised the project developers during the project's design phase, which meant that the subsequent operating costs could be analyzed as early as the construction phase and used to precisely calculate the rent.

The HOCHTIEF Services division also generated numerous cooperation projects. For example, HOCHTIEF Facility Management and sister company HOCHTIEF Energy Management will together supply the heat for a business park in Munich for a period of 15 years. HOCHTIEF Projektentwicklung awarded HOCHTIEF Facility Management several contracts to operate properties.

In the reporting period, the divisions handled cooperation projects worth a total of EUR 2.2 billion.

Internal cooperation is an approach we successfully deploy in the area of sustainable construction, too. Here, the individual expertise of each HOCHTIEF company involved is channeled into the projects in hand.

HOCHTIEF Americas Division

**For further information, please see "Research and Development" on page 53.

- **Turner was again recognized as the number one general builder in the US**
- **Stable civil engineering market generates new orders for Flatiron**
- **US economic stimulus package delivers first contract**
- **US subsidiaries achieve success as a team**

The global financial crisis and the resulting slowdown in the American building construction market made themselves felt in the HOCHTIEF Americas division in fiscal 2009. The division's companies nonetheless scored numerous successes in their market segments. Our subsidiary Turner retained its position as the top green builder in the US building construction market, among other accomplishments. In the stable civil engineering market in North America, our subsidiary Flatiron held a solid position as one of the top ten service providers in the bridge and road segments.

Flatiron and Turner additionally benefited from the US economic stimulus package. The extension of Route 905 in California is Flatiron's first project financed out of the stimulus program. The package holds further potential contract opportunities for both companies.

*For further information, please see www.turnerconstruction.com.

Turner*

The industry publication Engineering News-Record again recognized Turner as the top general builder in the United States during the year under review. Although, as expected, the performance of the US construction market was weaker than in the prior year due to the financial crisis, Turner maintained its leadership position and secured new contracts thanks to the company's specialized products and services.

One example of the added value of these products and services is Building Information Modeling (BIM). With the help of a 3D model, this method allows construction risks to be identified and solved before construction starts, for example, in order to save time and money during the construction phase. Our subsidiary was recognized by US publication Building Design+Construction as a leader in utilizing the software tools for this virtual planning and construction model. Turner has already employed BIM successfully in more than 180 projects—

most recently in the construction of the new Yankee Stadium and Middle Tennessee Medical Center, among other buildings.**

Project highlights

Education segment

Our subsidiary Turner also holds the top position in the education market segment in the United States and executed numerous projects during the year under review. In Queens, New York, Turner is expanding and renovating a school and erecting a new school building for a total of EUR 63 million. The facilities are designed to be green buildings. Turner is also erecting a new school campus for EUR 61 million in Bronx, New York, which includes a new school center with classrooms, a library as well as administrative and catering facilities. The new campus will meet sustainability standards, and construction will be completed by 2012. In addition, Turner has been contracted to renovate facilities and construct new school buildings for five schools in Rochester, New York. The contract involves construction work valued at nearly EUR 47 million.

In Los Angeles, Turner is building the Central Region High School for just on EUR 68 million. The school campus will measure approximately 20,000 square meters and provide 75 classrooms for more than 2,000 students. The facility is also being constructed according to green building principles. For example, the high school will feature a tubular day-lighting system. The subsidiary Turner Logistics is providing procurement services for the project.

Additionally, Turner has been awarded a contract to provide construction services for Deloitte University in Westlake, Texas. The accounting and consulting firm will use the facility located on a property stretching out over more than 433,000 square meters as a learning and leadership development center for its employees. Deloitte will seek LEED Gold certification from the United States Green Building Council for the EUR 89 million project to be handed over to the client in 2011.

The company is also handling construction management for the Constantine Papadakis Integrated Sciences Building, a new research center at Drexel University in Phila-

delphia. The project is worth approximately EUR 34 million. Covering 12,820 square meters, the new research facility will feature 39 laboratories. The building, which is scheduled for completion in 2011, is expected to be awarded LEED Silver certification.

Office building and hotels segment

The world's tallest building, the Burj Khalifa, was dedicated in early 2010. Turner was involved in constructing this prestigious building as construction manager. The tower is 160 stories tall, rising to a height of 818 meters. In addition to a hotel and retail shops, the Burj Khalifa also offers office space and luxury apartments.

Turner secured the construction management contract to build the 21-story Harrah's Cherokee Hotel Tower III in the state of North Carolina valued at EUR 84 million. With 532 rooms added to the building, the property will be the biggest hotel in North Carolina.

Healthcare segment

Turner succeeded in acquiring numerous contracts in the healthcare segment in the period under review. Our subsidiary will build a medical office complex for just over EUR 66 million in Atlanta, Georgia. The new center will be erected on the grounds of the Center for Disease Control and Prevention. After completion in 2011, the complex is expected to measure almost 30,000 square meters in total. The property, named "Building 24," is slated to achieve a LEED Gold certification from the United States Green Building Council.

Turner is building the new hospital for University Medical Center at Princeton, New Jersey, a project worth EUR 340 million. On completion, the hospital will offer 269 beds and replace the former university hospital. The building with nearly 59,000 square meters of space will feature ten surgical suites, cardiac labs and radiation oncology facilities.

Additional healthcare facilities in the reporting year included an approximately EUR 140 million cancer research center at the University of Chicago and a new 14-story building for Yale-New Haven Hospital at Yale University with a contract valued at around EUR 195

million. Both institutions are long-term clients of our company.

Turner Logistics was also involved in almost all health-care facility projects. The company, which focuses on specialized sourcing, also secured contracts for projects in the pharmaceuticals, justice, infrastructure, sports and industrial segments.

Public building segment

In the public segment, Turner built the new Training and Doctrine Command Headquarters for the US Army Corps of Engineers in Fort Eustis, Virginia. The EUR 68 million project, which includes the construction of army headquarters measuring 25,000 square meters, aims to achieve LEED Silver certification.

Our subsidiary is also building two army barracks in Camp Pendleton, California, as part of a joint venture team. The new US Army buildings to be completed by August 2011 will accommodate 2,800 marines. The contract is worth a total of EUR 147 million, EUR 88 million of which is attributable to Turner.

Turner also won a contract to design and construct a court building in Florida. The Duval County Courthouse project is worth EUR 158 million. Furthermore, Turner will expand two prison facilities in Georgia for a total of EUR 37 million.

Sports facilities segment

In the sports facilities segment, Turner completed work on the new 117,000-square-meter Yankee Stadium in Bronx, New York, offering seating for more than 52,000 fans. Turner is also responsible for demolishing the old Yankee Stadium. The follow-on contract was valued at EUR 36 million.

Green building segment

In the United States, our subsidiary Turner is a green building pioneer. In 2009, Turner marked the milestone of its 100th building with LEED certification. Green project sales last year accounted for 50 percent of total contract value, up from 30 percent in 2008. Our subsidiary now employs more than 1,100 LEED Accredited Professionals who specialize in the construction of

*See glossary on page 198.

**For further information, please see www.flatironcorp.com.

buildings for certification by the US Green Building Council*. Turner's green building projects with LEED certification now cover all market segments served by the company.

Flatiron**

HOCHTIEF successfully provides civil engineering services to the North American market through Flatiron, our subsidiary in the United States. In the period under review, this market was stable despite the financial crisis, and the company was able to win a large number of contracts.

Bridges segment

Our subsidiary Flatiron is part of the joint venture building the Port Mann Bridge over the Fraser River in Vancouver, Canada. As of 2013, the capacity of the new cable-stayed bridge will increase from currently five lanes over the river to ten. This shortens the driving time on this route by up to one-third. As part of this project, Flatiron is also upgrading around 37 kilometers of highway on both sides of the Fraser River. Flatiron's share of the total project amounts to some EUR 413 million. In California, the HOCHTIEF subsidiary will reconstruct and widen an Interstate 880 bridge for EUR 41 million. The project comprises widening the bridge over High Street and demolishing the existing northbound and southbound bridges. The goal is for the project to be completed within 22 months.

The I-35W (St. Anthony Falls) bridge project in Minneapolis, Minnesota, completed in 2008, received additional awards in the year under review. Among other honors, the project won the "Best Overall" award from the Design-Build Institute of America. Flatiron was also recognized by the Federal Highway Administration with an Environmental Excellence Award for an innovative bridge building system used on the Washington Bypass project. The system reduced environmental disturbances to the fragile wetland system. These honors again underscore Flatiron's excellent position in the bridge construction segment.

Roads segment

Flatiron won a EUR 55 million construction contract from the California Department of Transportation to

widen Interstate 10 east of Los Angeles. The company is also heading up a joint venture to expand Route 905 in California. The EUR 41 million project, financed through the US economic stimulus package, is scheduled for completion by spring of 2012. Flatiron holds a 65 percent share of the contract.

For the California Department of Transportation, Flatiron is widening around nine kilometers of the state Route 76 by increasing capacity to two lanes in each direction, and will also construct three bridges. The project, worth EUR 44 million is due for completion in mid-2012.

In Utah, the company will expand Route 92 south of Salt Lake City as part of a joint venture. Construction on the EUR 60 million project will continue until spring of 2011. Additional new projects include a 4.4-kilometer stretch of Interstate 15 in San Diego and a new segment of Route 52 near Santee, California.

At the end of the fiscal year, Flatiron completed the Calgary Ring Road construction project, and the 21-kilometer segment of the northeast portion of the highway was opened to traffic. Among other things, the EUR 254 million project featured the construction of 23 bridges and six major interchanges.

Expanding its offerings in the airport segment, Flatiron secured a new EUR 68 million project at the Los Angeles Airport for a taxiway improvement. As part of the airport's broader modernization plan, this two-year project includes the demolition of several buildings, replacement of existing pavement section, and installation of new airport lighting.

Successful partnership between the US subsidiaries

Our US subsidiaries also make a successful team. Turner and Flatiron are working together with another partner to expand San Diego International Airport in California. Together, the companies hold 57 percent of the joint venture. The design and construction contract runs until 2012 and is expected to total EUR 375 million. Terminal 2 at San Diego Airport will receive a three-story, ten-gate addition, a new check-in area and expanded retail facilities, along with new taxiways and

jet parking areas. The project will have an overall footprint of nearly 43,000 square meters. The facility aims to achieve LEED Silver certification from the US Green Building Council. This project is the second worked on by Turner and Flatiron as a team. The US companies are also renovating Sacramento International Airport. The successful result of close cooperation between Turner and Flatiron, these contracts furnish added proof that the network made up of all of the HOCHTIEF Group's units is functioning smoothly.

HOCHTIEF do Brasil

In November 2009, HOCHTIEF signed a contract with the Zech Group which acquired a majority interest in HOCHTIEF do Brasil. Brazil remains an interesting market, particularly for large-scale infrastructure projects. In some cases, pursuing such projects requires the cooperative work of several divisions along with a local partner. For this reason, HOCHTIEF continues to hold a 19-percent minority share in the company, thereby securing access to local resources.

The HOCHTIEF Americas division's key figures

The HOCHTIEF Americas division did well in fiscal 2009 despite the persistently difficult operating environment. While new orders and work done in civil engineering were on a par with the prior year, it was not possible to match the very high prior-year figures in the building construction business. Overall, **new orders** were down by EUR 1.99 billion (25.7 percent) and work done by EUR 1.39 billion (17.1 percent). Both figures include a positive exchange rate effect from the US dollar's appreciation since the prior year. As expected, the **order backlog** did not attain the prior year's record but remained at a very high level.

Divisional **operating earnings** (up 7.1 percent) and **profit before taxes** (up 21.6 percent) showed a marked increase on the prior year. This mainly reflects improved earnings as a result of higher margins in the operating business. The HOCHTIEF Americas division successfully concentrated its efforts on high-margin contracts in fiscal 2009. Positive exchange rate effects from the appreciation of the US dollar also improved earnings as expressed in euros.

HOCHTIEF Americas division

(EUR million)	2009	2008
New orders	5,752.9	7,743.3
Work done	6,729.7	8,117.6
Order backlog	7,098.3	8,397.9
Divisional sales	6,614.4	8,045.1
External sales	6,614.4	8,045.1
Operating earnings (EBITA)	110.1	102.8
Profit before taxes	93.5	76.9
Capital expenditure	21.9	37.0
RONA (%)	23.0	19.0
Net assets (December 31)	494.0	465.3
Employees (average over the year)	8,500	10,752

Capital expenditure, at EUR 21.9 million, was at a level normal for the division and mainly related to expenditure on office equipment at the division's offices.

The average number of **employees** over the year was 2,252 down on the prior year. The change in employee numbers mainly reflects the reduction in construction work due to the current market situation. Temporary staff had also been taken on in the prior year for large-scale contracts in Brazil. Because of the sale of the majority of our interests in HOCHTIEF do Brasil, the Brazilian workforce is only included in the year's average number of employees for part of 2009.

Outlook

In the American building construction market, fiscal 2010 is not likely to bring a return to growth after the slowdown in 2009, but we at least expect to see a stabilization of the market. In the North American civil engineering market, we anticipate a continuation of the solid trend. Considering the strong order backlog and the contracts expected under the state economic stimulus packages—and assuming a stable US dollar exchange rate—we project another strong profit before taxes for 2010 exceeding the prior-year level.

HOCHTIEF Asia Pacific Division

- **Success story continues**
- **Attention focused on new growth markets**
- **Division benefits from economic stimulus programs**
- **More project successes chalked up**

For further information, please see www.leighton.com.au.

Through its majority interest in the Leighton Group*, HOCHTIEF has not just a presence, but a leading position in the Australian and Asian markets, including the Gulf region. HOCHTIEF Asia Pacific delivered another impressive performance in 2009, despite the fact that the financial crisis has made itself felt in these regions, too. New orders totaled EUR 12.42 billion. Contributing to Leighton's success were the infrastructure and contract mining segments in particular.

Focus on growth markets

A core element of our subsidiary's strategy is to focus on high-growth markets. Increasingly, this also includes the market for offshore oil and gas projects where, for example, civil engineering work is carried out, storage devices and port installations constructed, pipelines laid using special-purpose vessels and worker accommodation built.

One example of this new, high-growth segment is the Gorgon project to develop a gas field off the coast of Western Australia. Since the second half of 2009, a joint venture including Leighton subsidiary Thiess has been designing and building a village for around 3,300 workers. Offshore on Barrow Island, the company is also preparing a site for the construction of a gas-to-liquids plant. The two contracts are worth approximately EUR 570 million in total. Leighton Contractors is also involved in the Gorgon project: In November 2009, the company secured the contract to develop a 2.1-kilometer jetty off Barrow Island together with partners. Construction work on the project worth some EUR 560 million is scheduled to commence in October 2010.

In Australia, Leighton is also witnessing a particularly positive trend in the power and energy supply business. The same goes for the education and healthcare segments initiated by the Australian Government's stimulus programs.

In the Arabian region, and in Abu Dhabi, Qatar and Kuwait in particular, our subsidiary continues to see considerable growth potential in the infrastructure and building construction segments.

Positive effects of the economic stimulus programs

In 2009, the Australian government approved economic stimulus programs worth some EUR 60 billion in total. Leighton has benefited from this economic aid in the form of additional new orders. These include, for example, the contract to extend the rail link between Maitland and Whittingham. Since the government programs will run for several years, it is likely that investment in Australia's economic and social infrastructure will remain at a relatively high level at least over the medium term.

The government in Hong Kong has also announced extensive economic stimulus programs. Over EUR 17 billion in total is to be pumped into road, railway, drainage and urban renewal projects by 2011, which would double the current level of spending.

Associate companies

Leighton has extended its cooperation agreement with Macmahon, an Australian construction and contract mining company, with no termination date in place. One example of the collaboration between Leighton and Macmahon is a joint venture constructing a 220-kilometer railway line in Pilbara, Western Australia, which will be used to transport ore. The contract is worth roughly EUR 267 million. Work on the project includes moving around 1.2 million cubic meters of earth, building ten bridges and installing 840 kilometers of fiber optic cable.

Our investment in Devine has also benefited from the stimulus package with sales of residential housing in the affordable housing market being strong in the 2009 year.

Project highlights in Australia

Services

A consortium including John Holland was contracted to operate and maintain the city of Melbourne's railway network for a period of eight years. The contract is worth around EUR 95 million per annum and also includes the option to extend it for a further seven years.

In neighboring New Zealand, Leighton Contractors subsidiary Visionstream is maintaining and upgrading a section of the national telecommunications network. Work under the EUR 461 million contract will last for a period of ten years.

Infrastructure

A consortium including Thiess is to design, finance and build Australia's most advanced seawater desalination plant, one of the world's largest PPP projects. The contract awarded by the Australian state of Victoria is worth approximately EUR 2.1 billion and is expected to be completed in 2012. The PPP project includes the construction and operation of the 86-kilometer transfer pipeline connecting the desalination plant to Melbourne's water network. The consortium is also responsible for supplying the energy, which will come entirely from sustainable sources, such as a separate wind farm that is to be constructed for the plant.

As a member of a consortium, John Holland is extending the water supply network for the Australian city of Melbourne. Worth around EUR 207 million, the contract includes the modernization of a pumping station and water storage facility. The construction work is scheduled to take six years.

Thiess Services was awarded a sewerage contract. During the course of the South East Water Capital Works program in Victoria, the water supply and sewerage networks will be upgraded and a pumping station constructed. The contract is worth a total of EUR 224 million, of which approximately EUR 189 million will go to Thiess Services.

Thiess is also involved in the construction of an 8.4-kilometer section of the M80 Ring Road in Melbourne. The project is worth almost EUR 300 million in total. Leighton Contractors, too, has chalked up further successes in the road construction segment and will participate in the extension of the Eastern Busway in Brisbane. Among other work, the project includes the construction of tunnels, bridges and bus stops. The contract is worth EUR 148 million to Leighton.

In a consortium, John Holland is adding a third track to the rail link between the towns of Maitland and Whittingham. For this, a new stretch totaling 43 kilometers in length will be installed and various bridge and road works completed by March 2012. Worth EUR 142 million in total, the project is part of the Australian authorities' central infrastructure program.

Together with partners, Leighton Contractors secured another large project in 2009: the contract to upgrade and renew the electricity network for the Sydney, Hunter Valley and Central Coast regions. Work on the EUR 132 million contract is scheduled to take until 2014.

Contract mining

Leighton subsidiary HWE Mining has extended its contract to operate the Orebody 23 mine in Western Australia for a further five years. The company has been responsible for ore mining there since 1998. Under the new contract worth roughly EUR 201 million, HWE Mining will continue to provide mining, transport and technical maintenance services.

Leighton Contractors' mining business also continued to impress: The contract to mine coal at the Duralie mine in New South Wales was extended by a further seven years, translating into roughly EUR 251 million of work. Leighton mines around 1.8 million metric tons per annum of the commodity at the Duralie site.

There were contract extensions for Leighton Contractors in Queensland, too. Firstly, as project manager at the Peak Downs mine, the company will provide open-pit coal mining and plant maintenance services for a further three years for around EUR 172 million. Secondly, its collaboration at the Moorvale mine has been extended by four years under a contract worth EUR 91 million.

John Holland also secured a significant contract mining order. At the Isaac Plains coal mine in Queensland, the Leighton subsidiary will carry out all work associated with the operation of the mine. The contract is worth EUR 154 million and will run for three years.

Building construction

Our Australian companies are benefiting from PPP contracts in public building construction. For example, a consortium including Leighton Contractors was awarded the contract for the Aspire Schools PPP project in the Australian state of Queensland, where the partners will design, finance and build seven schools and subsequently operate them for a period of 30 years. The contract is worth a total of around EUR 632 million. Broad Construction Services, a subsidiary of Leighton Contractors, is designing and constructing the buildings. Following their completion in 2014, Leighton Services will operate and maintain the schools.

The positive trend in the healthcare sector is reflected, among other things, in John Holland's contract to refurbish and extend the Joondalup Health Campus in Perth in a project worth EUR 158 million. Work commenced in August 2009 and is scheduled to be completed in 2013. In parallel with the refurbishment, several new buildings will be constructed, comprising a ward unit, an emergency department and an out-patient center. The Thiess contract for the EUR 553 million Royal North Shore Hospital in Sydney is progressing well with completion expected in 2014.

Project highlights in Asia

Infrastructure

In Hong Kong, Leighton Asia is to design and build a sewage tunnel worth a total of EUR 233 million by October 2013. The project presents a particular challenge in that the tunneling system is being constructed at a depth of 70 to 120 meters. The project is supported by the country's economic stimulus program.

Leighton Asia's project successes in fiscal 2009 also includes a contract to build a 225-kilometer railway line through the Gobi Desert in Mongolia, which will transport the coal mined at the Ukhaakhudag coal mine operated by Leighton Asia. Under this EUR 207 million contract, the company will carry out earthworks, lay the tracks as well as construct depots, workshops and administration buildings.

In the Gulf region, the Al Habtoor Leighton Group received two large infrastructure contracts. In Abu Dhabi, it is to construct a container and industrial port by the end of 2011 for EUR 273 million. The Leighton Holdings associate is to build the entire infrastructure, including roads, bridges and utility installations, all port facilities as well as 47 buildings for the Khalifa Port and Industrial Zone. The company is also constructing two water supply networks in Qatar. The project worth approximately EUR 144 million comprises the construction of two pumping stations, roughly 16 kilometers of supply pipelines, reservoirs, buildings and the related infrastructure.

Contract mining

A contract extension was secured for the Ukhaakhudag coal mine operated by Leighton Asia in Mongolia. The EUR 119 million contract adjustment paves the way for a ramp-up in coal production at the mine from around 2.5 million metric tons per annum to 5 million metric tons in the future. Leighton Asia is also exploring other mining opportunities in Mongolia.

Thiess received a seven-year contract extension at the Indonesian coal mines Senakin and Satui. The company has already been operating the two mines for 20 and eleven years respectively. Total production is to increase to twelve million metric tons of coal per annum.

The new contract is worth approximately EUR 1.18 billion.

Building construction

In the first half of 2009, Leighton International, operating as a member of a project partnership, received the contract to build the Ramanujan IT Park in the Indian city of Chennai. Work on the EUR 164.6 million project commenced back in June of the year under review and is expected to be completed in 2012. By that date, buildings such as a convention center as well as residential, retail and car park facilities will be constructed over an area of 570,000 square meters.

On the island of Saadiyat off the coast of Abu Dhabi, a joint venture including the Al Habtoor Leighton Group is carrying out the St. Regis Hotel and Residences project. The Leighton Holdings associate is to receive half of the contract value totaling almost EUR 345 million.

The HOCHTIEF Asia Pacific division's key figures

In fiscal 2009, **new orders** declined slightly, falling 1.8 percent below the exceptional prior-year figure. However, starting in the third quarter of 2009, we experienced a substantial increase in new orders compared with the first half of the year.

Work done and **external sales** rose during the period under review by 11.6 percent to EUR 9.65 billion and by 12.9 percent to EUR 7.77 billion respectively. This reflects the high level of new infrastructure and contract mining orders in fiscal 2008.

In 2009, the **order backlog** grew by a further 36.7 percent from the previous year's record figure. In addition to a EUR 1.3 billion increase in business, this includes a positive exchange rate effect of EUR 4.6 billion resulting from a significant year-on-year boost in the strength of the Australian dollar as of the balance sheet date.

Despite the challenging market environment, which made its effects felt in the commercial development business in Australia and in building construction in Dubai in particular, **operating earnings** (up 25.3 percent) and **profit before taxes** (up 32.3 percent) were well above the prior-year figures. One key driver of the

HOCHTIEF Asia Pacific division

(EUR million)	2009	2008
New orders	12,418.5	12,651.0
Work done	9,645.2	8,638.9
Order backlog	22,132.7	16,194.2
Divisional sales	7,771.3	6,884.8
External sales	7,771.1	6,884.5
Operating earnings (EBITA)	535.6	427.5
Profit before taxes	432.9	327.2
Capital expenditure	782.2	1,005.2
RONA (%)	23.3	22.7
Net assets (December 31)	2,592.7	2,081.5
Employees (average over the year)	40,131	37,076

earnings growth was the upswing in external sales. Another was the fact that the previous year's earnings had been depressed due to impairment losses on concession companies and other interests necessary at Leighton in 2008 due to the financial crisis.

Capital expenditure shrank by 22.2 percent in 2009. The high comparative figure for the prior year was principally due to shareholder contributions to concession companies.

The average number of **employees** increased by 8.2 percent, a disproportionately low rate.

Outlook

The HOCHTIEF Asia Pacific division's order backlog reached a record level thanks to the robust state of the economy in the Asia-Pacific region, underpinned by extensive government spending programs, notably in Australia and Hong Kong, plus sustained high demand for raw materials in China. Australia has weathered the global financial crisis much better than other western economies. We therefore predict a further rise in profit before taxes in fiscal 2010.

HOCHTIEF Concessions Division

- **Earnings again contributed significantly to HOCHTIEF's business success**
- **Portfolio expanded further**
- **Airports hold their own during crisis**
- **HOCHTIEF Concessions reincorporated as German stock corporation (Aktiengesellschaft)**

The HOCHTIEF Concessions division, which was established in 2008, changed the legal form of its main company, HOCHTIEF Concessions GmbH, to an Aktiengesellschaft (German stock corporation) in November 2009.

*For further information, please see www.hochtief-concessions.com.

HOCHTIEF Concessions* is one of the world's leading industrial infrastructure investors. Along with our partners, we develop and implement concessions and operation projects in the airports, roads and social infrastructure segments as well as offering related consulting services to third parties. The portfolio of HOCHTIEF Concessions currently comprises six airport holdings around the globe in the airports segment; seven roads, including two tunnels, in Europe and Chile with a total length exceeding 750 kilometers in the roads segment; and 18 projects featuring 95 public-sector facilities in Europe in the social infrastructure segment. The company's portfolio also includes two geothermal energy projects in Germany.

HOCHTIEF AirPort**

At 88.7 million passengers in the 2009 reporting year, the total traffic at HOCHTIEF AirPort's six airport holdings was 1.4 percent down on the prior-year comparable figure. This decline was less pronounced than the industry average. The airports in Düsseldorf and Athens reported only a very slight drop in traffic. Sydney and Tirana airports even increased their passenger figures year on year. The other HOCHTIEF airports also experienced a slight improvement in the second half of the year. In our experience, airports recover from crises extremely quickly, and the long-term growth trend in the aviation sector will only be interrupted briefly.

**For further information, please see pages 26–29.

As an active investment manager, HOCHTIEF AirPort supports its airports in developing additional sources of earnings outside of the passenger and cargo transportation business, mainly including expansion of the non-aviation business whose financial performance is less dependent on air traffic numbers.

In addition, HOCHTIEF AirPort has become established as an independent consulting firm. In 2009, for instance, we developed a master plan for Riga International Airport in Latvia and received the contract to rework the master plan for Aéroport International de Genève, the second largest airport in Switzerland.

Airports

Athens International Airport

HOCHTIEF AirPort stake: 26.7% / HOCHTIEF AirPort Capital stake: 13.3%

The airport in Athens saw 16.2 million passengers pass through its gates in 2009, down 1.5 percent from the previous year. Athens International Airport therefore reported the second lowest drop in passenger numbers of all of the major European airports. Despite this development, which was due to the general economic situation, the airport's lenders were still highly confident in the airport during the crisis. The existing EIB loan agreement was renegotiated and the state guarantee in place reduced by around half, to approximately 50 percent.

The formerly state-owned Olympic Group was privatized during the period under review. One of Athens International Airport's most important clients was therefore reorganized and is once again a reliable partner. In 2009, the airport company was again recognized by European airlines with a first-place ranking in the Routes Airport Marketing Award for its overall excellent cooperation with airlines.

In early 2009, the airport was proud to present a new showpiece: A new trade show and conference center opened on the airport's grounds featuring four exhibition halls and two conference areas measuring a total of 50,000 square meters. The center is the largest of its type in Greece and represents the continued successful establishment of retail and services at the airport.

Budapest Airport

HOCHTIEF AirPort stake: 37.25%

During the reporting year, Budapest Airport handled fewer passengers than in the same prior-year period. The number of passengers dropped by 4.1 percent to 8.1 million. This result was better on the whole than that of the comparable regional airports in Vienna, Prague and Warsaw.

The airport is optimally prepared to process increasing traffic volumes when the general economic situation improves again. The work for the BUD Future modernization program launched in 2007 is proceeding, and important milestones were reached in the past fiscal year. In June 2009, the foundation stone was laid for the BUD SkyCourt. This building will link Terminals 2A and 2B and provide space for retail, catering outlets and lounges, thus contributing to a boost in non-aviation income. In addition, a new organizational structure with profit and cost centers was introduced in order to further optimize processes in the airport company and more consistently position the company to meet market requirements.

In view of the difficult financial situation at Hungarian airline Malév, which failed to make some of the payments due to Budapest Airport in November 2009, the airport company in Budapest initiated measures to protect its interests, including in the event that payments are suspended for an extended period. Currently, Malév's shareholders are working on plans to stabilize the airline for the long term.

Düsseldorf International

HOCHTIEF AirPort stake: 20% / HOCHTIEF AirPort Capital stake: 10%

Passenger figures at Düsseldorf Airport contracted by two percent in 2009 to 17.8 million. Despite the general mood of economic restraint, the number of transfer passengers increased sharply again in 2009. The airport company launched an investment program totaling around EUR 300 million as early as 2008 as a reaction to the growing amount of hub traffic generated by the two key airlines in Düsseldorf—Air Berlin and Lufthansa. Rapid-access routes enable air passengers to quickly transfer between flights. Transfer facilities are being set up at boarding gate A, and a new airside link

will connect boarding gates B and C in the future. Düsseldorf Airport thus reinforced its position as the third largest airport in Germany, developed into a major regional hub and made travel more comfortable for its passengers.

The legal dispute with neighbors of the airport concerning its operating permit was brought to a close during the year under review. A final judgment was rendered by the Higher Administrative Court in Münster in July 2009 ruling out any further appeals. For Düsseldorf International, this development makes its planning more dependable: As stipulated by the permit, the airport is allowed 131,000 starts and landings in the six heaviest-traffic months of the year.

The marketing of Airport City, a service center directly adjacent to the terminals, continues to meet with success. More than half of the plots have been sold to users and investors, and most of these are already being developed. The initial segment of around one third of the total area has already been completed. The airport believes that the entire property will be sold to investors by 2016.

Hamburg Airport

HOCHTIEF AirPort stake: 34.8% / HOCHTIEF AirPort Capital stake: 14.2%

Hamburg Airport handled 12.2 million passengers during the period under review, 4.7 percent fewer than in the prior year. The number decreased due to the financial crisis here as well, but in November and December the airport again experienced slight growth.

A lively non-aviation business stood in contrast to the restraint in the aviation segment: At the end of October, the Radisson Blu Hotel opened its doors across from the terminals and Airport Plaza. The hotel is connected directly with the departures and arrivals areas of the terminals and makes Hamburg Airport an even more attractive location for events. In total, the 226-room facility features 15 multi-function meeting and conference rooms. Moreover, the parking areas were also expanded. The airport now offers more than 12,000 parking spaces with a new parking deck in the P2-P4 complex.

*For further information, please see pages 26–29.

In the year under review, the airport remained committed to sustainability and received recognition for these efforts. In July 2009, Hamburg Airport was awarded the industry environment prize conferred by the Schleswig-Holstein industry's Studien- und Fördergesellschaft in recognition of its ongoing measures to abate noise and conserve resources.

Sydney Airport

HOCHTIEF AirPort stake: 5.61% / HOCHTIEF AirPort Capital stake: 6.50%

Passenger traffic at Sydney Airport trended positive, particularly at the end of the year under review. The number of passengers rose by 0.4 percent to 33 million over the course of the year.

HOCHTIEF AirPort did not participate in the second shareholders' contribution at Sydney Airport in 2009, and its stake was therefore reduced from 6.77 to 5.61 percent. However, this does not affect our involvement at the busiest airport in Australia. Our consulting contract was extended to 2011, and the master plan for the next 20 years was approved by the Australian government. HOCHTIEF AirPort supported the airport company in developing the new master plan, which stipulates that the airport be adapted gradually to accommodate the growing number of passengers. To this end, terminals, aprons as well as freight and other facilities will be expanded.

Tirana International Airport

HOCHTIEF AirPort stake: 47%

In contrast to the general trend in the industry, Tirana Airport saw substantial growth in traffic in 2009. The airport in the Albanian capital served 1.4 million passengers, for year-on-year growth of 10.1 percent.

At the same time, the airport increased its capacity to take up to 1.8 million passengers per year. In early September, the terminal expansion was put into operation. Covering around 4,000 square meters of additional space, the new terminal area includes additional check-in and airline counters, three new gates and attractive retail units. Baggage handling capacity was also doubled.

HOCHTIEF PPP Solutions*

At the end of fiscal 2009, HOCHTIEF PPP Solutions was involved in a total of 27 projects worldwide (roads, tunnels, public-sector facilities and geothermal power plants) with a total value of well over EUR 6 billion. In several projects, the company is working closely with its fellow Group companies HOCHTIEF Construction and HOCHTIEF Facility Management, thereby leveraging the advantages of the Group's one-stop shopping for integrated services.

At the beginning of fiscal 2009, HOCHTIEF PPP Solutions took a stake in the newly formed ÖPP Deutschland AG, an independent consulting firm for public-private partnerships in Germany. The German federal, state and municipal governments are the core public-sector owners of ÖPP Deutschland AG, holding a stake of just over 60 percent. Private industry's equity interest is held through a company that holds a stake of around 40 percent of ÖPP Deutschland AG.

Project highlights

Roads

In February 2009, HOCHTIEF PPP Solutions reached financial close on the San Cristóbal toll tunnel in Santiago de Chile. Along with a partner, we will operate the two-kilometer tunnel until 2037. This is the second contract for us in the Andes state besides the Vespucio Norte Express project and underscores our excellent reputation, which was also confirmed by the Pro Human Foundation. The Foundation recognized the Vespucio Norte Express concessions company for its socially responsible actions.

HOCHTIEF PPP Solutions was named a preferred bidder for the D1 motorway project in Slovakia mid-year. The project entails the design, financing, construction and subsequent operation of a 25-kilometer stretch of motorway and a six-kilometer access road.

In Austria, we opened the S1 and S2, the initial sections of the beltway around Vienna, in late October. HOCHTIEF PPP Solutions led the consortium for the A5 "Y" project with a share of 44.4 percent. The A5 toll highway was fully opened to traffic in early 2010.

The Elefsina-Patras-Tsakona toll road will be one of the most important road links in Greece. HOCHTIEF PPP Solutions holds a stake of 25 percent in the consortium for building new and upgrading existing sections of the 365-kilometer highway and will operate the road until 2038. HOCHTIEF Construction is completing a portion of the construction work.

Social infrastructure

In the past fiscal year, the company solidified its position as a reliable partner to the public sector in building construction projects. In Moers, Germany, HOCHTIEF PPP Solutions was awarded the contract to renovate the town hall, a designated heritage building, and to add a new building and adjacent education center. The work is scheduled to be completed in 2012. This project is an example of HOCHTIEF's life cycle approach to real estate: HOCHTIEF PPP Solutions is responsible for design and financing, while HOCHTIEF Construction will handle the construction work and HOCHTIEF Facility Management will manage the facility. After the city hall in Gladbeck, which has already opened its doors, this is the second project of this kind that the company is building implementing the PPP approach.

HOCHTIEF PPP Solutions is also involved in public-sector building projects in Wigan in the UK: We came out on top in two tenders. In June 2009, the company was awarded the contract to construct a new community center. Along with our partners in the consortium, we will design, finance, build and subsequently operate the facility for 25 years. The building complex is designed to be multi-functional and include a library, swimming pool and public services office. The second project also involving Wigan entails rebuilding the secondary schools in the towns of Salford and Wigan. The contract is part of the UK government's Building Schools for the Future program to renovate or rebuild all 3,500 secondary schools in the country in the next 15 years.

The education sector remains a key business segment in Germany as well. In 2009, HOCHTIEF PPP Solutions completed four new schools in Frankfurt am Main in a successful partnership with other Group companies. For instance, HOCHTIEF Construction was responsible

for building the facilities, while HOCHTIEF Facility Management will operate the new buildings until 2029.

Construction was finished on the new comprehensive school in Cologne's Rodenkirchen neighborhood for which the foundation stone was laid in 2008. Going forward, the project with a contract volume of around EUR 127 million will be managed by HOCHTIEF Facility Management for 25 years.

The new school buildings in West Lothian, Scotland, were also completed in 2009. We will operate these facilities until 2039.

Infrastructure ventures

HOCHTIEF PPP Solutions' infrastructure ventures comprise the first two completely privately financed geothermal power plants in Germany. The drilling work was finished in the year under review.*

*For further information, please see pages 27 and 52.

The HOCHTIEF Concessions division's key figures

New orders slipped compared to the previous year to EUR 145.3 million. The prior-year figure was mainly driven by the acquisition of the Fürst Wrede barracks project. In contrast, 2009 was shaped by the contract for the somewhat smaller Moers town hall PPP project.

Compared with the prior year, **operating earnings** in the fiscal year fell by EUR 31.8 million to EUR 113.9 million, and **profit before taxes** declined by EUR 30.9 million to EUR 78.7 million. This was mainly due to non-recurring items in the previous year. In 2008, HOCHTIEF AirPort benefited to the tune of EUR 36.6 million from the payment of a final contingent purchase price installment from HOCHTIEF AirPort Capital and a special dividend from Sydney Airport. In contrast, provisions that had been recognized for accounts receivable from the Greece-based Olympic Group were reversed in the year under review. After proceedings at the London Court of International Arbitration (LCIA) were successfully brought to a close in 2009 there was no longer any risk of a writedown, and the risk provisions could be reversed. Earnings were dragged down, however, by

HOCHTIEF Concessions division

* The aggregate figures for the HOCHTIEF Concessions division include the division's own administrative expenses.

(EUR million)	2009*	2008
New orders	145.3	197.9
Of which HOCHTIEF AirPort	14.2	13.7
Of which HOCHTIEF PPP Solutions	131.1	184.2
Work done	189.9	167.5
Of which HOCHTIEF AirPort	14.2	13.7
Of which HOCHTIEF PPP Solutions	175.6	153.8
Order backlog	776.7	723.1
Of which HOCHTIEF AirPort	-	-
Of which HOCHTIEF PPP Solutions	776.7	723.1
Divisional sales	189.8	166.1
Of which HOCHTIEF AirPort	14.2	13.7
Of which HOCHTIEF PPP Solutions	175.6	152.4
External sales	189.0	162.9
Of which HOCHTIEF AirPort	13.4	12.4
Of which HOCHTIEF PPP Solutions	175.6	150.5
Operating earnings (EBITA)	113.9	145.7
Of which HOCHTIEF AirPort	110.1	123.1
Of which HOCHTIEF PPP Solutions	10.3	22.6
Profit before taxes	78.7	109.6
Of which HOCHTIEF AirPort	79.0	96.5
Of which HOCHTIEF PPP Solutions	6.2	13.1
Capital expenditure	49.0	27.7
Of which HOCHTIEF AirPort	47.8	17.4
Of which HOCHTIEF PPP Solutions	1.1	10.3
RONA (%)	12.1	14.0
Of which HOCHTIEF AirPort	13.3	14.2
Of which HOCHTIEF PPP Solutions	8.7	13.0
Net assets (December 31)	1,307.1	1,258.9
Of which HOCHTIEF AirPort	1,151.4	1,035.5
Of which HOCHTIEF PPP Solutions	158.6	224.4
Employees** (average over the year)	311	219
Of which HOCHTIEF AirPort	69	80
Of which HOCHTIEF PPP Solutions	137	139

**The 2009 figure includes the 71 employees of the fully consolidated HOCHTIEF PPP Schulpartner project company.

the decline in the number of passengers served by the airport holdings as a result of the financial crisis.

HOCHTIEF PPP Solutions' earnings were shaped on the one hand by positive contributions from the Vespucio Norte Express and Maliakos-Kleidi toll road projects. On the other, the success fees from the financial close of school projects in Salford and Wigan, the Wigan community center and the town hall in Moers contributed to earnings. Moreover, we made further preparations for developing the concessions market in North America, where HOCHTIEF PPP Solutions is prequalified for four projects. The year-on-year decline in earnings resulted from the comparatively much higher success fees for the Maliakos-Kleidi and Elefsina-Patras-Tsakona road projects in Greece acquired in 2008 and the sale of the 3.75 percent stake in the Vespucio Norte Express toll highway in Chile.

In fiscal 2009, **capital expenditure** amounted to EUR 49 million, which was up sharply from the previous year's figure of EUR 27.7 million, primarily due to two shareholders' contributions to Sydney Airport. HOCHTIEF AirPort only participated in the first contribution in the amount of EUR 9.4 million. In view of the full consolidation of HOCHTIEF AirPort Capital (HTAC), the capital expenditure figure also includes the share attributable to other HTAC partners totaling EUR 38.3 million. HOCHTIEF PPP Solutions' capital expenditure is significantly lower than the prior-year figure, which was marked by the injections of new capital into the Maliakos-Kleidi and Elefsina-Patras-Tsakona toll road projects.

Outlook

The division expects positive business performance overall in 2010 thanks to a gradual market recovery. In the financial market, we see initial signs of improvement of financing opportunities for the acquisitions we would like to make. This produces positive impetus for growth and earnings for our business.

In the airports business segment, we anticipate passenger numbers to pick up further and the ongoing optimization of operations to be reflected in improved earnings by the airport companies.

The financial close for the large-scale D1 toll highway in Slovakia will be front and center in the roads segment in 2010.

In the social infrastructure segment, we anticipate continued stability in the project pipeline and are currently participating in several tenders.

After the acquisition activities in the previous year, initial project awards should be on the horizon in the roads and social infrastructure segments in North America in 2010. On the whole, the HOCHTIEF Concessions division expects its pretax profit in fiscal 2010 to fall below the previous year's figure. However, adjusted for the positive nonrecurring items relating to the reversal of provisions for Athens Airport in 2009, profit before taxes will exceed that of the prior year.

HOCHTIEF Europe Division

- **Return target reached**
- **Turnaround in building construction achieved**
- **Key strategic issues defined**
- **Further boost for international business**

Under the leadership of HOCHTIEF Construction*, the HOCHTIEF Europe division draws together the Group's portfolio of construction and construction-related services in Europe. Outside of Europe, the company operates as a general contractor for complex, large-scale projects. Our activities focus mainly on building construction, civil and structural engineering in high-growth countries in Western and Eastern Europe. We are also positioned successfully in the market for high-quality residential real estate in Germany. In addition, innovative business models and services at every link in the construction value chain round out our portfolio of capabilities.

Success despite the economic crisis

Despite the global economic crisis, we were able to turn around the Building division, with new projects successful once again and contributing to earnings. The Construction International and Civil Europe divisions of HOCHTIEF Construction generated excellent earnings figures with solid operating margins. We met our target of one percent return on sales in 2009 despite the fact that a legacy project dragged down our results somewhat.

Conditions in place for profitable growth

HOCHTIEF Construction is on its way to becoming a profitable European construction company with international operations. Our mid-term goal is a pretax return on sales of three percent.

In order to reach this target, we are concentrating on five key strategic issues: arriving at more equitable prices, attaining a more profitable market position, boosting efficiency, and increasing sales in profitable markets and in risk-optimized business areas. The role of the LEAD5! implementation program is to help clarify these key strategic issues for employees and lock in their personal contributions.

Increase in demand outside Germany

The international business continued to perform exceedingly well, especially in the Gulf state of Qatar. In the reporting year, HOCHTIEF Construction was awarded the largest contract in the company's history for the construction of a more than eight-kilometer retail and commercial center** in Qatar's capital city of Doha.

*For further information, please see www.hochtief-construction.com.

**For further information, please see page 82.

Close cooperation within the Group

HOCHTIEF companies work in tandem to achieve successes together, thus enabling us to offer customers end-to-end solutions with services ranging from design, financing and construction to operation. This close cooperation is reflected in a variety of projects in which HOCHTIEF Construction works hand-in-hand with fellow Group companies such as HOCHTIEF PPP Solutions on projects including the construction of the Elefsina-Patras-Tsakona toll road in Greece or the Austrian A5 North Highway (Ypsilon). The company also provides support to sister companies HOCHTIEF AirPort, HOCHTIEF Property Management and HOCHTIEF PPP Solutions as a consultant and service provider on large-scale projects.

Commitment to key growth markets

HOCHTIEF Construction systematically works to continually develop sales and growth potential in attractive business areas and then to expand this new business. In fiscal 2009, we further reinforced our strong position in the green building segment. HOCHTIEF Construction also operates in the high-growth market for offshore wind plants. The company is considering developing and operating innovative lifting vessels for the construction of these power plants along with the world's leading heavy-lift cargo carrier, Beluga Shipping. Both companies contribute their expertise and market positioning to the joint venture established in 2009. In addition, HOCHTIEF Construction continues to join forces with HOCHTIEF PPP Solutions on geothermal projects.

Project highlights

Large-scale projects

HOCHTIEF Construction is building Barwa Commercial Avenue in Doha, a project valued at EUR 1.3 billion. The more than eight-kilometer retail and commercial center will be completed in mid-2012. Covering nearly 900,000 square meters of gross floor space—equal to around 110 soccer fields—the complex will offer exclusive retail, office and residential units. We already provided consulting services to the client in the planning phase of the project based on our partnership-based PreFair business model and used virtual construction technology: HOCHTIEF ViCon developed a complex 3D model of the shopping center which could be used to calculate the precise quantities of construction materials required.

Office and commercial buildings

In Frankfurt, the Tower 185 building will be constructed by spring 2010. At more than 185 meters, the 50-story tower is among the tallest buildings in Germany. After completion, the building is expected to receive LEED* Gold certification. The contract is worth EUR 62 million.

*See glossary on page 198.

Since July 2009, HOCHTIEF Construction has been revitalizing the former Unilever high-rise in Hamburg and expanding it into the new Emporio urban quarter, featuring office and commercial space, apartments and a 325-room hotel. The Emporio received the silver preliminary certification from the German Sustainable Building Council** in early 2009. The contract is worth EUR 121 million.

**See glossary on page 197.

Real estate development projects

HOCHTIEF Construction is developing and building one of the largest residential complexes in North Rhine-Westphalia by 2011: the Wildparkcarrée project in Düsseldorf-Grafenberg. The development will include 280 rental units and freehold apartments as well as luxury townhouses. An initial 140 apartments constructed during phase one representing an investment of EUR 40 million have already been sold.

Public-private partnership projects

In April 2009, HOCHTIEF PPP Solutions was awarded a contract by the town of Moers in North Rhine-Westphalia to design, finance and build a new town hall with an adjacent education center and then to operate this complex for 23 years after completion. HOCHTIEF Construction is responsible for the construction work on behalf of its sister company. The share of the contract value accruing to HOCHTIEF Construction is EUR 48 million.

Infrastructure projects

As partners in a joint venture, HOCHTIEF Construction is extending Prague's metro line A along with its Czech subsidiary. The project includes lengthening the line by approximately six kilometers and adding four stations. The total value of the contract is around EUR 500 million, with HOCHTIEF's share coming in at roughly EUR 190 million.

In Hořice in the Czech Republic, we are participating in a sustainable project aimed at renovating all public buildings and removing all barriers to accessibility throughout the town's infrastructure, ranging from roads, walkways and public lighting to water mains.

Airport projects

In Wrocław, Poland, HOCHTIEF Polska is planning and building the new passenger terminal for the international airport by 2011. The contract worth around EUR 56 million features construction of a new three-story terminal along with the access roads and 1,000 new parking spots.

We are also expanding the airport in Poland's second largest city, Łódź, and preparing to build a new airport in Vladivostok, Russia.

Energy

In the year under review, we built the first offshore wind farm in Germany, "alpha ventus," north of the island of Borkum in conjunction with several of the country's major utilities. The wind farm includes 12 wind turbines that HOCHTIEF Construction installed at a depth of 30 meters and a transformer station. Use of our Odin jack-up platform was vital in seamlessly conducting the nec-

essary work in the North Sea. With a total output of 60 megawatts, the wind farm will be able to provide electricity to 50,000 households in the future.

In the reporting year, we completed drilling for the two Süddeutsche Geothermie-Projekte Gesellschaft geothermal power plants in Kirchstockach and Dürnhaar. Streif Baulogistik provided the necessary deep boring plant. Each of the two power plants will generate four to five megawatts, sufficient energy for around 10,000 single-family homes.

The HOCHTIEF Europe division's key figures

In the HOCHTIEF Europe division, **new orders** in 2009 were down EUR 374.6 million (11.4 percent) from the previous year's figure. This was due to a decline in Germany from EUR 1.3 billion to EUR 865 million. In contrast, new orders in the international business rose to EUR 2.04 billion, exceeding the prior-year figure (EUR 1.97 billion). The contract for building Barwa Commercial Avenue in Doha, Qatar, contributed substantially to this increase with a total contract value of EUR 1.34 billion. The policy of selectively choosing projects for risk management purposes and higher return on investment targets led to a reduction in new orders. The effects of the financial crisis were felt here, too.

Compared with the previous year, the drop in new orders led to a lower level of **work done** (EUR 2.74 billion) in the HOCHTIEF Europe division. This development shaped the German and international businesses alike, with each figure trailing that of the previous year.

The **order backlog** topped the prior-year figure slightly at EUR 3.61 billion. The forward order book amounts to approximately 16 months. This relatively high level is reflected in the individual units of HOCHTIEF Europe to varying degrees.

Declining 7.8 percent and 7.2 percent respectively, **divisional and external sales** did not drop as much as work done compared to the prior year. A major share of these sales stems from our international business generated by the companies in Qatar, Chile and Russia.

HOCHTIEF Europe division

(EUR million)	2009	2008 restated*
New orders	2,908.7	3,283.3
Work done	2,742.1	3,238.5
Order backlog	3,608.1	3,559.6
Divisional sales	2,354.8	2,552.8
External sales	2,225.3	2,398.3
Operating earnings (EBITA)	26.7	(30.3)
Profit before taxes	30.4	(34.9)
Capital expenditure	77.9	53.5
RONA (%)	8.9	0.3
Net assets (December 31)	546.9	512.9
Employees (average over the year)	9,946	9,380

*For details of the restatements, please see pages 142 and 143.

We reached the goal of a positive earnings contribution in the reporting year because return targets for new projects were met consistently, and we did not waver in our focus on markets abroad. In 2009, **operating earnings** and **profit before taxes** were extremely positive at EUR 26.7 million and EUR 30.4 million after the losses suffered in 2008.

The increase in **capital expenditure** was mainly attributable to technical equipment and machinery as well as other equipment and office equipment, mostly for our large-scale project in Qatar.

The year-on-year increase in **net assets** by EUR 34 million (6.6 percent) was chiefly due to a decrease in liabilities.

The average number of **employees** was up temporarily by 6 percent due to large-scale projects abroad.

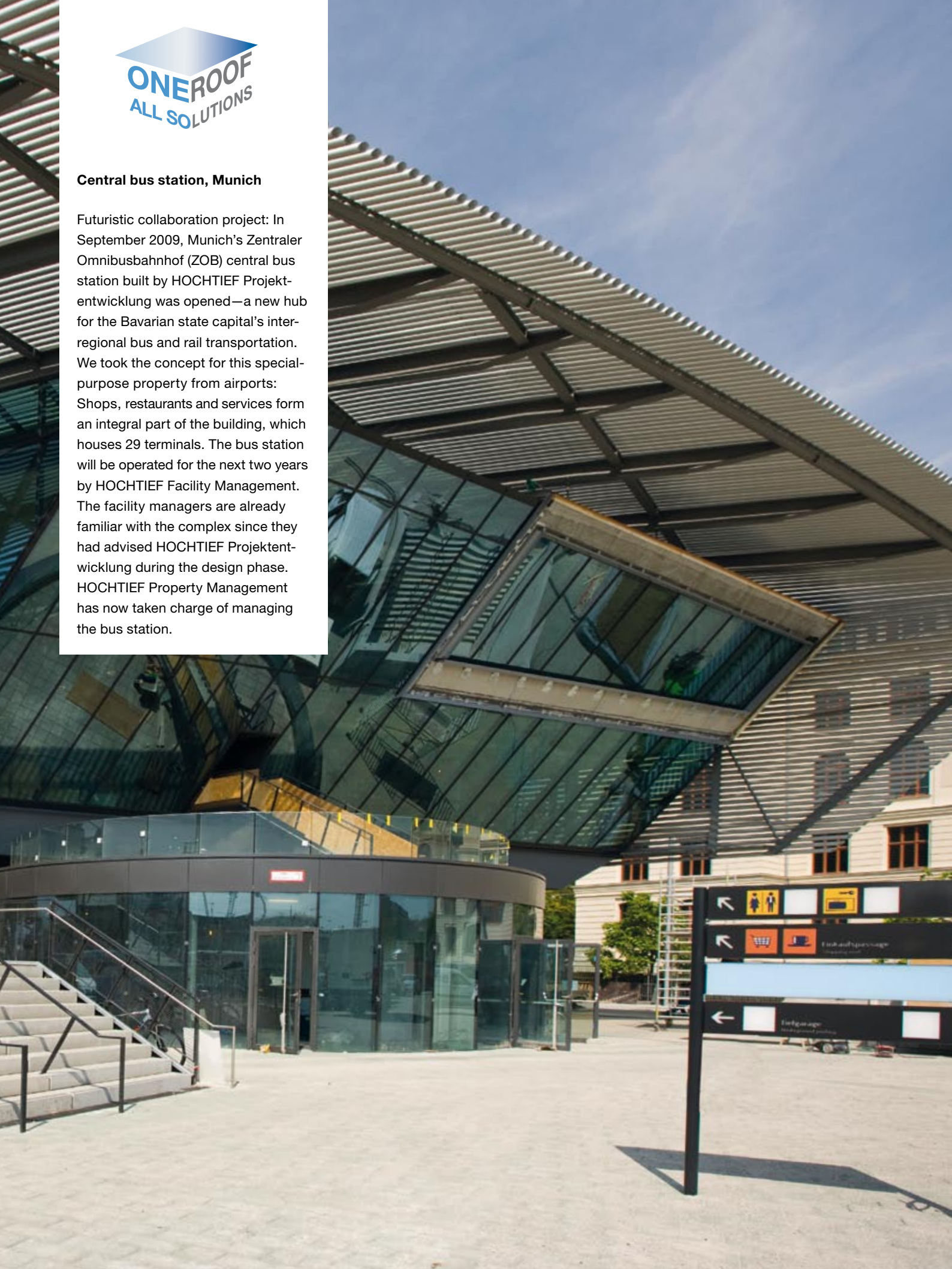
Outlook

The financial crisis is still putting the brakes on contract awards. However, our international positioning enables us to balance out regional volatility. The division is confident that the strategic measures aimed at internationalization and compliance with return targets for new projects will enable HOCHTIEF Europe to continue to generate positive earnings with this figure exceeding the prior-year level in 2010.



Central bus station, Munich

Futuristic collaboration project: In September 2009, Munich's Zentraler Omnibusbahnhof (ZOB) central bus station built by HOCHTIEF Projektentwicklung was opened—a new hub for the Bavarian state capital's inter-regional bus and rail transportation. We took the concept for this special-purpose property from airports: Shops, restaurants and services form an integral part of the building, which houses 29 terminals. The bus station will be operated for the next two years by HOCHTIEF Facility Management. The facility managers are already familiar with the complex since they had advised HOCHTIEF Projektentwicklung during the design phase. HOCHTIEF Property Management has now taken charge of managing the bus station.



HOCHTIEF Real Estate Division

- **Synergies harnessed within the division**
- **Demand for places to live near city centers**
- **Increase in rental performance at aurelis**
- **Substantial proceeds from sales at HOCHTIEF Projektentwicklung* and aurelis**

The HOCHTIEF Real Estate division comprises the companies HOCHTIEF Projektentwicklung, HOCHTIEF Property Management and aurelis Real Estate. The division's capabilities are focused on the entire real estate life cycle, from developing and constructing to marketing and managing. This integrated offering of products and services already creates synergies within the division.

In light of the market situation**, we continued to pursue our restrictive policy for the acquisition of new projects. However, despite the economic crisis, the companies benefited above all from the typical seasonal end-of-year business. In December 2009 alone, HOCHTIEF Projektentwicklung and aurelis generated proceeds of EUR 600 million overall from sales of real estate, projects and properties in large German cities, including, for example, maxCologne, the former Lufthansa high-rise in Cologne and the Unilever building in Hamburg.

HOCHTIEF Projektentwicklung

HOCHTIEF Projektentwicklung was able to further expand its leading position in the market for premium real estate in 2009—as affirmed when the company was named “Best Developer in Germany” in the 2009 Real Estate poll by Euromoney magazine. In Germany as well as in Central and Eastern Europe, construction began on ten new projects worth EUR 225 million in total. The residential segment promises a growing market. Expansion of the care segment also remains a priority, with 2009 seeing the start of construction on what is already the seventh cooperation project with BeneVit, a provider of services for the elderly.

Sustainability plays an increasingly important role in the real estate market. Green buildings mean demand-based design as well as sensible and efficient use of resources, especially energy. Sustainable concepts bring particular rewards: Green buildings offer measurable economic benefits and can also make a substan-

tial contribution to climate protection. Consequently, tenants' and investors' interest in green buildings is growing. HOCHTIEF Projektentwicklung therefore increasingly focuses on sustainable projects—also internationally.

Project highlights

Offices segment

During 2009, HOCHTIEF Projektentwicklung sold a new office building at Düsseldorf Airport City to the Hamburg issuing house Hesse Newman Capital. Turn-key handover of the rentable space of approximately 10,700 square meters is fixed for fall 2010. Siemens AG has a long-term lease on the entire office building, which is exceptionally energy-efficient. Thanks to good heat insulation, high-quality construction materials and a smart heating, lighting and ventilation concept, the building saves a good quarter more in primary energy than prescribed by the German Energy Saving Ordinance (EnEV). The new building therefore meets the requirements for participation in the European Union's Green-Building Programme.

In Essen, HOCHTIEF Projektentwicklung sold the Rütten-scheider Tor property to Sal. Oppenheim. The bank purchased the office building, which comprises a total of almost 16,700 square meters of gross floor area, for a property fund. We also designed the Rütten-scheider Tor for sustainability: In the low-temperature system, the rooms are air-conditioned using heating and cooling ducts in the ceilings. Primary energy consumption is well below the levels required by EnEV.

At the end of 2009, the similarly environmentally engineered Unilever office building in Hamburg's HafenCity urban development zone was sold to RREEF Investment GmbH. HOCHTIEF Projektentwicklung completed the property in June 2009. It is fully leased to Unilever and has a total floor space of around 25,000 square meters. In 2009, the building was honored with the World Architecture Festival Award of “World's Best Office Building.”

*Further information is available on the Internet at www.hochtief-projectdevelopment.com.

**For further information, please see pages 36–41.

In Cologne, HOCHTIEF Projektentwicklung sold the maxCologne building to HIH Hamburgische Immobilien Handlung before construction had even started. The project has been purchased for an institutional special fund of Warburg-Henderson in which the sole investor is Rheinische Versorgungskassen. The property, situated on Kennedy-Ufer on the banks of the River Rhine, is being revitalized in accordance with the latest standards for new buildings and sustainability criteria. The rental area of some 46,000 square meters in the max-Cologne building, for example, is to be heated and cooled largely with renewable energies. The aim is to attain a certificate in gold from the German Sustainable Building Council. The building complex located directly on the Rhine embankment promenade offers flexible office space with a view of Cologne Cathedral and the Old Town.

At the start of 2010, work also began on the "HOCHTIEF-Haus" in Hamburg-Barmbek, which in future will house all of the locally-based HOCHTIEF companies in line with our one-roof concept. By the end of 2011, two interconnected new buildings with a good 25,600 square meters of gross floor area will have been built with offices, conference zones and a company cafeteria. Several retail spaces on the ground floor have already been pre-leased.

We also notched up international success in the office segment: HOCHTIEF Development Schweiz leased just over 6,300 square meters of office space in the Portikon in Zurich to an international pharmaceutical company and sold the property to ACRON HELVETIA VII Immobilien in the fiscal year. This is the biggest building so far to be built to the Swiss Minergie-P standard (similar to the German passive house standard). The energy it needs for its technical installations is almost entirely covered with a photovoltaic system. The seven-story atrium building has a restaurant and two underground parking levels. HOCHTIEF Facility Management assumed management of the property.

HOCHTIEF Development Czech Republic concluded rental agreements for almost 18,700 square meters of office and retail space in the Trianon office and commercial building in Prague. The building was sold to the real estate fund company Union Investment Real Estate prior to the start of construction and was completed in early 2009. It is the fourth project development of our Prague subsidiary.

Retail segment

The KOMM inner-city shopping, service and experience center in Offenbach opened its doors in fall of 2009. The sister company HOCHTIEF Facility Management then assumed operation of the building, which offers 15,700 square meters of retail space.

In downtown Aalen, Baden-Württemberg, construction work began on the mercatura center, comprising a gross overground floor area of almost 27,000 square meters. In addition to a shopping mall with both high street and up-market shops as well as food outlets, there is service and office space. The green roofs also house apartments with roof gardens.

Residential segment

As part of a consortium, HOCHTIEF Projektentwicklung developed the Marco Polo Tower, an architectural landmark on Strandkai (beach quay) in Hamburg. The sustainable building concept includes solar collectors, the energy from which is used to regulate the temperature in the 58 condominiums. The residential tower won at this year's European Residential Property Awards: The 56-meter building was named "best high-rise development" and awarded five stars. Seventy percent of the apartments have already been sold.

Care segment

In the district of Augsburg, HOCHTIEF Projektentwicklung celebrated the start of construction on another care home with 76 beds. The facility will be built and operated on the basis of a house community concept. The life insurance company Swiss Life has acquired several of these facilities as the end investor: At the start of 2009, we sold three care homes for 215 senior citizens overall; in December, we sold another four homes, with capacity for 80 residents each.

Together with the Senator Group, the fifth largest private provider of residences and care facilities in Germany, HOCHTIEF Projektentwicklung also worked in Dortmund on the Am Kaiserviertel nursing center project—a new home for 88 people.

Urban district development segment

As part of a joint venture, HOCHTIEF Projektentwicklung is working on a new urban district on the land of the former freight yard in Düsseldorf-Derendorf. Since October 2009, this district has been marketed under the name *le flair*. The site for the project was purchased from the HOCHTIEF subsidiary aurelis. High-quality residential real estate is being developed on more than 100,000 square meters of gross floor area within generous parklands. Customized living spaces are to be complemented by district-specific services and support for the future residents.

aurelis Real Estate*

HOCHTIEF Projektentwicklung has held a 50-percent stake in aurelis Real Estate since December 2007. aurelis has some 21 million square meters of real estate close to city centers throughout Germany. The company develops part of the portfolio together with local authorities until development rights have been secured and the land is ready for construction; other land is leased for commercial purposes. The company promotes the trend of living near city centers and develops locations in a sustainable way.

In the fiscal year, HOCHTIEF Projektentwicklung and its partner Redwood Grove International successfully completed the refinancing of the acquisition financing for aurelis. As planned, aurelis has thus refinanced the loan taken out by the partners when the company was acquired. At the end of 2009, the new loan amounted to around EUR 900 million. The financing was agreed with Deutsche Pfandbriefbank AG without the two shareholders having to give guarantees. This illustrates aurelis' stable economic situation and underscores the high quality of the portfolio.

Profitable real estate sales

aurelis was successful in 2009 despite the economic crisis. The company benefited from its intensive preliminary planning work and sold properties to the tune of some EUR 230 million overall.

For example, 243,000 square meters in Berlin's Pankow district were sold. Successful sales also included the "Bergisches Plateau" in Wuppertal, where aurelis sold some 17,000 square meters for the first construction phase to Deutsche Reihenhäuser AG, which is to build 77 town houses there. In Gelsenkirchen, aurelis sold a residential site of approximately 4,900 square meters to VISTA Reihenhäuser GmbH. In the Am Hirschgarten quarter of Munich, aurelis sold lots with a total area of approximately 25,500 square meters.

In Düsseldorf, a section of around 60,000 square meters of the *Le Quartier Central* development was sold to sister company HOCHTIEF Projektentwicklung for the future urban district called *le flair*. In February 2009, aurelis and the City of Düsseldorf signed the urban development agreement securing the financing and development of infrastructure for this project.

The crucial groundwork has been laid for the construction of the Europaviertel in Frankfurt am Main. In December 2009, the city and aurelis signed two agreements: The development agreement ensures the designing and building of roads, paths and squares as well as the Europagarten greens at the heart of the district. The urban development agreement was concluded to secure and finance the projected elementary school and three child day care centers. Now the development plan has been made public, there is also planning certainty. As a result, all of the 46,000 square meters of the urban district were sold.

With the conclusion of what is now a second urban planning agreement between the City of Nuremberg and aurelis, planning began there for an area on the northwest edge of the city center. The land is to be used in future for residential and commercial premises. The commercial premises provided for in the construction planning will remain in aurelis' portfolio in the long-

*Further information is available on the Internet at www.aurelis-real-estate.com.

term for leasing, whereas the residential premises have already been sold to Deutsche Reihenhäuser AG.

Successful management of rentable space

aurelis achieved total rental income of approximately EUR 92.3 million in 2009. A diversified tenant structure continues to ensure a broad spread of risk and thus stable rental income.

Rental successes in 2009 included the long-term leasing of around 42,000 square meters of space in Kornwestheim in Baden-Württemberg to DB Intermodal Services GmbH, which is to construct buildings for a container yard on the land.

At the former West Station in Karlsruhe, aurelis is building a media distribution center for Deutsche Bahn on an area of some 9,500 square meters. The center is expected to be operational in 2010. The lease has a term of 15 years. For the heritage-protected front building, aurelis already concluded a long-term rental agreement with a recycling company. The company will set up its offices there. The recycling operation will take place in the adjacent halls.

In the area of refurbishment, aurelis reached an important milestone in Freiburg: The heritage-protected former customs office building from the period of promotorism was completed in 2009. Today, an advertising agency uses the premises. The two neighboring warehouses are largely finished and leased for the long-term. The total rentable area amounts to 8,300 square meters. In Duisburg, aurelis refurbished an office building, which is now also the seat of the company's regional office for the west. The total area of 3,500 square meters is fully let.

HOCHTIEF Property Management*

HOCHTIEF Property Management acts on behalf of real estate investors, representing ownership interests. As one of the industry's leading providers in Germany, the company helps to secure sustained higher returns on investments.

There was great demand on the market for property management services again in 2009. Because of the

financial crisis, managing real estate portfolios cash-effectively was a priority for many investors. The close network within the Group allows the company to put together individually tailored offers for HOCHTIEF clients at every link in the life cycle.

Synergy potential harnessed

The setup within the division opens up synergies for HOCHTIEF Property Management. For example, the company manages a number of properties which were built by HOCHTIEF Projektentwicklung, including the Unilever headquarters in Hamburg and the Zentraler Omnibusbahnhof (ZOB) central bus station in Munich.

The company also works together with aurelis: For instance, HOCHTIEF Property Management determines the maintenance and repairs required by properties. This also includes estimating the medium and long-term costs of projects. One of aurelis' benefits from this is when planning budgets. HOCHTIEF Property Management also updates and cleans the portfolio database, thereby ensuring the information density required, for instance, by aurelis for asset management. In addition, HOCHTIEF Property Management launched a project to optimize ancillary costs together with aurelis. In this project, the causes of deviations in ancillary costs are determined and promptly eliminated by improving allocations or contracts with utilities.

Start made on contracts won in the prior year

At the start of 2009, HOCHTIEF Property Management began to work through the section of aurelis' portfolio that was additionally taken over in 2008. HOCHTIEF Property Management is thus now exclusively responsible for the entire aurelis portfolio. The company's responsibilities cover parts of the leasing of space in Düsseldorf's Le Quartier Central district.

As agreed with DEKA Immobilien in 2008, HOCHTIEF Property Management took on a total of 43 employees as of January 1, 2009 and successfully integrated them into the Group. Thus HOCHTIEF Property Management now manages 75 percent of Deka Immobilien's and WestInvest's real estate. The integration of these contracts requires property management processes to be

*Further information is available on the Internet at www.hochtief-propertymanagement.com.

unified and optimized. The associated costs pushed the result down compared with the prior year.

The HOCHTIEF Real Estate division's key figures

New orders in the HOCHTIEF Real Estate division remained on a par with the prior year level. At HOCHTIEF Projektentwicklung, new orders even increased by around seven percent. Significant new orders were recorded, for example, in the projects of maxCologne in Cologne, the Siemens center at Düsseldorf Airport City, and the Marco Polo Tower in Hamburg, as well as in care homes. At HOCHTIEF Property Management, new orders dropped sharply as expected, by approximately EUR 50 million, owing to extraordinary items in 2008 from two major contracts that were concluded with Deka and aurelis.

Work done in the division fell by 14.5 percent year on year. There was a clear decline in property development due to selective order taking. At HOCHTIEF Property Management, work done grew by some 15 percent, primarily due to new orders secured in 2008.

The **order backlog** decreased by EUR 102.1 million, with HOCHTIEF Projektentwicklung accounting for around EUR 86 million of this decline, and HOCHTIEF Property Management for around EUR 16 million.

At EUR 53.2 million, **operating earnings** were down by EUR 6 million or ten percent year on year. This decrease is partly due to the new rule for financial reporting (IFRIC 15) relating to project developments. Higher IT and labor costs weighed on HOCHTIEF Property Management's result for 2009. **Profit before taxes** was just EUR 4.6 million down on the prior-year figure at EUR 27 million, thanks to a EUR 1.4 million overall improvement in net investment and interest income.

Capital expenditure amounted to EUR 18.6 million in 2009 and consisted mostly of payments into equity for joint ventures.

The average number of **employees** rose by 160. This increase is mainly due to staff taken on for specific projects and new employees at HOCHTIEF Property Management.

HOCHTIEF Real Estate division

(EUR million)	2009	2008 restated*
New orders	598.5	618.2
Work done	677.0	791.4
Order backlog	642.0	744.1
Divisional sales	660.8	428.3
External sales	644.9	407.9
Operating earnings (EBITA)	53.2	59.2
Profit before taxes	27.0	31.6
Capital expenditure	18.6	11.1
RONA (%)	5.8	7.8
Net assets (December 31)	902.0	1,000.7
Employees (average over the year)	1,034	874

*For details of the restatements, please see pages 142 and 143.

HOCHTIEF Real Estate outlook

The HOCHTIEF Real Estate division expects to continue operating successfully in 2010.

We anticipate that the market environment will remain strained for the office rental markets. But we currently foresee a slight improvement in the investment markets in 2010. With the excellent sales successes at the end of 2009 and the high pre-lease rates on our projects currently being constructed, we consider ourselves to be well equipped to deal with this difficult market environment.

aurelis will focus in particular on its ongoing projects and the acquisition of long-term lease agreements. It will also expand its refurbishment activities.

HOCHTIEF Property Management is continuing to focus on expansion in Germany, notably through new outsourcing projects. The company aims to further step up its involvement in center management in 2010. In addition, services such as leasing management and asset management are to be expanded.

The impact of the financial crisis on demand for real estate is currently difficult to predict. The division therefore plans to generate healthy profit before taxes from ongoing business in 2010. This will likely be on a par with the prior-year level.



**Educational and cultural center,
Frankfurt am Main**

Internal and external partnership project: As part of a public-private partnership project, HOCHTIEF PPP Solutions built an educational and cultural center (BiKuZ) for the City of Frankfurt. HOCHTIEF Construction was responsible for the building work. Since the property was handed over in 2009, HOCHTIEF Facility Management has operated the facility, which combines a library, an adult education center, a high school and club rooms under one roof. Operation entails both commercial and technical building management. Our experts are also in charge of administration, maintenance, repairs, energy management and infrastructure services.



HOCHTIEF Services Division

- **Existing business stable despite financial crisis**
- **Successful integration of new employees into HOCHTIEF Facility Management***
- **CO₂ emissions and energy costs reduced**
- **International growth in new markets**

In the HOCHTIEF Services division, our companies HOCHTIEF Facility Management and HOCHTIEF Energy Management felt the effects of the economic crisis during the fiscal year: Business was shaped by short-time working at industrial clients, reduced additional business and general restraint in investment decisions for energy contracting solutions. However, our companies are now once again seeing a rise in demand for outsourcing solutions and energy contracting. This is because many clients are realigning their strategies in response to the global economic crisis and are reviewing the scope of their own services.

HOCHTIEF Facility Management

HOCHTIEF Facility Management continued with its successful strategy of taking over outsourcing projects from clients. The company primarily focused on high-quality projects and the integration of sophisticated services into its own portfolio. Several examples reflect the successful strategy: With the contract to maintain facilities at four more Siemens sites, for example, 45 employees were taken on from Siemens Industry Solutions. Our building services providers have been responsible for technical operation at more than 60 Siemens sites since 2004. Additionally, HOCHTIEF Facility Management integrated two of Honeywell Building Solutions' business operations in Germany, with 55 specialist staff moving to HOCHTIEF.

Project highlights

Industry

For the next four years, HOCHTIEF Facility Management Swiss will be responsible for operating Baxter Healthcare's head office in Zurich. We will take charge of space management, conference and event service, as well as responsibility for building security, among other things. This new order expands the services we provide for the client: HOCHTIEF Facility Management already works for Baxter at its German site in Höchststadt.

Sports and event facilities

HOCHTIEF Facility Management will service and maintain the technical systems in the conference, hotel and wellness areas of the newly built Lufthansa Training & Conference Center in Seeheim, Hesse, for two years. In addition, we also provide support at the numerous events held at the center. The exclusive property, with its 483 rooms and over 80 seminar and event rooms, serves as a training center for Lufthansa employees from all over the world and is one of the largest conference hotels in Germany. The company is already responsible for operating the Lufthansa Aviation Center, the airline's headquarters, the Flight Training Center and the Lufthansa bases in Frankfurt, Hamburg and Munich.

In 2009, HOCHTIEF Facility Management added the Volksbank Arena in Hamburg to its portfolio of sports facilities. In addition, the service contract with Color Line Arena, also in Hamburg, was extended. We are in charge of operating each facility for five years. With both projects, we ensure optimum operation of all building systems and amenities, guaranteeing an outstanding visitor experience.

Public buildings

In 2009, HOCHTIEF Facility Management received an order from Hessisches Immobilienmanagement to take over the technical and infrastructure management of 52 public-sector buildings for the next three years. The properties include court buildings, police stations and internal revenue offices at several locations. The company will service and maintain the technical equipment in the buildings.

In Munich, HOCHTIEF Facility Management is operating the Zentraler Omnibusbahnhof (ZOB) central bus station for two years. The project was built by HOCHTIEF Projektentwicklung. We won the contract for operation services in an open bidding process. HOCHTIEF Facility Management had already advised the project's developers during the design phase: This meant that the incidental costs of subsequent operation were already optimized during the construction phase—a key factor for the negotiation of rental agreements. HOCHTIEF's facility managers see to it that ZOB's systems stay

*Further information is available on the Internet at www.hochtief-facilitymanagement.com.

*Further information is available on the Internet at www.hochtief-energymanagement.com.

fault-free, look after security in the building and tend the infrastructure.

At the end of 2009, HOCHTIEF Facility Management received a contract for the building management of the Zollverein Coal Mine Industrial Complex, a UNESCO World Heritage Site in Essen, initially for three years. The 660,000 square-meter complex comprises 30 buildings, including the former colliery and coking plant, as well as the new Ruhr Museum. HOCHTIEF provides technical building services for these properties, ensuring compliance with preservation orders. Using modern energy management, we are also reducing the energy costs. On top of this come infrastructural tasks. We also monitor the operating costs, provide some rental management services and support events on the Zollverein site, especially during Capital of Culture year 2010. HOCHTIEF Facility Management has taken on the technical management of the European Capital of Culture Ruhr.2010.

Healthcare

At the start of 2009, we took over the provision of technical building services and the operation of hospital-specific facilities at the SRH Zentralklinikum hospital in Suhl, Thuringia, initially for a period of three years. The hospital has more than 660 beds and treats around 25,500 in-patients and some 36,500 out-patients each year. HOCHTIEF provides complex technical building management in areas such as ventilation, air conditioning, sanitation and water treatment. In addition, we are responsible for pure steam generation as well as electronic, measuring, control and regulating equipment. Furthermore, our experts are in charge of the clean-room technology in the intensive care units and surgical suites and operate the equipment that produces and distributes medical gases. HOCHTIEF guarantees permanent availability of the facilities 365 days a year as well as a 24-hour on-call service.

HOCHTIEF Energy Management*

The HOCHTIEF subsidiary takes on all individual services for the efficient use of energy: It plans, implements and finances suitable savings measures, supplies energy and offers services ranging from the operation of facilities through to constant monitoring of facilities and energy consumption.

Cooperation highlight

Together with HOCHTIEF Facility Management, HOCHTIEF Energy Management is taking over the heat supply at the "neue balan—Campus der Ideen" business park in Munich for 15 years. Our two companies concluded an agreement to this effect with Südboden Grundbesitz in 2009. In addition to multifunctional offices, this "campus of ideas" is primarily to house service and production premises. The two subsidiaries are working closely together to optimize the existing heating technology and charge the individual tenants for consumption. In this way, it is possible to reduce energy consumption and costs as well as pollutant emissions.

Project highlights

Energy performance contracting segment

The Berlin Senate commissioned HOCHTIEF Energy Management to reduce energy costs and emissions at 18 properties of the federal state of Berlin. Under an energy performance contracting assignment, the company will generate savings of about EUR 4.5 million over a period of ten years, reducing CO₂ emissions by 22,000 metric tons overall. The properties include the Rotes Rathaus city hall, several court buildings, inland revenue offices and other state-owned buildings. The company installs advanced heating and boiler systems and the properties will also be supplied with energy from combined heat and power (CHP) systems in the future. To this end, HOCHTIEF Energy Management is building six state-of-the-art CHP plants, maintains the technical systems and ensures their energy-efficient operation.

With the help of our experts, energy costs at Staatstheater Hannover are to be cut by 26 percent under an energy performance contracting arrangement for the theater workshops and three venues of the Staatstheater. A ten-year contract to this effect was signed in

2009. HOCHTIEF Energy Management will also ensure carbon emissions are reduced by over 1,000 metric tons a year. For this purpose, we are converting the heating systems, optimizing the lighting systems and integrating state-of-the-art building control technology. Moreover, we will centrally monitor and manage the operation of heating and air conditioning systems.

Energy supply contracting segment

HOCHTIEF Energy Management will supply the flooring manufacturer Armstrong DLW in Delmenhorst with power, steam and water for the next 15 years. Floor coverings are manufactured in production processes that must not be interrupted. In order to ensure this, HOCHTIEF is building three new CHP plants. Central machine control will guarantee that the power does not fail. In addition, we are building a treatment plant for river water and supply the site with service water and steam.

During the fiscal year, HOCHTIEF Energy Management concluded a cooperation agreement with its partner NMI Capital. The New Energy Holz investment fund launched by NMI Capital will invest in wood-fired power plants that generate power and heat by burning untreated freshly cut wood.* HOCHTIEF Energy Management will design, build and operate the plants under a full-service contracting arrangement.

The HOCHTIEF Services division's key figures

New orders were a marked 15.1 percent down on the prior-year figure, which was bolstered by large contract awards. Against the backdrop of the difficult economic environment, the HOCHTIEF Services division focused on ensuring margin quality as a priority over growth. As expected, both **work done** (down 9 percent) and **external sales** (down 8.4 percent) decreased year on year in the period under review. Consequently, the **order backlog** also fell slightly.

Operating earnings were 29.1 percent lower than in 2008 at EUR 19 million. This year-on-year decrease is mainly due to the drop in new business. **Profit before taxes** amounted to EUR 17.3 million (down 24.5 percent). On a positive note, receivables management improved, which meant that the interest result was much better.

HOCHTIEF Services division

(EUR million)	2009	2008
New orders	639.8	753.5
Work done	645.8	709.4
Order backlog	1,480.6	1,560.0
Divisional sales	645.8	709.5
External sales	625.5	683.1
Operating earnings (EBITA)	19.0	26.8
Profit before taxes	17.3	22.9
Capital expenditure	6.5	11.1
RONA (%)	12.9	16.0
Net assets (December 31)	133.4	176.7
Employees (average over the year)	5,650	5,651

It was also this improved receivables management which essentially brought about a 24.5 percent reduction in **net assets** to EUR 133.4 million.

The number of **employees** did not change. An increase in the number of employees in Germany due to outsourcing projects was offset by a decrease in other countries.

Outlook

We expect the global economy to stabilize, which would enable moderate growth in the HOCHTIEF Services division. The cost pressure bearing down on our clients and the restructurings they are undertaking will increase their willingness to outsource projects. HOCHTIEF Services will continue to prioritize margin quality over growth under unacceptable conditions. We will continue to expand our international activities. For example, HOCHTIEF Facility Management started 2010 with 60 employees in the Czech Republic. In the future, we want to use this as a base to also build up business in Slovakia. At the same time, HOCHTIEF Energy Management is working to expand business into Eastern Europe.

The HOCHTIEF Services division expects profit before taxes to exceed the prior-year figure in 2010.

*For further information, please see page 52.



Sacramento Airport, USA

A new gateway to the world will be opening up near California's capital: Flatiron and Turner joined forces with a partner to design and build a new terminal for Sacramento International Airport by 2012. The building will cover nearly 30,000 square meters, and 19 gates are planned for international air traffic. The facility is expected to receive LEED certification for sustainable buildings from the United States Green Building Council. The EUR 185 million contract was the first joint project secured by our two companies in 2008, and this intra-Group partnership has led to further successes. In 2009, our US subsidiaries were awarded the contract to expand the international airport in San Diego.



Risk Report

- **Group-wide early warning system**
- **Continual refinement of active risk management measures**
- **Room to maneuver thanks to solid finances**
- **No risks to the company as a going concern identified**

Risk management at HOCHTIEF

Risk management at HOCHTIEF takes in all organizational processes involved in advance detection of risks as well as in identifying and initiating suitable action to counter them. A risk is defined as any contingency with a potential negative impact on the attainment of qualitative or quantitative business goals, and in particular on earnings and liquidity.

Risk management is a key success factor for HOCHTIEF and as such forms an integral component of our management system. To promote risk awareness throughout the workforce, we nurture a continuously evolving risk culture at all levels sustained by organizational processes, IT systems and open communication.

HOCHTIEF Group early warning system

A Group-wide directive available to every employee lays down standard procedures for risk management. As a reaction to the financial crisis, we homed in more specifically on liquidity risks in this directive. The divisions supplement this Group directive with organizational instructions geared to their specific circumstances.

Risk inventories and forecasts are compiled at all operating locations three times a year and the resulting information is aggregated to Group level. This approach involves managers at all tiers of the corporate hierarchy.

All risks are assigned an impact, probability, category and time-scale and are linked to action to be taken. In complement to this quantitatively focused reporting, HOCHTIEF also attaches utmost importance to open discussion of risks by management. A key element of our early warning system is therefore the Risk Management Steering Committee made up of divisional and corporate center representatives. This panel looks at reported risks from the differing perspectives of the

divisions and the holding company. The Steering Committee also coordinates and adopts binding counter-measures. HOCHTIEF compiles the Steering Committee's findings in a risk situation analysis in tabular form. The commented analysis forms an integral part of reporting and is finalized by the Executive Board. In addition, the Investment Committee, which as a rule must approve investments and equity stakes according to uniform and recognized principles, contributes substantially to risk avoidance.

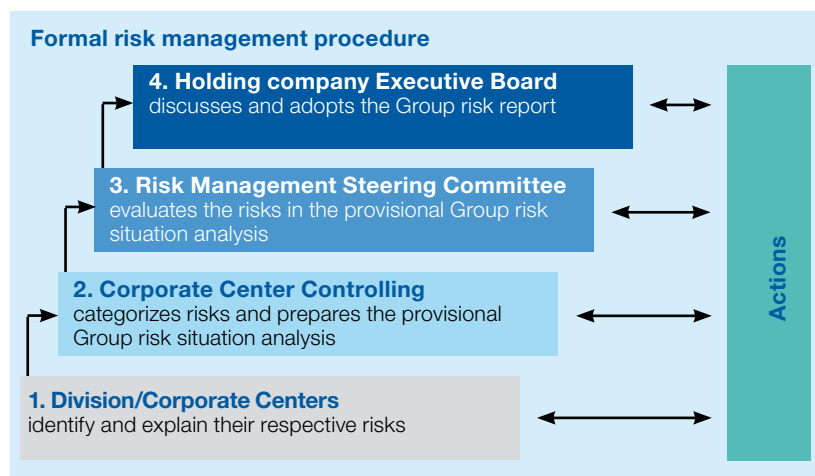
Opportunities are inventoried simultaneously with risks Group-wide and are included in planning and forecasting reports submitted to the Executive Board. There is no offsetting of risks and opportunities.

Overall risk

To assess overall Group risk, the expected individual risk exposures are totaled and expressed as a fraction of forecast or budgeted earnings. Expected risk exposures are also aggregated at Group level for each division and each risk category. Where individual risks are interrelated, the situation is assessed by the Risk Management Steering Committee and taken into account when the risks are quantified. Changes in risk structure are revealed by comparing current and previous risk reports.

During the period under review, no risks were identified that might cast doubt over the Group's ability to continue as a going concern. The company's quantifiable average overall risk stands at approximately 11 percent of pretax profit. Identified liquidity risks can be covered with existing holdings of cash funds. In light of this analysis, there is no identifiable risk to the future results of operations, cash flows and financial condition of HOCHTIEF that might raise doubt about the entity's ability to continue as a going concern.

The global effects of the financial crisis have led to changes in HOCHTIEF's risk structure, as evidenced by the sharply higher share of overall risk attributable to market risks which, along with financial risk, account for approximately 45 percent. Project and contract risk make up a share of around 40 percent of overall risk, followed by equity investment risks, which total nearly



ten percent of quantifiable overall risk. Personnel risk and internal risk jointly add up to less than a five percent share.

Project and contract risk

Most project and contract risks arise in the mainstream construction activities of HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe. HOCHTIEF Real Estate and HOCHTIEF Concessions are also exposed to risk in their real estate development activities and PPP projects respectively.

HOCHTIEF's processes are designed to identify and minimize risks as early as possible. Alongside acquisitions, real estate investments, development projects and PPP and outsourcing projects, all projects are systematically scrutinized on a routine basis once their volume or risk level touches a certain threshold. The processes used for this purpose are chosen for empirical relevance and effectiveness. In the case of real estate development projects, for example, pre-lease or pre-sales rates commensurate with the type of project must be attained before the green light is given for construction to start and, in certain cases, before the site is purchased.

Our Australian subsidiary Leighton also stipulates a wide range of project-specific requirements for processing and approving bids. Special committees analyze all projects and their risk structure. The committees decide whether a project is approved, conditionally approved or declined. The decision-making bodies of our US subsidiaries Turner and Flatiron base their decisions on similar criteria taking into consideration market-specific conditions. All prospective acquisitions and bids are also subjected to risk classification in the HOCHTIEF Europe division. At the same time, all bids

must be reviewed by a centralized Contract Review Committee made up of experienced specialists. Risk auditors manage projects from bid preparation through contract award to handover to the client. In addition, the internal auditing function regularly analyzes domestic and international projects for technical, commercial and legal risk.

Whereas in recent years, earnings from German building construction contracts were negatively impacted by the completion of loss-making projects already underway and restructuring projects in particular, our new contracts feature improved margins and significantly fairer risk distribution. Projects are now only approved if there are binding offers from subcontractors for key trades and materials. Escalator clauses additionally reduce the risk of price increases. These measures are in line with efforts to further reduce risk in the mainstream construction business by using partnership-based contracting models. Despite this approach, cost risk cannot be entirely eliminated now or in the future, particularly in large-scale projects spread out over several years.

While HOCHTIEF generates a high volume of sales with individual trading partners, it is not dependent on any one client or supplier. Default risk is reduced through customer credit checks and by obtaining guarantees for amounts owed. HOCHTIEF's centralized procurement management* ensures that capable operating partners are selected. By maintaining a constant watch over the market and close contact with suppliers and institutions, we can quickly spot changes on the procurement market and respond accordingly.

Earnings from a project, for example, a tunnel construction contract, can be adversely affected in the execution phase by factors such as unexpected geological conditions differing from those in the bid invitation. The commercial viability of such contracts often depends on the extent to which claims for supplementary work can be billed on to project owners. Contracts generally govern which risks are the responsibility of the client. Risks arise if the value of change orders cannot be recouped. Moreover, the project execution phase also poses the risk of ambitious completion dates not being able to be met. Delays can occur for reasons including

*For further information, please see pages 58 and 59.



failure to obtain the approvals necessary for construction in time. This can result in penalties due to schedule overruns if the delay is down to HOCHTIEF. We address warranty risks from the construction business by practicing systematic project management and by requiring subcontractors to post surety or guarantees. In addition, we enter into service contracts and set up regular monitoring where necessary.

Our company aims to avoid court cases wherever possible. Nevertheless, HOCHTIEF is compelled to be party to various lawsuits and arbitrations both at home and abroad. While the outcome of legal disputes is virtually impossible to predict, we believe that adequate accounting provision has been made for all cases. One major court case is the lawsuit pending since late 2003 in connection with the construction of the Sony Center in Berlin. Due to considerable delays in the proceedings, it is still not possible to foresee how long the case will continue.

Risk from equity holdings

Risks from equity holdings comprise risks from companies over which HOCHTIEF does not exert control. With a minority stake, there is no legal basis for enforcing direct access to the risk management system of the company concerned. HOCHTIEF therefore works to bring about the installment of a properly functioning risk management system. This ensures that relevant information obtained through the equity holding control function is nonetheless reported and compiled at HOCHTIEF. Risks from equity holdings relate primarily to our airport holdings and stakes in concession companies.

A lack of growth or a decline in air traffic could adversely affect the sales and earnings performance of the airports in which we hold a stake. Business difficulties experienced by airlines can lead to them defaulting on amounts owed to HOCHTIEF's airport holdings.

Concessions generally have a very long contract term and pose specific risks, among other things due to the need to estimate future business growth as well as to cost operation and maintenance expenditure. On infrastructure concessions, HOCHTIEF either guarantees a stipulated level of availability or itself takes on the risk relating to future utilization levels. If HOCHTIEF takes on the risk and utilization levels prove to be less than assumed, this can have a negative impact on the value of the concession. In the period under review, impairments were again recognized for equity stakes held by Leighton in two concession companies due to a drop in stock price, despite their business prospects. Compared with the previous year, however, these charges were minor. HOCHTIEF PPP Solutions has issued value guarantees with respect to shares in a business sold.

Guarantees were furnished for certain ongoing projects as part of the sale of shares in our subsidiary HOCHTIEF do Brasil. In the event of a negative project outcome, the possibility that these guarantees may be enforced cannot be ruled out.

Nor can we preclude the eventuality that impairment losses may have to be recognized for our subsidiaries and associated companies in isolated cases in the future.

Market risk*

Overall economic risk is posed by the current global financial crisis and the resulting turbulence on international markets. The effects on the real economy have already been felt strongly worldwide and are noticeable also at HOCHTIEF in the increase in reported market risks. If governmental economic and fiscal programs fail to stabilize markets around the globe, the risk of a lack of sustained growth will intensify.

*For detailed information on our sales markets, please see pages 36–41.

The downturn in the construction industry in the United States stemming from the financial and economic crisis has not been reflected to date in the earnings of HOCHTIEF Americas due to factors including a healthy order backlog. In fiscal 2009, an expansive economic recovery package bolstered the construction sector, and its effects are expected to continue into 2010. Traditionally, Turner has not been involved to any significant extent in the residential construction market, which has declined precipitously due to the mortgage crisis. In addition, Turner builds a substantial percentage of its projects for governmental and quasi-governmental clients, such as in the educational and healthcare segments. Flatiron's focus is on the growing infrastructure segment.

The HOCHTIEF Asia Pacific division—along with our subsidiary Leighton—benefits in particular from its diversified activities in the Australian market, various Asian markets and the Gulf region. During the year under review, demand in the attractive Gulf region construction market slumped. However, HOCHTIEF was not materially impacted by the emirate of Dubai's payment difficulties, which were made public at the end of 2009. Moreover, the focus of our activities is in Abu Dhabi and Qatar. Our subsidiary's strategy is to concentrate on high-growth markets. Future developments in Australia depend substantially on worldwide demand for raw materials. In our contract mining operations, we cannot for this reason completely rule out a decrease in the number of new orders. Nonetheless, we expect the division's performance to be positive because of the large order backlog and governmental economic recovery programs along with a sustained high level of demand for raw materials from China.

HOCHTIEF Concessions has been affected in its airport business by the economic crisis. International air transport declined in 2009. It can be expected that passenger volume will continue to depend on the overall performance of the economy in the future. In the long term, we anticipate sustained growth in this segment. The expansion of non-aviation activities in particular underpins independence from developments in air transport. In the road segment, weakening economic performance, normally also associated with a down-

turn in road traffic, can directly affect the profitability of projects depending on the structure of the contract.

The European construction market was on the decline in 2009. In the residential segment, HOCHTIEF Europe was able to counter this downward trend by concentrating on premium apartments which are still highly sought-after, even during the crisis. In the future, profitable international projects are expected to compensate for the planned decline in building construction in Germany. HOCHTIEF Europe is thus holding its strategic course of focused growth in Central and Eastern Europe and by carefully choosing international projects, particularly in the Middle East. In addition, promising market segments will be developed further using profitable business models. These include renovating or expanding public-sector facilities based on PPP contracts in conjunction with other Group units.

The financial crisis has had a negative impact on the real estate investment market. However, the sales proceeds generated by HOCHTIEF Real Estate at the end of 2009 demonstrate that the strategy of only investing in prime locations and projects has proven successful. Against the backdrop of the market situation, the division continued to adhere to its restrictive policy for acquiring new projects in fiscal 2009 and will go on leveraging market opportunities through systematic selection of new projects and focusing on promising market segments. The lease rates of our projects are currently high. However, demand for leased space in the markets in which HOCHTIEF Real Estate operates could be adversely affected by the still strained overall economic situation. The effects of the crisis on property demand are difficult to predict. Due to the dependence of the investment market on the smooth functioning of the credit markets, 2010 will again see risks because longer marketing periods and declining sales rates cannot be ruled out.

HOCHTIEF Services addresses economic risks with a diverse product and client structure.

Fiscal year 2010 will be shored up by the HOCHTIEF Group's robust order backlog. Future earnings trends could be adversely affected if there is no stabilization of the global economy and, as a result, a lack of new orders.

Financial risk*

All financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. An additional financial risk directive and other individual directives on important functional and operational topics add substance to and supplement the general risk directive for the Group. The Corporate Finance department is split into three strictly separate organizational units, the front, middle and back offices, to ensure a clear division of responsibilities, particularly between trading activities and control and settlement activities. The dual control principle must be observed at minimum for all trading transactions. In order to guarantee this division and compliance with all directives, a review by the internal auditing function is conducted at least once a year.

The further severe deterioration in the performance of international financial markets in 2009 did not cause an additional increase in overall financial risks in the HOCHTIEF Group. We possess a solid, long-term financial structure and apply conservative financial instruments. At present, we have not identified bank default risks and additional consolidation in the banking sector that could restrict the availability of credit lines. This situation is nonetheless monitored on an ongoing basis. HOCHTIEF's long-term financing comprises firm loan commitments repayable at maturity, some of which are revolving facilities. The Group has no financial relationships with the banks and insurance companies that have experienced difficulties recently. A strained liquidity situation could occur if the planned maturities of the short-term liquidity facilities that must be extended each year cannot be renewed to a sufficient extent or at all. In the past year, all bilateral short-term credit lines were extended as planned for an additional year at favorable terms.

Liquidity risk arises if there is any impairment to solvency or the ability to obtain finance. HOCHTIEF manages such risk in good time and in an optimal way for the long term by means of monthly liquidity planning over a rolling 18-month period. The interval for performing liquidity stress tests was shortened to one month during the year under review. All potential and conceivable liquidity risks are now analyzed monthly alongside the rolling planning.

HOCHTIEF Aktiengesellschaft's cash resources include adequate growth and liquidity reserves. We also have sufficient short-term bilateral credit facilities available for daily drawing as part of our cash pooling arrangements. These facilities are broadly distributed and diversified with regard to the annual extension dates. In fiscal 2009, HOCHTIEF successfully placed four additional promissory note loans totaling EUR 300 million. The keen interest shown by investors, and expressed in oversubscription of the original loan amount by more than 100 percent, underscores the Group's financial strength and excellent credit standing. In addition, EUR 400 million of the syndicated guarantee facility was converted to a revolving credit facility during the fiscal year to secure long-term financing. We also have sufficiently large guarantee facilities for securing bank guarantees and other collateral. The financial covenants that apply to various lines of credit and trigger the lender's right to call in the loan if they are violated are monitored continually. This situation is not currently considered critical.

On the whole, we have ensured that all Group companies possess sufficient long-term credit and guarantee facilities to successfully finance both their operating activities and new projects. All investments are reviewed very carefully in this regard.

The terms of the syndicated credit and guarantee facilities are due to be extended in 2012. If the capital markets were to be experiencing a crisis at that time, this would pose a financial risk. Financial market risk can arise through exchange rate, interest rate or other asset price changes on financial markets. Most HOCHTIEF companies largely operate in a single currency region and do not face any material currency risk. One exception comprises Leighton's subsidiaries, which work in

*For detailed information on financial risk management, please see pages 172–179.

Asia on projects denominated in US dollars. Transaction risks on transfers of profits from international subsidiaries to HOCHTIEF Aktiengesellschaft are hedged with matching forward foreign exchange transactions as early as possible. HOCHTIEF faces currency translation risks in its consolidated financial statements where figures from companies that report in other currencies are translated into euros. These risks are estimated to be greater than in the prior year.

We minimize the risk of interest rate changes by locking in interest rates for the longest available terms. Any variable interest-rate borrowing that may be necessary is hedged in each instance by targeted use of interest rate derivatives with congruent maturities. Project finance is hedged as needed according to term and volume. During the period under review, uncertainty on financial markets in some instances led to a widening of credit spreads. In view of the heightened risk awareness among investors due to the crisis, the possibility that liquidity may only be available at persistently wide or widening credit spreads cannot be ruled out entirely. This could increase our refinancing costs when existing project and investment financing matures, and thus raise our capital requirements. The resulting pressures could affect our earnings and liquidity situation. In fiscal 2009, the HOCHTIEF Real Estate division along with its business partner successfully finished arranging refinancing for the acquisition of aurelis Real Estate based on a non-recourse structure that rules out recourse against HOCHTIEF.

Derivative financial instruments such as interest-rate swaps and currency options are never used for speculative purposes. They are used solely to hedge potential risks from existing transactions. Additional risks also arise at HOCHTIEF from investments in stocks and funds. These investments are managed by ongoing monitoring. Due to impairment, writedowns became necessary on some of these investments during the fiscal year. A further impact on earnings cannot be ruled out in the future. Every month, however, reviews are conducted to determine whether to hedge investments such as in equity funds to safeguard against unfavorable price movements.

With the exception of our subsidiary Leighton, the HOCHTIEF Group does not currently have an external rating because it has not so far been apparent that such a rating would bring any financial benefit. As in previous years, the impairment tests to verify that the market value of goodwill still matches or exceeds book value indicated no need to recognize goodwill impairment charges in 2009.

Personnel risk and internal risk

We require suitable employees to keep pace with the growing complexity of HOCHTIEF projects. That is why we place central importance on workforce training and motivation. Employee surveys deliver vital information about opportunities for improvement and help to avert risks, such as those arising from employee dissatisfaction.

Succession planning is a further key issue for HOCHTIEF. Long-term, intensive employee development activities are used to identify potential high-performers in the company early on and to focus on preparing them for future responsibilities. We secure the enduring loyalty of managerial employees by providing variable compensation components with a long-term incentive effect.

Employee and workplace safety is very important to HOCHTIEF. Occupational safety, health and environmental protection are coordinated centrally by the OSHEP Center with the aim of reducing to a minimum accident and health risks for employees and third parties.

No material risks are currently apparent with regard to HOCHTIEF's company pensions. The switch from defined benefit pension plans to defined contribution arrangements that place predictable demands on the company has already been effected in Germany in recent years. Pension obligations in Germany are fully covered by HOCHTIEF Pension Trust e. V. and pension liability insurance, and are backed by sound assets.* All new pension commitments at Leighton, Turner and Flatiron follow the defined contribution model. If, however, the capital markets were to follow a sustained downward trend, it would not be possible to rule out the necessity of top-up contributions to meet pension commitments.

*For further information, please see page 140.

HOCHTIEF works with first-rate certified service providers to counter potential IT-related risks. The performance indicators agreed in service contracts act as an effective early warning system. An IT security directive subject to ongoing independent review ensures that risk avoidance measures are effectively implemented. Use of the latest hardware and software ensures data availability and fends off unauthorized access.

Opportunities

Despite the continuing difficult situation on markets worldwide, we believe that 2010 will also bring numerous growth opportunities. For detailed information, please see the report on opportunities*.

Internal control and risk management system as it applies to the Group accounting process

The correctness and reliability of financial reporting by HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group are vitally important in assisting management in making decisions as well as disseminating information to investors and lending banks. At the HOCHTIEF Group, the risks arising from the Group's activities are addressed in the accounting process in various ways. For instance, every year IFRS accounting guidelines are prepared based on the IFRS rules applicable at that time in order to ensure uniform financial reporting and measurement throughout the Group. In addition, the German Group companies receive a set of German Commercial Code (HGB) accounting guidelines updated annually.

The accounting for financial instruments and deferred taxes is determined in close cooperation with the Finance and Tax corporate centers so that the correctness of these figures can also be guaranteed. Moreover, a treasury management system commonly used in the industrial and banking sectors and approved by our auditor has been used since 2009 to aid the measurement of derivative financial instruments.

IT-based plausibility testing has been implemented for IT-supported preparation of the consolidated financial statements so that HOCHTIEF can guarantee that capital, liability, expense and income consolidation is carried out correctly. If inconsistencies nonetheless remain, Corporate Headquarters clarifies the matter during

consolidation. In addition, the consolidation system used by the Group is subject to user authorization controls. These ensure that the employees responsible can only access the data relevant to them. The consolidation system underwent an audit by the Group's internal auditors. Internal Auditing also audits internal control, management and monitoring systems throughout the Group in all business units using a risk-oriented audit approach, notably taking into account uniform application of the existing IFRS and HGB guidelines.

Risk management audit

The auditors examined the early warning system and its integration into planning and reporting processes when auditing the annual financial statements. The Executive Board was shown to have taken appropriate measures to set up a system for the early detection of risk as stipulated by Section 91 (2) of the German Stock Corporations Act (AktG). In addition, this early warning system is capable of identifying at an early stage any development that might cast doubt over the Group's ability to continue as a going concern.

Our internal auditing function additionally reviews and evaluates the proper functioning and cost-effectiveness of the installed systems and processes.

*For detailed information, please see report on opportunities on pages 121–123.



Zollverein colliery, Essen

Today a symbol of the city of Essen, Bauhaus-style Shaft 12 built by HOCHTIEF as part of the Zollverein Coal Mine Industrial Complex began operating in 1932. At the time, the Zollverein colliery was considered the most attractive coal mine in the world. In 2002, it was made a UNESCO World Heritage Site. Today, the site measuring a total of 660,000 square meters features 30 buildings and the coking plant. Miners extracted the last of the coal here in 1986. Today, the facility is a vital part of industrial culture in Germany's Ruhr region and in 2010 will primarily be used to stage European Capital of Culture events. At the end of 2009, our subsidiary HOCHTIEF Facility Management received the contract for technical, commercial and infrastructural building management of the heritage-protected colliery. Yet another example of life cycle management by HOCHTIEF—even though in this case the contracts were several decades apart.



Looking Ahead: Outlook and Opportunities

- **New orders and order backlog at high levels**
- **Strategic international positioning successful in critical market environment**
- **Challenges due to financial crisis met effectively to date**
- **Staying the course on dividend policy**

Looking ahead

Long-term growth targets maintained

HOCHTIEF is outstandingly well poised to meet the challenges posed by periods of economic weakness and leverage existing opportunities thanks to the long-pursued strategy of life cycle management and serving international markets. Our integrated capability portfolio spanning the life cycle of infrastructure projects, real estate and facilities along with our worldwide presence in all key regions lend HOCHTIEF considerable risk diversification and greater independence from fluctuations in specific industries and markets. We see HOCHTIEF's strategic positioning as a sound competitive advantage and the key to attaining our long-term growth targets through both favorable and adverse phases of the economic cycle.

Stable market conditions in 2010

The international financial and economic crisis shaped global economic performance in 2009. Financial and economic systems were propped up with massive interventions by individual governments. Although the global economy has apparently seen the recession bottom out, we anticipate only a slow recovery in fiscal 2010. There is still a risk that the economy will suffer setbacks. In 2010, we project a low-level stabilization of the general economic situation in the euro zone. We do not expect Germany to achieve sustainable growth as early as 2010. In the USA, the economy is projected to expand moderately in 2010, whereas the prospects for the Australian market are viewed more positively. In the Gulf region, we anticipate stable performance by the markets in Abu Dhabi, Qatar, Bahrain and Saudi Arabia in particular.

Asian markets led by China and India will also see an upswing in 2010. For fiscal 2010, we expect the euro to appreciate against the US dollar and the Australian dollar to make gains against the euro. Due to our strong presence in the Americas and Asia, exchange rate movements can influence our profit forecasts.

Our planning is based on the assumption that the financial and capital markets will normalize again in 2010, there will not be a sustained recessive setback in the world economy and the situation in areas of political tension will not lastingly deteriorate any further.

New orders, order backlog and sales regain normal levels

In the 2009 reporting year, new orders amounted to EUR 22.47 billion (2008: EUR 25.28 billion). We did not arrive at the prior-year level due to fewer large-volume new orders, particularly in the HOCHTIEF Americas division. At EUR 35.59 billion, the order backlog reached a new historical high and secured an approximately 21-month forward order book for HOCHTIEF. Sales were again excellent at EUR 18.17 billion, despite the challenging market environment.

For 2010, we anticipate new orders and an order backlog slightly below the prior-year level. Sales will be roughly on a par with fiscal 2009.

Positive earnings trends

In fiscal 2009, HOCHTIEF succeeded in increasing both profit before taxes (EUR 600.5 million) and consolidated net profit (EUR 195.2 million). Profit before taxes improved by more than 20 percent, while consolidated net profit exceeded the prior-year figure by nearly 25 percent.*

Despite the difficult economic conditions and in view of the still young fiscal year, we are optimistic that in 2010 our pretax profit and consolidated net profit will be slightly above the 2009 level—not least thanks to our very healthy order backlog and current opportunities.

*Based on the prior-year figures restated in accordance with IFRIC 15. For further information, please see pages 142 and 143.

Although our ability to issue forecasts is significantly curtailed due to the uncertainty surrounding global economic performance, we anticipate business to be robust again in 2011.

Dependable dividend

HOCHTIEF has a longstanding dividend policy geared to earnings and liquidity. The Executive Board's proposal for the use of net profit for fiscal 2009 provides for a further increase in dividends to EUR 1.50 per share. This represents seven percent dividend growth on the prior year and a payout ratio at over 50 percent of consolidated net profit. This means HOCHTIEF will have increased its dividends by just under 14 percent a year since 2005.

In fiscal 2010, we aim to stay the course with our dividend policy and continue to let shareholders participate adequately in our company's success.

Strong liquidity with sufficient financial reserves

The HOCHTIEF Group is assured adequate short and medium-term liquidity with reserves of cash on hand and at banks, holdings of readily marketable securities, and available, undrawn revolving credit facilities.

Extensions were negotiated for borrowings scheduled for repayment in 2009. In May 2009, we successfully placed several promissory note loans amounting to a total of EUR 300 million, among other things, for the purpose of refinancing the matured EUR 200 million promissory note loan from 2004. The surplus proceeds beyond the amount required for refinancing increased our financial flexibility. HOCHTIEF Projektentwicklung and Redwood Grove International also successfully completed the refinancing of the acquisition financing for aurelis Asset GmbH. The terms of the loan of more than EUR 900 million are in line with HOCHTIEF's planning and investment requirements, and underscore the excellent creditworthiness of the aurelis portfolio. The Group's financing also comprises internationally syndi-

cated revolving credit and guarantee facilities opened in 2004 and 2005. The revolving credit facilities include a EUR 600 million credit facility (80 percent drawn down), a EUR 400 million revolving credit facility converted from a previously existing syndicated guarantee facility in 2009 (0 percent drawn down) and EUR 291 million in short-term money market facilities (9 percent drawn down). The syndicated guarantee facility has an available limit of EUR 1.5 billion, EUR 1.07 billion of which has been drawn down. The facility ensures the availability of guarantees for the ordinary activities of the HOCHTIEF Europe, HOCHTIEF Concessions and HOCHTIEF Real Estate divisions.

The revolving credit and guarantee facilities also provide HOCHTIEF with sufficient scope and security for its long-term growth plans. They are broadly diversified and placed with top-notch issuers*. Separate facilities were also secured during the year for specific major projects—for example, to obtain required bank guarantees—with banks in the various countries in which we operate.

For future borrowing plans, we are working on the assumption that the international financial and capital markets will settle further in the course of 2010 and function normally for the most part.

Profitable growth and value creation

We aim to continue on our path of sustainable growth and consistently build the value of our company—for our shareholders, our employees and our clients. Based on our earnings expectations, we currently once again anticipate RONA exceeding our ten percent cost of capital in 2010. We are confident of achieving substantial value created and hence further increasing value.

*See glossary on page 197.

Investing in sustained growth

Our capital expenditures serve to reinforce and continuously enhance HOCHTIEF's leading position in the international competitive arena. In line with our strategy, this involves taking the entire life cycle of infrastructure projects, real estate and facilities into account. We aim to achieve sustainable growth in promising markets by systematically augmenting our integrated service portfolio.

Most of our capital expenditure in 2010 will be undertaken at our Australian subsidiary Leighton and is earmarked for investments in capital-intensive, highly profitable contract mining activities. Investments will also be made especially in our concessions and services business as well as in renewable energies.

Innovation as a key success factor

HOCHTIEF will continue to forge ahead with its innovation management in 2010. Sustainability will continue to be a key focus. By again broadening ideas management, we aim to harness the potential of employee ideas even more consistently in developing the company. The 2010 budget for central Group-wide innovation management activities will be around the same level as in previous years.

Ongoing optimization of procurement

In 2010, our procurement volume is expected to once again attain a high level, at around 70 percent of Group sales. A number of measures are planned to further boost procurement efficiency. As we continue to systematically standardize procurement processes going forward, we will exploit economies of scale. We expect a considerable further reduction in procurement costs on the whole.

Human resources strategy to prime growth

The success of our company's business is driven by the performance, qualifications and motivation of our employees. HOCHTIEF's long-term projects require a focused human resources strategy. Our goal is to find suitable employees and foster their long-range loyalty to the company.

HOCHTIEF will continue to implement and continually improve successful measures for advancing especially qualified and talented employees as well as a comprehensive range of training and continuing education programs.

In order to meet ongoing future requirements for qualified specialist and managerial staff, we will focus again in 2010 on positioning HOCHTIEF as an attractive employer worldwide. The regional presence of Group companies, their image and HOCHTIEF's international network play key roles in this regard. We run numerous recruitment drives to attract new employees and focus on filling open positions from within the company. For example, our Global Recruiting Initiative resulted in the creation of a network allowing vacant positions to be advertised across national borders.

We continually work on expanding and improving our human resources management activities and attach great importance to employee satisfaction. For instance, during the year under review, the HOCHTIEF People.Index was introduced as a tool for conducting regular surveys that can be used by employees to give their feedback on workplace satisfaction and commitment.

Opportunities

Leading economic institutes forecast worldwide growth of around four percent in 2010 with regional variations in growth rates. In the markets and growth segments in which HOCHTIEF operates, we have identified numerous opportunities for expanding our business.

Our strategic international positioning enables us to effectively balance out regional market fluctuations. Furthermore, the fact that we have focused intensively on fast-growing market segments over the last few years is also paying off.

Strategic life cycle management

Our tried and trusted life cycle management strategy and internationalization open up opportunities for HOCHTIEF to cope better with the current economic downturn than other cyclical industries and to continue growing profitably in the long term. For all services offered along the value chain of real estate, facilities and infrastructure projects, HOCHTIEF provides its clients with both international expertise and measurable value added through synergies and premium quality. We specifically foster collaboration among operating segments in line with our “One roof—all solutions” approach to deliver even more effective services to our clients.

Prospects in key markets and segments

Since the start of the global financial crisis, numerous economic stimulus packages have been initiated by individual governments to prop up the economy. These subsidy programs will continue to generate positive effects in 2010. As an internationally seasoned and successful manager of complex projects featuring a comprehensive product and service range spanning development and planning through construction and logistics to portfolio management, operation and management, HOCHTIEF is perfectly poised to benefit from these governmental economic stimulus programs.

Our positioning in the Australian market is excellent thanks to our subsidiary Leighton. Not least due to expected economic growth in China, we anticipate raw material prices to recover, a development that will benefit our mining activities. With the added help of state economic aid packages, numerous opportunities are also offered by other segments, such as the educational property and healthcare facility sectors as well as the water and energy management segment. The trend is expected to be equally positive in the service areas, which include servicing and maintenance of toll roads and tunnels along with our promising waste management and recycling activities.

In the USA, HOCHTIEF is very well placed to exploit opportunities for growth with its subsidiaries Turner and Flatiron. Turner leads the market as the number one general builder, and Flatiron is among the top ten service providers in the civil engineering segment. Industry experts anticipate that the building construction segment in which Turner operates will stabilize in 2010. Robust growth is projected in 2010 for Flatiron's market. In the Gulf region, industry observers anticipate a growing number of infrastructure projects. Thanks to the strong presence of our subsidiaries and associated companies in the region, we are well poised to develop additional market potential.

HOCHTIEF can leverage substantial opportunities for growth from the existing business and project portfolio. Despite reduced passenger traffic, our airport holdings were able to hold their own against the competition in fiscal 2009. In 2010, we again expect a stable earnings contribution from this segment and forecast strong growth here in the long term. In the toll road segment, most of our projects are at the construction stage or the beginning of the ramp-up phase. Major value growth is generally not achieved until after these phases have been completed.

Public-private partnerships

Against the backdrop of increasing public infrastructure needs, we believe that 2010 will bring excellent opportunities for growth in the share of public-private partnership (PPP) models. For example, Germany's federal government is holding out the prospect of additional resources in a second economic stimulus package. A key element of these programs are infrastructure projects, such as public-sector investments in construction and refurbishment in the transportation, education, health, energy and telecommunications sectors. In the USA in view of the stimulus packages adopted by the government, we also anticipate a boost in investments in the infrastructure segment based on the PPP concept. This provides HOCHTIEF with the ideal opportunity for networking and collectively implementing our international PPP know-how as well as our expertise in building construction and civil engineering through Turner and Flatiron. Thanks to our many years' experience in other regions, HOCHTIEF PPP Solutions North America,

which was established in 2008, is a key partner for successfully tapping this growing market segment.

Sustainable green building

We see sound prospects for expanding HOCHTIEF's business in the uptick in demand for green building projects. In light of rising energy prices, there is increasing recognition that investment in resource-friendly and environmentally friendly buildings pays off. HOCHTIEF identified the trend toward sustainable construction early on and has played a decisive role in shaping the market. We are driving forward the development of sustainable construction and management models and all modules in our product range cover this market segment. This expertise puts HOCHTIEF in an excellent position to benefit from this high-volume market segment, which is growing in the USA in particular. Our US subsidiary Turner is the market leader with numerous new and finished projects.

Energy efficiency and renewable energies

We offer specific services in many parts of the company that actively promote climate protection. Through our subsidiary HOCHTIEF Energy Management, we already provide attractive offers in the energy contracting and energy management segments. HOCHTIEF aims to benefit from the promising market for building refurbishment to improve energy efficiency in Germany as well as internationally. These services can be combined optimally with the product and service spectrum of HOCHTIEF Construction, HOCHTIEF Facility Management and HOCHTIEF Property Management in the areas of construction, revitalization and real estate management. Through our commitment to geothermal energy and offshore wind energy, we also have superior positioning in the growth market for renewable energies. The newly formed company Beluga HOCHTIEF Offshore is our response to the increasing demand for special-purpose vessels for construction of offshore wind farms.

Forward-looking statements

This annual report contains statements related to the future performance of the HOCHTIEF Group and its companies as well as to economic and political developments. These statements represent estimates we made on the basis of a thorough review of all information available to us at the time of going to print. If the underlying assumptions prove false or additional risks arise, actual results may differ materially from those currently expected. Thus we are unable to guarantee the statements made here.

Post-balance-sheet events

There were no material events to report between the close of fiscal 2009 and the editorial deadline for this annual report.

Declaration on corporate governance

The Declaration on Corporate Governance is available on the Internet at www.hochtief.com/corporategovernance.



Fit for the future: For our healthcare properties, we bring all our know-how to the table. The HOCHTIEF spectrum ranges from design and development through construction to the operation of these special-purpose facilities. And we can also install the technical equipment and ensure efficient energy supply. All our services are available individually or as a package, customized to meet our clients' needs. Clinics and nursing care facilities benefit from our expertise in designing targeted spaces to keep things running smoothly. Our innovative ideas enable us to increase efficiency, cut costs, improve transparency and, last but not least, create a good atmosphere. In all that we do, our focus is on people and their needs. References from our subsidiaries all over the world illustrate the care we take to give our clients top treatment.





HOCHTIEF Group Consolidated Financial Statements as of December 31, 2009



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Consolidated Statement of Earnings

(EUR thousand)

	Note	2009	2008 restated*
Sales	(1)	18,166,081	18,703,135
Changes in inventories	(19)	32,203	399,417
Other operating income	(2)	225,107	375,889
Materials	(3)	(12,562,542)	(14,273,373)
Personnel costs	(4)	(3,501,085)	(3,265,768)
Depreciation and amortization	(5)	(501,370)	(392,306)
Other operating expenses	(6)	(1,333,123)	(1,259,676)
Profit from operating activities		525,271	287,318
Share of profits and losses of equity-method associates and jointly controlled entities	(7)	204,956	317,001
Net income from other participating interests	(7)	24,859	(11,014)
Investment and interest income	(8)	79,906	117,704
Investment and interest expenses	(8)	(234,521)	(214,085)
Profit before taxes		600,471	496,924
Income taxes	(9)	(192,302)	(173,042)
Profit after taxes		408,169	323,882
Of which: Consolidated net profit		[195,222]	[156,744]
Of which: Minority interest	(10)	[212,947]	[167,138]
Earnings per share (EUR)			
Diluted and undiluted earnings per share (EUR)	(32)	2.93	2.26

*Restated due to the retrospective application of IFRIC Interpretation 15. For detailed information, please see pages 142 and 143.

Consolidated Statement of Comprehensive Income

(EUR thousand)	2009	2008 restated
Profit after taxes	408,169	323,882
Currency translation differences	158,778	(57,591)
Changes in fair value of financial instruments		
Primary	61,452	(103,770)
Derivative	(14,444)	(88,991)
Actuarial gains and losses*	37,626	(54,306)
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	(5,740)	(67,177)
Other comprehensive income (after taxes)	237,672	(371,835)
Total comprehensive income after taxes	645,841	(47,953)
Of which: HOCHTIEF Group	[361,206]	[(154,020)]
Of which: Minority interest	[284,635]	[106,067]

*The 2008 figure includes a reversal in other comprehensive income of adjustments arising from the limit in IAS 19.58.

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2009	Dec. 31, 2008 restated	Jan. 1, 2008 restated
Assets				
Non-current assets				
Intangible assets	(11)	503,701	482,660	505,145
Property, plant and equipment	(12)	1,492,327	1,120,393	1,027,641
Investment properties	(13)	38,239	42,896	41,199
Equity-method investments	(14)	1,797,833	1,668,942	1,462,459
Other financial assets	(15)	486,496	430,058	555,655
Financial receivables	(16)	425,361	352,668	365,175
Other receivables and other assets	(17)	177,137	95,806	130,958
Deferred tax assets	(18)	232,780	217,085	176,907
		5,153,874	4,410,508	4,265,139
Current assets				
Inventories	(19)	1,115,742	943,597	592,069
Financial receivables	(16)	112,087	93,313	81,294
Trade receivables	(20)	3,407,523	3,783,256	3,194,790
Other receivables and other assets	(17)	126,789	170,961	311,683
Current income tax assets	(21)	56,879	65,320	26,144
Marketable securities	(22)	807,739	809,396	766,384
Cash and cash equivalents	(23)	1,769,644	1,787,713	1,402,527
		7,396,403	7,653,556	6,374,891
		12,550,277	12,064,064	10,640,030
Liabilities and Shareholders' Equity				
Shareholders' equity	(24)			
Attributable to the Group				
Subscribed capital		179,200	179,200	179,200
Capital reserve		400,806	400,806	400,806
Revenue reserves		1,737,028	1,630,911	1,644,393
Deduction for treasury stock		[90,953]	[92,113]	–
Accumulated other comprehensive income		(211,921)	(377,905)	(67,141)
Unappropriated net profit		105,000	98,000	123,555
		2,210,113	1,931,012	2,280,813
Minority interest		1,101,816	895,151	703,100
		3,311,929	2,826,163	2,983,913
Non-current liabilities				
Provisions for pensions and similar obligations	(26)	71,262	76,701	29,010
Other provisions	(27)	337,949	358,199	316,382
Financial liabilities*	(28)	2,047,590	1,678,464	1,324,028
Other liabilities*	(29)	185,111	219,020	79,434
Deferred tax liabilities	(18)	111,499	93,805	82,103
		2,753,411	2,426,189	1,830,957
Current liabilities				
Other provisions	(27)	905,655	715,178	755,158
Financial liabilities	(28)	795,886	1,248,352	642,719
Trade payables	(30)	4,391,638	4,561,771	4,143,392
Other liabilities	(29)	381,557	267,108	273,902
Current income tax liabilities	(31)	10,201	19,303	9,989
		6,484,937	6,811,712	5,825,160
		12,550,277	12,064,064	10,640,030

*The EUR 2,232,701,000 (2008: EUR 1,897,484,000) total for financial liabilities and other liabilities in the non-current category (with residual terms greater than one year) includes EUR 2,047,590,000 (2007: EUR 1,673,768,000) in interest-bearing liabilities.

Consolidated Statement of Cash Flows

(EUR thousand)	Note 36	2009	2008 restated
Profit after taxes		408,169	323,882
Depreciation, amortization, impairments and impairment reversals		522,374	522,698
Changes in provisions		67,771	63,396
Changes in deferred taxes		7,314	25,730
Gains/(losses) from disposals of non-current assets and marketable securities		(46,906)	(43,230)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations		(69,414)	(191,325)
Changes in working capital (net current assets)		(56,572)	(460,711)
Changes in other balance sheet items		116,620	25,689
Net cash provided by operating activities		949,356	266,129
Intangible assets, property, plant and equipment, and investment properties			
Purchases		(826,023)	(645,492)
Proceeds from asset disposals		164,789	128,682
Acquisitions and participating interests			
Purchases		(142,468)	(510,504)
Proceeds from asset disposals/divestments		48,535	293,691
Changes in cash and cash equivalents due to consolidation changes		(35,227)	(19,660)
Changes in securities holdings and financial receivables		(58,247)	(148,057)
Net cash used in investing activities		(848,641)	(901,340)
Payments for repurchase of treasury stock		–	(93,512)
Payments received from sale of treasury stock		526	1,111
Payments into equity by minority shareholders		66,372	222,121
Dividends to HOCHTIEF's and minority shareholders		(224,837)	(234,615)
Proceeds from new borrowing		1,132,193	2,240,343
Service of debt		(1,155,287)	(1,089,334)
Net cash (used in)/provided by financing activities		(181,033)	1,046,114
Net cash (decrease)/increase in cash and cash equivalents		(80,318)	410,903
Effect of exchange rate changes		62,249	(25,717)
Overall change in cash and cash equivalents		(18,069)	385,186
Cash and cash equivalents at the start of the year		1,787,713	1,402,527
Cash and cash equivalents at year-end		1,769,644	1,787,713

Consolidated Statement of Changes in Equity

Note 24	Subscribed capital of HOCHTIEF Aktien-gesellschaft	Capital reserve of HOCHTIEF Aktien-gesellschaft	Revenue reserves*	Accumulated other comprehensive income	Currency translation differences	Changes in fair value of financial instruments	Actuarial gains and losses	Unappropriated net profit	Attributable to the Group	Attributable to minority interest	Total
(EUR thousand)											
Balance as of Jan. 1, 2008	179,200	400,806	1,661,300	(131,901)	118,822	(54,062)	123,555	2,297,720	703,100	3,000,820	
Changes in accounting policy	–	–	(16,907)	–	–	–	–	(16,907)	–	(16,907)	
Balance as of Jan. 1, 2008**	179,200	400,806	1,644,393	(131,901)	118,822	(54,062)	123,555	2,280,813	703,100	2,983,913	
Dividends paid	–	–	–	–	–	–	(90,931)	(90,931)	(143,684)	(234,615)	
Profit after taxes**	–	–	–	–	–	–	156,744	156,744	167,138	323,882	
Transfer to revenue reserves**	–	–	91,368	–	–	–	(91,368)	–	–	–	
Currency translation differences and changes in fair value of financial instruments	–	–	–	(35,400)	(221,047)	–	–	(256,447)	(61,082)	(317,529)	
Changes in actuarial gains and losses	–	–	–	–	–	(54,317)	–	(54,317)	11	(54,306)	
Other changes not recognized in the Statement of Earnings	–	–	(104,850)	–	–	–	–	(104,850)	229,668	124,818	
Balance as of Dec. 31, 2008/Jan. 1, 2009**	179,200	400,806	1,630,911	(167,301)	(102,225)	(108,379)	98,000	1,931,012	895,151	2,826,163	
Dividends paid	–	–	–	–	–	–	(88,201)	(88,201)	(136,636)	(224,837)	
Profit after taxes	–	–	–	–	–	–	195,222	195,222	212,947	408,169	
Transfer to revenue reserves	–	–	100,021	–	–	–	(100,021)	–	–	–	
Currency translation differences and changes in fair value of financial instruments	–	–	–	93,030	35,323	–	–	128,353	71,693	200,046	
Changes in actuarial gains and losses	–	–	–	–	–	37,631	–	37,631	(5)	37,626	
Other changes not recognized in the Statement of Earnings	–	–	6,096	–	–	–	–	6,096	58,666	64,762	
Balance as of Dec. 31, 2009	179,200	400,806	1,737,028	(74,271)	(66,902)	(70,748)	105,000	2,210,113	1,101,816	3,311,929	

* As of December 31, 2009, treasury stock with a purchase cost of EUR 90,953,000 (2008: 92,113,000) was accounted for as a deduction from revenue reserves.

**restated

Responsibility Statement

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, which is combined with the management report of HOCHTIEF Aktiengesellschaft, 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.

HOCHTIEF Aktiengesellschaft

The Executive Board

Essen, February 16, 2010

Dr. Lütkestratkötter

Dr. Lohr

Dr. Noé

Dr. Rohr

Dr. Stieler

[Independent] Auditors' Report

We have audited the consolidated financial statements—comprising Group income statement, consolidated statement of comprehensive income, Group balance sheet, statement of cash flows, statement of changes in equity, and notes to the consolidated financial statements, prepared by HOCHTIEF Aktiengesellschaft, Essen/Germany, as well as the report on the position of the Company and the Group for the financial year from January 1, to December 31, 2009. The preparation of the consolidated financial statements and the report on the position of the Company and the Group in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the report on the position of the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 German Commercial Code (HGB) in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations and in the report on the position of the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of 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 report on the position of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the report on the position of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the results of our audit, the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen/Germany, comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with these regulations. The report on the position of the Company and the Group is consistent with the consolidated financial statements, conveys, in the aggregate, a true and fair view of the Company's and Group's position and suitably presents the risks and opportunities of future development.

Düsseldorf, February 16, 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Dr. Göttgens
Wirtschaftsprüfer
(German Public Auditor)

Signed: Dr. Reichmann
Wirtschaftsprüfer
(German Public Auditor)

Notes to the Consolidated Financial Statements

Accounting principles

General information

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law applicable under Section 315a (1) of the German Commercial Code.

Alongside the Consolidated Statement of Earnings, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Statement of Cash Flows, the Consolidated Financial Statements also include a Consolidated Statement of Changes in Equity. Segment reporting is provided in these Notes.

For purposes of clarity, a number of items are combined in the Statement of Earnings and in the Balance Sheet. These items are broken down into their constituents and commented on elsewhere in these Notes. The Statement of Earnings is presented using the nature of expense method of analysis.

The Consolidated Financial Statements are presented in euros.

The Consolidated Financial Statements relate to the 2009 fiscal year, comprising the reporting period from January 1 to December 31, 2009. Corresponding prior-year figures are restated where necessary due to early application of IFRIC 15.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 16, 2010. They will be approved at the Supervisory Board meeting on March 18, 2010.

Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft and all significant domestic and foreign subsidiaries in which it directly or indirectly holds the majority of voting rights. This generally goes hand in hand with a majority shareholding. In the case of two subsidiaries included in the Consolidated Financial Statements, HOCHTIEF Aktiengesellschaft is not the majority shareholder but holds the majority of voting rights by virtue of a pooling agreement. One company is consolidated by virtue of de facto control. Significant associates and jointly controlled entities are accounted for using the equity method.

Holdings in subsidiaries or associated companies or jointly controlled entities deemed to be of minor significance from a Group perspective are not consolidated and are accounted for in accordance with IAS 39.

The combined list of subsidiaries, associates and other equity interests held by the HOCHTIEF Group and HOCHTIEF Aktiengesellschaft (pursuant to Sections 285 (11) and 313 (2) 1-4 of the German Commercial Code (HGB)) is published in the electronic Bundesanzeiger (Federal Official Gazette). The main consolidated subsidiaries and equity-method investments and other participating interests are listed on pages 192 and 193.

A number of the subsidiaries included in the Consolidated Financial Statements make partial use of the exempting provisions in either Section 264 (3) or Section 264b of the German Commercial Code. A list of the companies that make use of these exemptions is included on page 191.

The Consolidated Financial Statements as of December 31, 2009 include HOCHTIEF Aktiengesellschaft and a total of 55 German and 357 foreign consolidated companies. The number of consolidated companies showed a net increase of 14 over the previous year. Three German and 50 foreign companies were consolidated for the first time in 2009. Most of these are in the HOCHTIEF Asia Pacific division (36) or the HOCHTIEF Americas division (12). The majority are project companies.

As in the prior year, the Consolidated Financial Statements include a total of five special-purpose securities investment funds.

Six domestic and 33 foreign companies have been removed from the consolidated group. These include two intra-Group transfers in Germany in the form of one merger and one passage of title by operation of law. Most of the foreign companies removed from the consolidated group were in the HOCHTIEF Asia Pacific division (21) and the HOCHTIEF Americas division (11). An entity is generally added to or removed from the consolidated group at the time the equity stake in the entity is acquired or disposed of.

Fifty-seven affiliated companies not material to the Group's financial position and results of operations were not consolidated in the year under review. Their combined sales represented less than one percent of consolidated sales.

Seventeen domestic and 158 foreign associates were accounted for using the equity method. This number showed a net increase of 34, with 40 companies added and six removed from the category. Most of the companies added are project companies in the HOCHTIEF Asia Pacific division (26) and the HOCHTIEF Americas division (8). Those removed were in the HOCHTIEF Americas division (3) and in the HOCHTIEF Europe division (3). Due to their minor significance, a further 24 companies were not accounted for using the equity method.

A total of EUR 16,745,000 was expended in 2009 under asset deals (2008: EUR 47,476,000), for purchases of companies consolidated for the first time and to increase existing shareholdings; the expenditure was made in cash.

Acquisitions affected earnings and the balance sheet as follows:

(EUR thousand)	2009	2008 restated
Non-current assets	–	23,703
Current assets excluding cash and cash equivalents	404	32,448
Cash and cash equivalents	–	758
Assets	404	56,909
Provisions	82	165
Other liabilities	86	27,950
Liabilities	168	28,115
Sales	396	53,040
Profit before taxes	41	2,231

Consolidation policies

The financial statements of domestic and international companies included in these Consolidated Financial Statements are prepared in accordance with uniform Group accounting principles. Subsidiaries with a different reporting date generally prepare interim financial statements as of the Group reporting date. The main such subsidiary is the Leighton Group, whose fiscal year ends June 30. All business combinations (acquisitions) are accounted for using the purchase method. Business combinations are measured at the acquisition date by allocating the consideration given, plus any costs directly attributable to the business combination, to the acquired subsidiary's net assets measured at fair value. All assets, liabilities and contingent liabilities of the acquired subsidiary that satisfy the recognition criteria are measured at full fair value regardless of any minority interest. Intangible assets are recognized separately from goodwill if they are separable from the accounting entity or arise from contractual or other legal rights. Any goodwill then left is recognized as an asset. Goodwill is not amortized, but is tested instead for impairment losses in accordance with IAS 36 on an annual basis and whenever there are indications that it may be impaired. Negative goodwill arising on initial measurement is recognized immediately in income. On divestment, the carrying amount of a subsidiary's goodwill is taken into account when measuring disposal proceeds.

Goodwill increased by EUR 23,206,000 in the year under review, from EUR 407,847,000 to EUR 431,053,000.

Income, expenses, receivables and liabilities between consolidated companies are eliminated. Unrealized intercompany profits and losses are eliminated unless they are of minor significance. Any impairment losses recognized for consolidated companies in their separate financial statements are reversed.

The same policies apply for equity-method investments. These include the Group's associates and jointly controlled entities. Any goodwill increases the carrying amount of an investment. Like other goodwill, goodwill on equity-method investments is not amortized. Reductions in carrying amount due to impairment are reported in the share of profits and losses of equity-method associates and jointly controlled entities. The financial statements of all equity-method investments are prepared in accordance with uniform Group accounting and valuation principles.

Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the euro area:

	Annual average		Daily average at reporting date	
	2009	2008	2009	2008
(All rates in EUR)				
1 US dollar (USD)	0.72	0.68	0.69	0.72
1 Australian dollar (AUD)	0.57	0.57	0.62	0.49
1 British pound (GBP)	1.12	1.25	1.13	1.05
100 Polish zloty (PLN)	23.01	28.35	24.36	24.08
100 Qatari riyal (QAR)	19.69	18.60	19.20	19.49
100 Czech koruna (CZK)	3.77	3.99	3.78	3.72
100 Russian rubles (RUB)	2.26	2.72	2.32	2.42
100 Chilean pesos (CLP)	0.13	0.13	0.14	0.11

In their separate financial statements, Group companies disclose transactions denominated in foreign currency using the average exchange rate on the day of recording the transaction. Exchange gains or losses from valuing foreign currency-denominated monetary assets or liabilities at the average exchange rate on the reporting date are recognized in other operating income or other operating expenses. Currency translation differences relating to a net investment in a foreign company are accounted for in accumulated other comprehensive income until the company is sold. This includes foreign currency receivables from fully consolidated Group companies for which settlement is neither planned nor likely to occur in the foreseeable future and which therefore resemble equity.

Financial statements of foreign companies are translated by applying the functional currency approach. As all companies outside the euro area operate autonomously in their own national currencies, their balance sheet items are translated into euros using the average exchange rate prevailing on the reporting date in accordance with official requirements. The same method is used to translate the annual valuation of the shareholders' equity of equity-method foreign associates. Differences from the previous year's translated valuation are recognized in other comprehensive income and are reversed to income or expense on sale. Goodwill of commercially independent foreign Group entities is translated at the exchange rate prevailing on the reporting date. Income and expense items are translated into euros using the annual average exchange rate.

Accounting policies

Intangible assets are reported at amortized cost. All intangible assets have a finite useful life with the exception of company names recognized as assets on initial consolidation and of goodwill. Intangible assets include concessions and other licenses with useful lives of up to 30 years. These are amortized according to the pattern of consumption of economic benefits. They also include future earnings from additions to the order backlog arising from business acquisitions; these are amortized over the period in which the corresponding work is billed. Intangible assets further encompass software for commercial and engineering applications, which is amortized on a straight-line basis over three to five years, and entitlements to various financing arrangements with banks amortized over between 27 and 84 months in accordance with the term of the arrangement. Estimated useful lives and depreciation methods are reviewed annually.

Company names and goodwill are not amortized. They are tested instead for impairment losses in accordance with IAS 36 on an annual basis and whenever there are indications that they may be impaired. The Turner and Flatiron names were recognized as intangible assets with an indefinite useful life as they do not have a product life cycle and are not subject to technical, technological or commercial depletion or any other restriction.

No development costs requiring the recognition of assets were incurred in the HOCHTIEF Group in the fiscal year.

Property, plant and equipment is stated at depreciated cost. Only amounts directly attributable to an item of property, plant or equipment are included in its cost. Borrowing costs are included in cost. Items of property, plant and equipment are depreciated on a straight-line basis unless, in exceptional cases, another form of depreciation better reflects the pattern of consumption of economic benefits.

Items of property, plant, machinery and equipment typically encountered in the HOCHTIEF Group are depreciated over the following uniform useful lives:

	No. of years
Buildings and investment properties	20–50
Technical equipment and machinery; transportation equipment	3–10
Other equipment and office equipment	3–8

Estimated useful lives and depreciation methods are reviewed annually.

Items of property, plant and equipment on finance leases are recognized at fair value or the present value of the minimum lease payments, whichever is lower, and are depreciated on a straight-line basis over their estimated useful life or over a shorter contract term if applicable.

Investment properties are stated at amortized cost. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in the Notes. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

Impairment losses are recognized for intangible assets (including goodwill), property, plant and equipment or investment properties if their recoverable amount (net selling price or value in use, whichever is higher) falls below their carrying amount. Impairment testing may require assets and in some cases liabilities to be grouped into cash-generating units. For goodwill, impairment testing is performed on cash-generating units corresponding to the HOCHTIEF divisions that feature in

segmental reporting. For any asset that is part of an independent cash-generating unit, impairment is determined with reference to the recoverable amount of the unit. If the recoverable amount of a cash-generating unit falls below its carrying amount, the resulting impairment loss is allocated first to any goodwill belonging to the unit and then to the unit's other assets on a pro rata basis. Except in the case of goodwill, impairment charges are reversed (up to a maximum of amortized cost) when the impairment ceases to exist.

Equity-method investments are stated at cost, comprising the acquired equity interest in an associate or jointly controlled entity plus any goodwill. The carrying amount is increased or decreased annually to recognize the Group's share of after-tax profits or losses, any dividends, and other changes in equity. The full carrying amount is tested for impairment in accordance with IAS 36 whenever there are indications that it may be impaired. If the recoverable amount of an equity-method investment is less than its carrying amount, an impairment loss is recognized for the difference. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Jointly controlled entities are a type of joint venture. Joint ventures are contractual arrangements under which two or more parties undertake an economic activity which is subject to joint control. In addition to jointly controlled entities accounted for using the equity method, joint ventures also include jointly controlled operations and construction joint ventures. The latter are accounted for as follows in accordance with IAS 31: As a party to a jointly controlled operation or construction joint venture, HOCHTIEF recognizes the assets it controls, the liabilities it enters into and the expenses it incurs, and reports its share of earnings from the activity under sales. Assets and liabilities remaining in jointly controlled operations and construction joint ventures (e.g. due to contracts awarded to subcontractors) lead to a share of earnings that is accounted for using a method equivalent to the equity method and included in receivables from or liabilities to construction joint ventures.

All **other financial assets**, comprising interests in non-consolidated subsidiaries, other participating interests and non-current securities, are classed as held for sale and are measured at fair value where a fair value can be reliably estimated. In the case of publicly listed financial assets, fair value is determined as the market price. If there is no active market, fair value is calculated using the most recent market transactions or a valuation method such as the discounted cash flow method. In cases where fair value cannot be measured reliably, financial assets are reported at amortized cost. Initial measurement is performed as of the settlement date. Unrealized gains or losses are accounted for, after adjusting for deferred taxation, in other comprehensive income and are reversed to income or expense on disposal of the asset. If there is objective evidence of impairment, the carrying amount of a financial asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Receivables and other assets are measured at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). An impairment loss is recognized if there is any objective material evidence that a financial asset may be impaired. Objective evidence for impairment includes, for example, downgrading of a debtor's credit rating and related interruptions in payment or potential insolvency. Impairment losses are recognized according to actual credit risk. "Receivables" comprise financial receivables, trade receivables and other receivables. Sales are shown net of VAT and other taxes and expected reductions such as trade discounts and rebates. Sales of goods are recognized when:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer
- The HOCHTIEF Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the HOCHTIEF Group.

Revenue from transactions involving the rendering of services is recognized by reference to the stage of completion. Revenue under construction contracts is recognized as described below.

Long-term loans (with a term of more than one year) are stated at amortized cost. Loans yielding interest at normal market rates are reported at face value, and non-interest-bearing and low-interest-bearing loans are discounted to present value. Discounting is always done using a risk-adjusted discount rate. The accounting policies for derivatives with a positive fair value accounted for under other assets are explained separately.

Construction contracts are reported using the percentage of completion* (POC) method. Cumulative work done to date, including the Group's share of net profit, is reported under sales on a pro rata basis according to the percentage completed. The percentage of completion is measured as the ratio of contract costs incurred for work performed so far to total contract costs (cost-to-cost method). Construction contracts are reported in trade receivables and trade payables, as "Gross amount due from/to customers for/from contract work (POC)". If cumulative work done to date (contract costs plus contract net profit) of contracts in progress exceeds progress payments received, the difference is recognized as an asset and included in amounts due from customers for contract work. If the net amount after deduction of progress payments received is negative, the difference is recognized as a liability and included in amounts due to customers from contract work. Anticipated losses on specific contracts are accounted for on the basis of the identifiable risks. Construction contracts handled by construction joint ventures are also accounted for using the POC method. Trade receivables from construction joint ventures include pro rata entitlements to contract net profit. Anticipated losses are immediately recognized in full in contract net profit. Contract income on construction contracts undertaken by the Group independently or in construction joint ventures is recognized in accordance with IAS 11 as the income stipulated in the contract plus any claims and variation orders. Construction contract receivables are realized as part of the HOCHTIEF Group's operating cycle. In accordance with IAS 1, they are therefore included in current assets even though they are not expected to be realized within twelve months of the balance sheet date.

*See glossary on page 198.

The POC method is used primarily in the mainstream construction business, construction management and contract mining.

Deferred taxes arising from temporary differences between the IFRS accounts and tax base of individual Group companies or as a result of consolidation are recognized as separate assets and liabilities. Deferred tax assets are also recognized for tax refund entitlements resulting from the anticipated use of existing tax loss carryforwards in subsequent fiscal years provided it is sufficiently certain that they will be realized. Deferred tax assets and liabilities are offset within each company or group. Deferred taxes are measured on the basis of tax rates applying or expected to apply in each country when they are realized. For domestic operations, as in the prior year, a tax rate of 31.5 percent is assumed taking account of corporate income tax plus the German “solidarity surcharge” and the average rate of municipal trade tax faced by Group companies. For all other purposes, deferred taxes are measured on the basis of the tax regulations in force or enacted at the reporting date.

Inventories are initially stated at cost of purchase or production. Production cost includes costs directly related to the units of production plus an appropriate allocation of materials and production overhead, including production-related depreciation charges. Borrowing costs are included in cost. The cost of materials and supplies is determined mainly using the FIFO method and the moving average method. Inventories are written down to net realizable value if their recoverable amount is less than their carrying amount at the reporting date. If the recoverable amount of inventories subsequently increases, the resulting gain must be recognized. This is done by reducing materials expense.

All **marketable securities** are classed as held for sale and measured at fair value. They mainly comprise securities held in special-purpose funds and fixed-income securities with a residual term of more than three months and where there is no intention to hold the securities to maturity. Initial measurement is performed as of the settlement date and includes any transaction costs directly attributable to the acquisition of the securities. Unrealized gains or losses are reported in other comprehensive income and are reversed to income or expense on disposal. If there is objective evidence of impairment, the carrying amount of a financial asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Cash and cash equivalents consist of petty cash, cash balances at banks and marketable securities with maturities of no more than three months at the time of acquisition.

Non-current assets held for sale and associated liabilities are measured in accordance with IFRS 5. To be classed as held for sale, assets must be available for immediate sale and their sale must be highly probable. Assets held for sale can be individual non-current assets, groups of assets held for sale (disposal groups) or discontinued operations. Liabilities that are disposed of with assets in a single transaction are part of a disposal group or discontinued operation and are separately reported as liabilities held for sale. Non-current assets held for sale cease to be depreciated or amortized, and are measured at their carrying amount or at fair value less costs to sell, whichever is lower. Gains or losses arising on the measurement of discontinued operations at fair value less costs to sell, profits or losses of discontinued operations and gains or losses on their disposal are reported under results of discontinued operations. Gains or losses arising on the measurement of individual assets held for sale or of disposal groups are reported under results from continued operations until their ultimate disposal.

Share-based payment transactions are measured in accordance with IFRS 2. Stock option plans implemented from November 7, 2002 are accounted for Group-wide as cash-settled share-based payment transactions. Provisions for obligations under the Long-term Incentive Plans, the Top Executive Retention Plans and the Retention Stock Award plan are recognized in the amount of the expected expense that is or was spread over the stipulated waiting period. The fair value of stock options is measured using generally accepted financial models, the value of the plans being determined with the Black/Scholes option pricing model. The specific problem of valuing the plans in question is solved using binomial tree methods. The computations are performed by an outside appraiser.

Provisions for pensions and similar obligations are recognized for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. The Turner Group's obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under other non-current assets.

Pursuant to the option in IAS 19, actuarial gains and losses are recognized directly in equity in the period during which they arise. The current service cost is reported under personnel costs. The interest element of the increase in pension obligations, diminished by anticipated returns on plan assets, is reported in net investment and interest income.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are

recognized in income by amortization on a straight-line basis over the vesting period.

Tax provisions comprise current tax obligations. Income tax provisions are offset against tax refund entitlements if they relate to the same tax jurisdiction and are congruent in nature and reporting period.

Other provisions account for all identifiable obligations as of the reporting date that result from past business transactions or events but are uncertain in their amount and/or settlement date. Provisions are stated at the estimated settlement amount, i.e. after making allowance for price and cost increases, and are not offset against any rights to reimbursement. For obligations with a settlement probability exceeding 50 percent, the amount set aside is calculated on the basis of the most likely settlement outcome. A provision can only be recognized on the basis of a legal or constructive obligation toward third parties. Long-term provisions with a term of more than one year are stated at the present value of the estimated settlement amount as of the reporting date and are reported under non-current liabilities.

Liabilities other than provisions and deferred taxes are reported at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). Finance lease liabilities are initially recognized at fair value at the inception of the lease or the present value of the minimum lease payments, whichever is lower.

Derivative financial instruments are measured at fair value on the settlement date regardless of their purpose and reported under other receivables and other assets or other liabilities. All derivative financial instruments are measured on the basis of current market rates as of the balance sheet date. The recognition of changes in fair value depends on the purpose for which a derivative is held. Derivatives are only ever used for hedging purposes. For example, variable rate loans are hedged to counter variations in payment amounts due to interest rate changes. In such cases the items are accounted for as a rule as cash flow hedges. Unrealized gains and losses are initially recognized in equity. A cash flow hedge covers exposure to variability in cash flows from the hedged item. If a hedged planned transaction subsequently results in recognition of a financial asset or a financial liability, gains or losses recognized in equity in the meantime are reclassified to income or expense in the period when the asset or liability affects income. If a hedged planned transaction subsequently results in recognition of a non-financial asset or liability, gains or losses recognized in equity in the meantime are taken out of equity and subtracted from or added to the initial cost of the asset or liability. In the cases described, only the portion of changes in value that are determined to be effective for hedging purposes are recognized in equity. The ineffective portion is recognized directly as income or expense. The portion of the changes in

value initially recognized in equity is reclassified to income as soon as the hedged item is recognized in income.

In isolated instances, derivative financial instruments are not designated as hedges. In such cases, changes in fair value are recognized in income or expense.

Contingencies, commitments and other obligations are possible or current obligations, based on past transactions, that are unlikely to lead to an outflow of resources. They are disclosed separately and are not included in the Balance Sheet unless assumed in the course of a business combination. The amounts stated for contingent liabilities reflect the extent of the liabilities as of the reporting date.

Judgments made by management in applying the accounting policies primarily relate to the following issues:

- Securities may be grouped in different categories.
- Actuarial gains and losses can be accounted for in various ways when determining provisions for pensions and similar obligations.
- Assets earmarked for sale must be assessed to confirm that they are available for immediate sale and their sale is highly probable. If the result of this assessment is positive, they and any liabilities to be disposed of in the same transaction must be reported and accounted for as assets or liabilities held for sale.

The decision made by the HOCHTIEF Group in each instance is set out under Accounting Policies in these Notes.

Preparation of the IFRS Consolidated Financial Statements requires Group management to make **estimates and assumptions** that affect the reported amount of assets, liabilities, income and expenses, and disclosures of contingencies, commitments and other obligations. The main estimates and assumptions relate to the following:

- Assessing projects on a percentage of completion basis, in particular with regard to accounting for change orders, the timing of profit recognition and the amount of profit recognized.
- Estimating the economic life of property, plant and equipment and of investment properties.
- Accounting for provisions.
- Testing goodwill and other assets for impairment.
- Testing deferred tax assets for impairment.

All estimates and assumptions are based on current circumstances and appraisals. Forward-looking estimates and assumptions made as of the balance sheet date with a view to future business performance take account of circumstances prevailing on preparation of the Consolidated Financial Statements and future trends considered realistic for the global and industry environment. Actual amounts can vary from the estimated amounts due to changes in the operating environment that are at variance with the assumptions and lie beyond management control. If such changes occur, the assumptions and if necessary the carrying amounts of affected assets and liabilities are revised accordingly.

New accounting pronouncements

Adoption by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of new and revised IFRS and IFRIC pronouncements has resulted in **changes to accounting policies** in those instances where the pronouncements have been adopted by the EU and have been applied in the reporting period January 1 to December 31, 2009 either because their application is mandatory for that period or because HOCHTIEF elected early application.

Changes in IFRS and IFRIC affecting the HOCHTIEF Group are as follows:

Amendment to IAS 1 Presentation of Financial Statements:

The amendment to IAS 1 provides that all non-owner changes in equity either have to be presented in one statement of comprehensive income or in two separate statements. In addition, all changes with an effect on income of components previously recognized directly in equity must be shown separately. More over, an opening balance sheet must be prepared for the prior year in certain cases. The amendments to IAS 1 are applicable for the first time for fiscal years beginning on or after January 1, 2009. As a result of the amendment, a Statement of Comprehensive Income is added and the Notes to the Consolidated Financial Statements are supplemented with a table showing changes in other comprehensive income including reclassifications to the Consolidated Statement of Earnings. A second table discloses the tax effects relating to each change in other comprehensive income.

In March 2009, the IASB published **amendments to IFRS 7 Financial Instruments: Disclosures**. The amendments introduce enhanced disclosures about fair value measurements for financial instruments measured at fair value and about liquidity risk. For each class of instrument, it is necessary to disclose the methods and where applicable the assumptions applied. To make these disclosures, fair value measurements for the various financial assets and financial liabilities must be classified into a three-level hierarchy. The levels reflect the observability and significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further disclosures required for Level 3 measurements include a reconciliation from beginning to ending balances and disclosures of gains or losses recognized in profit or loss or in other comprehensive income. Based on the enhanced disclosure requirements, HOCHTIEF has supplemented its Notes disclosures on financial instruments with two tables plus explanatory notes on liquidity risk.

IFRS 8 Operating Segments replaces IAS 14 Segment Reporting and requires an entity to adopt the “management approach” to reporting on the financial performance of its operating segments. This means segmental reporting must be based on the segmentation used for internal management purposes. Generally, the information to be reported is what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. First-time application of IFRS 8 is required for annual periods beginning on or after January 1, 2009. Segmentation in the HOCHTIEF Group was already based on internal reporting and it was solely necessary to supplement the segment data with the disclosure of segment interest and similar income and expense and of the regional distribution of property, plant and equipment.

Published in July 2008, **IFRIC 15 Agreements for the Construction of Real Estate** aims to standardize accounting practice for sales of real estate units before construction is complete. Such sales must be accounted for under either IAS 11 Construction Contracts, with revenue recognized on a percentage-of-completion basis, or under IAS 18 Revenue, with revenue generally recognized at a later stage such as on final handover. IFRIC 15 stipulates that revenue recognition in accordance with IAS 11 should only be applied if the definition of a construction contract is met, i.e. “a contract specifically negotiated for the construction of an asset or combination of assets.” This is the case if the buyer is able to specify the major structural elements of the design before construction begins or major structural changes once construction is in progress. Whether the buyer actually exercises that ability is immaterial. If the buyer has only limited ability to influence the design of the real estate (e.g. to specify only minor variations to the basic design), the agreement is for a sale of goods or rendering of services accounted for in accordance with IAS 18. EU-based entities must apply the interpretation for fiscal years starting after December 31, 2009. HOCHTIEF elected to apply the interpretation for fiscal 2009. Its application merely changes the allocation of earnings among reporting periods as a number of projects are now accounted for using the completed-contract method rather than the percentage-of-completion method used previously. As its first-time application is a change in accounting policy under IAS 8 requiring retrospective application, the prior-year figures must be restated accordingly. The reassessment of real estate construction contracts reduced the gross amount due from customers for contract work (POC) as of December 31, 2008, after accounting for related advanced payments, by EUR 860,040,000. In the opposite direction, inventories increased by EUR 812,453,000 and deferred tax assets by EUR 12,348,000. The net result was a EUR 35,239,000 decrease in shareholders' equity attributable to the Group as of December 31, 2008. In the Consolidated Statement of Earnings, the 2008 earnings figures were reduced by the balance of EUR 399,850,000 lower sales and EUR 399,439,000 higher changes in inventories; after deducting a EUR 22,780,000 increase in materials expense and adding back in EUR 4,860,000 in deferred tax income, profit before taxes and consolidated net profit were reduced in total by EUR 18,331,000. Regarding the likewise restated opening balance as of January 1, 2008, items differing in amount from those originally reported as a result of retrospective first-time application of IFRIC 15 are detailed in the Notes.

The remaining new or amended standards and interpretations whose application was mandatory from the January 1 to December 31, 2009 reporting period had no effect on the HOCHTIEF Group.

Other new accounting pronouncements issued by the IASB and IFRIC take the form of standards and interpretations that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2009 fiscal year and in some cases have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements:

The amendments relate to accounting for business combinations, acquisitions of additional shares in subsidiaries, and partial disposals of subsidiaries while retaining control. There is a major change in the treatment of acquisition-related costs (e.g. legal and consulting fees). These are no longer capitalized as part of the cost of acquisition and are now recognized instead as expense in the period they are incurred. On partial acquisitions, there is now a choice to measure non-controlling interests (formerly "minority interests") either at fair value including their proportionate share of goodwill (the full goodwill method) or as before at their proportionate interest in the net identifiable assets of the acquiree. The amendments also affect step acquisitions: At the date when control is achieved in a step acquisition, the previously held interests in the acquiree are remeasured to fair value and any gain recognized in profit or loss, and goodwill is measured as the remeasured fair value of the previously held equity interest, plus the consideration transferred to obtain control less the fair value of the net assets of the acquiree. Finally, the new rules require any contingent consideration (e.g. under an earn-out clause) to be recognized, irrespective of the level of probability, at its acquisition-date fair value as part of the consideration transferred in exchange for the acquiree and a liability to be recognized in the same amount. Subsequent changes in the fair value of a liability recognized for contingent consideration are no longer treated as an adjustment to goodwill (and accounted for directly in equity) but are recognized through profit and loss in the period they arise. The main amendment to IAS 27 closes a gap in the rules on accounting for acquisitions of additional shares in subsidiaries and for partial disposals of subsidiaries while retaining control. Such transactions are now treated as equity transactions. On partial disposals of investments that result in loss of control, any gain or loss on disposal is recognized, the residual holding (e.g. an equity-method investment) remeas-

ured at fair value at the date when control is lost and any difference from the previous carrying amount recognized in profit or loss for the period. The amended IFRS 3 and IAS 27 apply for business combinations with an acquisition date in fiscal years beginning on or after July 1, 2009. The described changes must be applied prospectively. The amendments represent a change in accounting practice at HOCHTIEF. In particular, partial disposals of controlling interests that do not result in a loss of control can no longer be accounted for through profit or loss. Additionally, any gain or loss on remeasurement of previously held interests to fair value at the date of achieving control in a step acquisition is recognized in profit or loss. Finally, acquisition-related costs in the context of a business combination are recognized immediately in profit or loss.

Amendments to IAS 24 Related Party Disclosures:

In November 2009, the IASB issued a revised version of IAS 24, primarily to make the standard clearer and more readily comprehensible so as to ensure its uniform interpretation and application. The new IAS 24 notably includes a revised definition of the term "related party." The new standard also provides a partial exemption for entities controlled, jointly controlled or significantly influenced by the state. It also adds executory contracts to the types of transactions requiring disclosure. The changes apply retrospectively for fiscal years beginning on or after January 1, 2011. EU endorsement is still pending. Application of the changes may add to the transactions requiring disclosure by the HOCHTIEF Group.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement:

The IASB adopted amendments to IAS 39 in 2008. These make clear that it is permissible to designate only part of the changes in the cash flows or fair value of a financial instrument as a hedged item. If a purchased option is designated a hedging instrument, only its intrinsic value and not its time value is an effective hedge as the hedged item does not have a time value component. Finally, the amendment rules that inflation is not a separately identifiable and reliably measurable risk and so cannot be designated a hedged risk unless it is a contractually specified portion of cash flows. The changes apply retrospectively for fiscal years beginning on or after July 1, 2009. Earlier application is permitted. The new rules have no material consequences for HOCHTIEF.

IFRS 9 Financial Instruments:

The IASB issued IFRS 9 on November 12, 2009. This represents the first phase of a three-phase project to replace IAS 39 and relates to the classification and measurement of financial instruments. As the remaining phases are completed, new requirements will be incorporated into IFRS 9 and the corresponding parts of IAS 39 withdrawn. Under the new standard, there will be only two measurement categories for financial instruments:

- At fair value through profit or loss;
- Amortized cost.

For an investment in an equity instrument not held for trading, the entity may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of the investment, including proceeds on disposal, in other comprehensive income. The sole exception from this rule relates to dividends received from such investments, which are recognized in profit or loss.

The standard is applied retrospectively for all financial assets at the date of initial application. The date of initial application is the first fiscal year beginning on or after January 1, 2013. EU endorsement is still pending. The new standard will result in a reclassification of financial instruments at HOCHTIEF. Due to measurement at fair value through profit or loss, changes in the fair value of financial instruments will have a greater impact on the Statement of Earnings.

The IASB has also published an **omnibus standard** as part of its annual improvements process. This compiles small, non-urgent but necessary changes to various individual standards in a single new pronouncement. Most of the changes apply to fiscal years beginning on or after January 1, 2010 and will not have any material impact on HOCHTIEF. EU endorsement is still pending.

IFRIC 12 Service Concession Arrangements:

IFRIC 12 closes a gap in IFRS as regards accounting for rights and obligations under service concessions granted to private-sector operators by government or government agencies in order to provide public services. The Interpretation solely addresses the accounting by private-sector operators. The applicable accounting treatment depends on whether the operator has an unconditional contractual right to payment or merely a right to charge based on the usage of services. In the first instance, the “financial asset model” is applied and a financial asset is recognized. In the second, the operator acquires an intangible asset permitting it to operate public infrastructure; that is, the “intangible asset model” is applied. In instances where an operator receives a fixed amount from the grantor and a right to charge users so that the ability to earn any excess over the fixed amount depends on intensity of use, a financial asset is recognized for the fixed amount and an intangible asset is recognized for the right to charge users. IFRIC 12 was intended to be effective for annual periods beginning on or after January 1, 2008. The EU has endorsed the standard with a different date of initial application to that stipulated by the IASB. IFRIC 12 consequently applies in the first fiscal year beginning after March 29, 2009. For HOCHTIEF, applying this interpretation will essentially only affect accounting for service concessions to which the intangible asset model applies (for example, in the case of toll roads and airports). Application of the new rules to such concessions may change the allocation of contract net profit among individual reporting periods during the operating phase. Service concessions that come under the financial asset model (for example, in the case of schools) are already largely accounted for at HOCHTIEF in accordance with the new rules.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation:

This interpretation clarifies issues relating to net investments in foreign operations. It stipulates that hedge accounting may be applied only to foreign exchange differences arising between the functional currency of the foreign operation and the (immediate, intermediate or ultimate) parent entity’s functional currency. Under the prior rules applicable in the EU, the hedging instrument may be held by any entity within the group—except the foreign operation being hedged. IFRIC has now lifted this restriction. IFRIC 16 is applicable in the EU for the first fiscal year beginning after June 30, 2009. The clarifications will not materially affect financial reporting at HOCHTIEF.

IFRIC 17 Distributions of Non-cash Assets to Owners:

This interpretation, published in November 2008, gives guidance on how an entity should account for assets other than cash—non-cash assets—distributed as dividends to owners. It stipulates that a liability to pay a dividend must be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. Entities in the EU must apply the interpretation for the first fiscal year beginning after October 31, 2009. It has no material impact on the HOCHTIEF Group, which only distributes cash dividends.

IFRIC 18 Transfers of Assets from Customers:

This interpretation published in January 2009 addresses circumstances in which an entity receives from a customer an item of property, plant and equipment—or cash to acquire or construct an item of property, plant and equipment—in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services. For entities in the EU, prospective first-time application of the interpretation is mandatory for the first fiscal year beginning after October 31, 2009. Its application will not result in any material change to HOCHTIEF's current accounting policies as it is mostly clarificatory.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:

This interpretation was issued by IFRIC in November 2009. It addresses circumstances in which a debtor and a creditor renegotiate the terms of a financial liability with the result that the debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor. IFRIC 19 is applicable for fiscal years beginning on or after July 1, 2010. EU endorsement is still pending. The current assessment is that there will be no material impact on the HOCHTIEF Group.

Explanatory Notes to the Consolidated Statement of Earnings

1. Sales

The EUR 18,166,081,000 (2008: EUR 18,703,135,000) sales figure comprises, firstly, contract sales recognized under the percentage of completion (POC) method in general construction, construction management and contract mining, products and services provided to construction joint ventures, the Group's share of profits from construction joint ventures, and other related services. Secondly, the sales figure includes revenues from services such as construction planning, logistics, asset management, facility management, property management, energy management, and insurance and concessions business. Due to the retrospective first-time application of IFRIC 15 in 2009, prior-year sales are shown EUR 399,850,000 lower than the figure originally published.

Sales recognized under the percentage of completion method came to EUR 16,500,225,000 (2008: EUR 17,255,456,000).

Sales figures provide only an incomplete view of work done during the fiscal year. For additional information, work done by the Group is presented below, including the Group's share of work done in construction joint ventures.

The breakdown by division is as follows:

	2009	2008 restated
(EUR thousand)		
HOCHTIEF Americas	6,729,715	8,117,634
HOCHTIEF Asia Pacific	9,645,199	8,638,870
HOCHTIEF Concessions	189,873	167,452
HOCHTIEF Europe	2,742,174	3,238,530
HOCHTIEF Real Estate	676,969	791,412
HOCHTIEF Services	645,802	709,486
Corporate Headquarters/ Consolidation	(63,572)	(43,209)
	20,566,160	21,620,175

The largest construction joint ventures in the HOCHTIEF Group are shown below.

Name	Activities	Contract size (EUR thousand)	Shareholding (%)	Pro rata contract size (EUR thousand)
Gotthard Base Tunnel	Construction	1,731,341	25.0	432,835
Arge PPP Ostregion ("Y" project)	Construction	797,973	49.5	394,997
Maliakos-Kleidi	Construction	585,125	62.1	363,363
Elefsina-Patras-Tsakona	Construction	748,377	41.3	309,080
Turner-Gilbane	Construction	308,553	50.0	154,277

2. Other operating income

(EUR thousand)	2009	2008
Income from the disposal of intangible assets, property, plant and equipment, and investment properties, including proceeds from divestitures	55,574	178,900
Income from reversal of provisions	57,929	51,669
Foreign exchange gains	19,079	50,413
Sundry other operating income	92,525	94,907
	225,107	375,889

The prior-year income from the disposal of intangible assets, property, plant and equipment, and investment properties, including proceeds from divestitures mostly related to a deconsolidation gain on the transfer of Leighton subsidiary Gulf Leighton L.L.C. to associate Al Habtoor Engineering Enterprises Co. L.L.C.

Sundry other operating income includes income from changes in the fair value of derivatives, income from insurance claims, and lease and rental income.

3. Materials

(EUR thousand)	2009	2008 restated
Raw materials, supplies and purchased goods	2,608,440	2,662,432
Purchased services	9,954,102	11,610,941
	12,562,542	14,273,373

Due to the retrospective first-time application of IFRIC 15, prior-year purchased services have increased by EUR 22,780,000.

4. Personnel costs

(EUR thousand)	2009	2008
Wages and salaries	3,105,542	2,850,454
Social insurance, pensions and support	395,543	415,314
	3,501,085	3,265,768

Expenditure on pensions totaled EUR 174,782,000 (2008: EUR 180,081,000). This mostly consists of new entitlements accrued during the year under defined-benefit pension plans and payments into defined-contribution pension schemes. Payments to state pension insurance funds are included in social insurance.

Employees (average for the year)

	2009	2008
Waged/industrial employees	34,479	33,608
Salaried/office employees	31,699	30,919
	66,178	64,527

An average of 503 (2008: 484) were employed for the purposes of their occupational training.

5. Depreciation and amortization

(EUR thousand)	2009	2008
Intangible assets	16,632	25,321
Property, plant and equipment	483,718	365,900
Investment properties	1,020	1,085
	501,370	392,306

Impairment charges in the fiscal year consisted of EUR 64,000 (2008: EUR 2,193,000) on intangible assets and EUR 58,000 (2008: EUR 676,000) on property, plant and equipment. As in the prior year, there were no impairment losses on investment properties.

6. Other operating expenses

(EUR thousand)	2009	2008
Rentals and lease rentals	405,628	330,029
Insurance expenses	229,642	186,927
Technical and business consulting	153,977	154,398
Travel expenses	85,626	95,808
Court costs, attorneys' and notaries' fees	50,144	42,217
External organization and programming	42,872	40,370
Office supplies	27,724	27,451
Commission	24,734	16,651
Currency losses	21,648	19,611
Mail and funds transfer expenses	17,810	16,821
Impairment losses and losses on disposal of current assets (except inventories)	16,613	9,644
Marketing	15,780	16,152
Restructuring and adjustment costs	10,239	21,710
Expenses from derivative financial instruments	8,931	78,295
Legal costs	8,283	10,092
Sundry other operating expenses	213,472	193,500
	1,333,123	1,259,676

Most of the increase in rentals and lease rentals is accounted for by a sale and leaseback arrangement at Leighton Holdings and by rents at HOCHTIEF Construction Qatar W.L.L.

The insurance expenses mainly relate to project risk management in the Turner Group. Insurance payments by Turner and other project stakeholders such as suppliers and clients are combined to minimize project execution risks to Turner and its clients. The insurance expenses are counterbalanced by insurance revenue reported in sales.

The high prior-year figure for expenses from derivative financial instruments mostly consisted of changes in the fair value of derivative financial instruments in connection with obligations in the Leighton Group to make payments into the equity of infrastructure project companies, where the changes in fair value were partly recognized in profit or loss.

Sundry other operating expenses mostly comprise order processing, costs of materials for administrative purposes, costs of preparing the annual financial statements, losses incurred on disposal of property, plant and equipment, and other expenses not reported elsewhere. Also included under this heading are sundry taxes amounting to EUR 22,115,000 (2008: EUR 10,020,000).

Including personnel and material expenses, a total of EUR 5,304,000 was spent on Group-wide research and development projects by the central innovation management function in 2009 (2008: EUR 5,212,000).

7. Net income from participating interests

Net income from participating interests includes all income and expenses relating to equity-method investments and participating interests.

These are classified as follows:

(EUR thousand)	2009	2008
Share of profits and losses of equity-method associates and jointly controlled entities	204,956	317,001
Of which: Impairment	[-]	[(35,652)]
Net income from non-consolidated subsidiaries	71	(2,469)
Of which: Impairment	[(1,897)]	[(2,421)]
Net income from other participating interests	4,564	(34,570)
Of which: Impairment	[(19,382)]	[(92,421)]
Income from the disposal of participating interests	8,851	25,866
Expenses on disposal of participating interests	(115)	(13,236)
Income from long-term loans to participating interests	11,488	13,395
Other income from participating interests	24,859	(11,014)
	229,815	305,987

Of the share of profits and losses of equity-method associates and jointly controlled entities, EUR 105,817,000 (2008: EUR 48,832,000) relates to associates and EUR 99,139,000 (2008: EUR 268,169,000) to jointly controlled entities. Most of the profits were generated by the Asia Pacific division with EUR 103,356,000 (2008: EUR 219,537,000) and the Concessions division with EUR 68,207,000 (2008: EUR 72,886,000). The share of profits and losses of equity-method associates and jointly controlled entities does not include any impairments (2008: impairments of EUR 35,652,000).

Net income from other participating interests includes EUR 20,965,000 (2008: EUR 37,354,000) in distributed profits of Southern Cross Airports Corporation Holdings Ltd. from the

ownership interest in Sydney Airport. EUR 16,991,000 (2008: EUR 92,393,000) of the impairment losses accounted for in net income from other participating interests relate to participating interests of Leighton Holdings.

Participating interests measured at amortized cost and disposed of in the fiscal year had a carrying amount of EUR 70,000 (2008: EUR 32,513,000). The prior-year disposals consisted for the most part of participating interests of Leighton Holdings. Disposals realized a gain on sale of EUR 16,000 in 2009 (2008: EUR 7,545,000). As of the balance sheet date, there are no other plans to sell participating interests measured at amortized cost.

8. Net investment and interest income

(EUR thousand)	2009	2008
Interest and similar income	58,231	87,860
Other investment income	21,675	29,844
Investment and interest income	79,906	117,704
Interest and similar expenses	(187,826)	(195,326)
Interest component of increases in pension obligations	(7,549)	3,970
Other investment expenses	(39,146)	(22,729)
Investment and interest expenses	(234,521)	(214,085)
	(154,615)	(96,381)

Interest and similar income consists of interest on cash investments, interest-bearing securities and other long-term loans, plus profit shares and dividends from current and non-current securities. Interest and similar expenses represent all interest incurred. Net interest income—the balance of interest and similar income and expenses—is negative, at minus EUR 129,595,000 (2008: negative EUR 107,466,000).

Interest income of EUR 51,712,000 was recorded in the 2009 fiscal year for financial instruments not carried at fair value through profit or loss (2008: EUR 80,328,000). Interest expenses of EUR 187,826,000 were recorded for financial instruments not carried at fair value through profit or loss (2008: EUR 195,326,000).

The interest component of increases in pension obligations consists of EUR 46,961,000 (2008: EUR 42,756,000) in annual interest on the net present value of long-term pension obligations rolled over into the new fiscal year, minus EUR 39,412,000 (2008: EUR 46,726,000) for the expected return on plan assets.

Interest and investment income and expenses not included in interest and similar income and expenses or in the interest component of increases in pension obligations are reported as other investment income and expenses. These mostly comprise income and expenses from sales of securities, income and expenses relating to derivatives and impairment losses on securities.

9. Income taxes

(EUR thousand)	2009	2008 restated
Current income taxes	184,988	147,312
Deferred taxes	7,314	25,730
	192,302	173,042

Current income taxes include EUR 3,877,000 net tax income (2008: EUR 202,000 net tax expense) relating to prior periods.

Due to the retrospective first-time application of IFRIC 15, prior-year deferred taxes have been reduced by EUR 4,860,000.

The income tax charge is worked out on the basis of a theoretical tax charge. The theoretical tax rate applied to pretax profit is 31.5 percent, as in the prior year.

(EUR thousand)	2009	2008 restated
Profit before taxes	600,471	496,924
Theoretical tax charge, at 31.5 percent	189,148	156,531
Difference between the above and foreign tax rates	(7,377)	(4,405)
Tax effects on:		
Tax-exempt income	(39,416)	(42,971)
Non-tax-allowable expenditure	14,428	17,345
Equity accounting of associates and jointly controlled entities, including impairment of associates and jointly controlled entities	(2,729)	(9,224)
Unrecognized deferred tax assets for tax loss carryforwards	53,534	47,430
Other	(15,286)	8,336
Effective tax charges	192,302	173,042
Effective rate of tax (percent)	32.0	34.8

Tax-exempt income mostly consists of tax-exempt profit distributions and proceeds from disposals of participating interests.

For reasons of accounting prudence, as in 2008, deferred tax assets were not recognized for tax losses incurred in Germany in 2009.

10. Minority interest

The EUR 212,947,000 (2008: EUR 167,138,000) minority interest in consolidated net profit represents the balance of profits totaling EUR 214,198,000 (2008: EUR 170,437,000) and losses totaling EUR 1,251,000 (2008: EUR 3,299,000). The profits mainly comprise EUR 157,295,000 (2008: EUR 120,827,000) for minority shareholders in the Leighton Group and EUR 19,688,000 (2008: EUR 33,502,000) for minority shareholders in airport companies.

Explanatory Notes to the Consolidated Balance Sheet

11. Intangible assets

The table below shows the composition of and changes in intangible assets on the balance sheet for 2009 and the previous year.

(EUR thousand)	Concessions, industrial property and similar rights and assets and licenses in such rights and assets	Goodwill arising on consolidation	Total
Cost of acquisition or production			
Jan. 1, 2009	154,778	407,847	562,625
Additions or disposals due to consolidation changes	(6,779)	(818)	(7,597)
Additions	14,260	–	14,260
Disposals	(19,728)	–	(19,728)
Reclassifications	129	–	129
Currency adjustments	1,130	24,024	25,154
Dec. 31, 2009	143,790	431,053	574,843
Cumulative amortization			
Jan. 1, 2009	79,965	–	79,965
Additions or disposals due to consolidation changes	(4,812)	–	(4,812)
Amortization	16,632	–	16,632
Disposals	(19,728)	–	(19,728)
Reclassifications	93	–	93
Currency adjustments	(1,008)	–	(1,008)
Impairment reversals	–	–	–
Dec. 31, 2009	71,142	–	71,142
Carrying amounts as of Dec. 31, 2009	72,648	431,053	503,701
Cost of acquisition or production			
Jan. 1, 2008	151,023	406,474	557,497
Additions or disposals due to consolidation changes	(9,103)	13,489	4,386
Additions	12,593	–	12,593
Disposals	(514)	–	(514)
Reclassifications	33	–	33
Currency adjustments	746	(12,116)	(11,370)
Dec. 31, 2008	154,778	407,847	562,625
Cumulative amortization			
Jan. 1, 2008	52,352	–	52,352
Additions or disposals due to consolidation changes	438	–	438
Amortization	25,321	–	25,321
Disposals	(484)	–	(484)
Reclassifications	–	–	–
Currency adjustments	2,338	–	2,338
Impairment reversals	–	–	–
Dec. 31, 2008	79,965	–	79,965
Carrying amounts as of Dec. 31, 2008	74,813	407,847	482,660

Impairment losses of EUR 64,000 (2008: EUR 2,193,000) were recorded on intangible assets in the reporting year.

Intangible assets include EUR 22,760,000 (2008: EUR 23,560,000) for the value of the Turner name, which was recognized as an asset in the Americas division on initial consolidation of the Turner Group. The Flatiron name is also capitalized in the HOCHTIEF Americas division at EUR 2,568,000 (2008: EUR 2,659,000). In both instances, the change compared with the prior year is due solely to currency adjustment. The company names are not subject to systematic amortization over expected useful lives, but are tested for impairment annually and if there is any indication of impairment. Impairment testing is performed in accordance with IAS 36 as described below for goodwill. Intangible assets also include EUR 15,531,000 (2008: EUR 12,594,000) for a concession on an expressway project in Santiago de Chile. This concession is attached to a commitment to construct a toll road and is amortized using the unit of production method (that is, based on utilization levels) over its 27-year duration from the date it came into operation in 2006. At the end of the concession in 2033, the expressway is to be returned to the Chilean state. The increase in value compared with the prior year is due to exchange rate adjustments.

Goodwill recorded for consolidated companies on initial consolidation is allocated to cash-generating units at segment level for the purposes of impairment testing. The cash-generating units correspond to the divisions used in segment reporting.

In impairment testing, the recoverable amount of a segment is compared with its carrying amount. The recoverable amount of a segment (cash-generating unit) is the greater of its fair value less costs to sell and its value in use. Fair value is the best estimate of what a neutral third party would pay for the unit on the reporting date; costs to sell are deducted. Value in use is the present value of future cash flows expected to arise from a cash-generating unit. Fair value and value in use are calculated using the discounted cash flow method, fair value being determined from an external perspective and value in use from the internal perspective of the company. Fair value and value in use are determined on the basis of cash flow budgets derived from the three-year budget as approved by the Executive Board and current at the time of impairment testing. The forecasts incorporate past experience and expected future market developments. Cash flows are assumed to remain constant in subsequent years. The discount rates used for cash-generating units in business valuation are between 5.4 and 6.8 percent after taxes (2008: between 6.2 and 8.2 percent) and between 8.6 percent and 12.9 percent before taxes (2008: between 9.6 and 14.1 percent).

In the HOCHTIEF Asia Pacific segment, only fair value is determined based on Leighton's market capitalization.

Comparison of the recoverable amounts of the segments with their carrying amounts has not revealed any impairment of goodwill.

Changes in goodwill by segment in 2009 were as follows:

(EUR thousand)	Jan. 1, 2009	Currency adjustments	Consolidation changes	Impairment losses	Dec. 31, 2009
HOCHTIEF Americas	216,481	(7,348)	–	–	209,133
HOCHTIEF Asia Pacific	128,892	31,372	3,170	–	163,434
HOCHTIEF Concessions	5,897	–	–	–	5,897
HOCHTIEF Europe	4,346	–	–	–	4,346
HOCHTIEF Real Estate	3,988	–	(3,988)	–	–
HOCHTIEF Services	48,243	–	–	–	48,243
	407,847	24,024	(818)	–	431,053

12. Property, plant and equipment

(EUR thousand)

	Land, similar rights and buildings, including buildings on land owned by third parties	Technical equipment and machinery, transportation equipment	Other equipment and office equipment	Prepayments and assets under construction	Total
Cost of acquisition or production					
Jan. 1, 2009	208,913	1,771,411	296,771	4,098	2,281,193
Additions or disposals due to consolidation changes	(5,749)	(16,665)	(3,439)	–	(25,853)
Additions	18,423	732,467	58,141	2,672	811,703
Disposals	(8,599)	(304,606)	(39,932)	(38)	(353,175)
Reclassifications	19	19,601	(17,704)	(2,090)	(174)
Currency adjustments	28,072	342,043	(1,195)	10	368,930
Dec. 31, 2009	241,079	2,544,251	292,642	4,652	3,082,624
Cumulative depreciation					
Jan. 1, 2009	76,332	898,756	185,712	–	1,160,800
Additions or disposals due to consolidation changes	(2,988)	(6,981)	(2,235)	–	(12,204)
Depreciation	15,421	435,217	33,080	–	483,718
Disposals	(1,613)	(185,285)	(35,584)	–	(222,482)
Reclassifications	–	1,400	(1,493)	–	(93)
Currency adjustments	9,497	173,055	(1,909)	–	180,643
Impairment reversals	–	(85)	–	–	(85)
Dec. 31, 2009	96,649	1,316,077	177,571	–	1,590,297
Carrying amounts as of Dec. 31, 2009	144,430	1,228,174	115,071	4,652	1,492,327
Cost of acquisition or production					
Jan. 1, 2008	211,233	1,702,397	240,660	1,987	2,156,277
Additions or disposals due to consolidation changes	(1,834)	33,925	9,137	–	41,228
Additions	18,434	551,797	59,414	3,254	632,899
Disposals	(17,826)	(267,443)	(29,340)	(174)	(314,783)
Reclassifications	21,759	(13,200)	14,162	(1,113)	21,608
Currency adjustments	(22,853)	(236,065)	2,738	144	(256,036)
Dec. 31, 2008	208,913	1,771,411	296,771	4,098	2,281,193
Cumulative depreciation					
Jan. 1, 2008	78,886	884,844	164,906	–	1,128,636
Additions or disposals due to consolidation changes	(441)	2,684	2,796	–	5,039
Depreciation	11,992	325,240	28,668	–	365,900
Disposals	(8,057)	(185,475)	(25,360)	–	(218,892)
Reclassifications	288	(11,517)	11,229	–	–
Currency adjustments	(6,260)	(117,020)	3,473	–	(119,807)
Impairment reversals	(76)	–	–	–	(76)
Dec. 31, 2008	76,332	898,756	185,712	–	1,160,800
Carrying amounts as of Dec. 31, 2008	132,581	872,655	111,059	4,098	1,120,393

Impairment losses of EUR 58,000 (2008: EUR 676,000) were recorded on property, plant and equipment in the reporting year.

Property, plant and equipment includes lease-financed assets worth EUR 192,133,000 (2008: EUR 29,625,000); these mainly

comprise technical equipment and machinery at Leighton Holdings and vehicles at Turner.

Property, plant and equipment to the value of EUR 1,524,000 (2008: EUR 1,667,000) is subject to restrictions.

13. Investment properties

(EUR thousand)

Cost of acquisition or production	
Jan. 1, 2009	99,397
Additions or disposals due to consolidation changes	–
Additions	60
Disposals	(14,496)
Reclassifications	–
Currency adjustments	67
Dec. 31, 2009	85,028
Cumulative amortization	
Jan. 1, 2009	56,501
Additions or disposals due to consolidation changes	–
Amortization	1,020
Disposals	(10,749)
Reclassifications	–
Currency adjustments	17
Impairment reversals	–
Dec. 31, 2009	46,789
Carrying amounts as of Dec. 31, 2009	38,239
Cost of acquisition or production	
Jan. 1, 2008	100,442
Additions or disposals due to consolidation changes	5,671
Additions	–
Disposals	(6,692)
Reclassifications	9
Currency adjustments	(33)
Dec. 31, 2008	99,397
Cumulative amortization	
Jan. 1, 2008	59,243
Additions or disposals due to consolidation changes	700
Amortization	1,085
Disposals	(4,512)
Reclassifications	–
Currency adjustments	(15)
Impairment reversals	–
Dec. 31, 2008	56,501
Carrying amounts as of Dec. 31, 2008	42,896

As in the prior year, there were no impairment charges on investment properties.

The fair values of investment properties came to EUR 53,388,000 as of December 31, 2009 (2008: EUR 63,281,000). These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. EUR 25,155,000 (2008: EUR 30,655,000) of this total is accounted for by fair value adjustments following independent external appraisals.

Rental income from investment properties in the reporting year totaled EUR 2,247,000 (2008: EUR 2,203,000). Direct operating expenses totaling EUR 4,168,000 (2008: EUR 3,977,000) consisted of EUR 1,515,000 (2008: EUR 931,000) in expenses for rented and EUR 2,653,000 (2008: EUR 3,046,000) in expenses for unrented investment properties.

Investment properties to the value of EUR 3,332,000 (2008: EUR 3,349,000) are subject to restrictions in the form of real estate liens.

14. Equity-method investments

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Equity-method jointly controlled entities	339,343	306,946
Equity-method associates	1,458,490	1,361,996
	1,797,833	1,668,942

Jointly controlled entities

The Group's share of the main items of the balance sheets and statements of earnings of the equity-method jointly controlled entities are presented below:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Non-current assets	2,191,029	1,855,002
Current assets	895,765	785,047
Non-current liabilities	(1,978,179)	(1,846,447)
Current liabilities	(769,272)	(486,656)
Net assets	339,343	306,946

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Income	2,646,695	3,035,678
Expenses	(2,547,556)	(2,767,509)
Profit	99,139	268,169

As in the prior year, profit from equity-method jointly controlled entities does not contain any impairment losses.

Shares in jointly controlled entities are pledged in the amount of EUR 1,382,000 (2008: –).

The main jointly controlled entities in the HOCHTIEF Group are:

Name	Domicile	Activities	Shareholding (%)
HOCHTIEF Concessions			
Flughafen Düsseldorf GmbH	Düsseldorf	Airport	50
Tirana International Airport SHPK	Tirana/Albania	Airport	47
Aegean Motorway Concession Company S.A.	Larissa/Greece	Development	35
Bonaventura Straßenerrichtungs-GmbH	Vienna/Austria	Development	44
Herrentunnel Lübeck GmbH & Co. KG	Lübeck	Development	50
Olympia Odos Concession Company S.A.	Athens/Greece	Development	25
Süddeutsche Geothermie-Projekte GmbH & Co. KG	Haar near Munich	Development	50
Via Solutions Thüringen GmbH & Co. KG	Essen	Development	50
HOCHTIEF Real Estate			
aurelis Real Estate GmbH & Co. KG	Eschborn	Development	50
HOCHTIEF Asia Pacific			
Bayview Noosa Partnership	Sydney/Australia	Development	50
Hamilton Harbour	Brisbane/Australia	Development	50
Hassel Street Trust	Sydney/Australia	Development	50
Hoxton Park Airport Ltd.	Sydney/Australia	Development	50
Section 63	St. Leonards/Australia	Development	50

Associates

The following tables show the Group's share of main items of the balance sheets and statements of earnings of the equity-method associates:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Assets	3,703,976	4,375,994
Liabilities	(2,245,486)	(3,013,998)
Net assets	1,458,490	1,361,996

(EUR thousand)	2009	2008
Sales	1,527,818	1,504,848
Profit	105,817	48,832

The profit from equity-accounted associates does not include any impairment charges (2008: impairment charges of EUR 35,652,000).

The fair value of equity-method associates for which there are published prices was EUR 152,475,000 as of December 31, 2009 (2008: EUR 83,745,000).

Shares in one associate amounting to EUR 689,729,000 (2008: EUR 699,522,000) were provided as collateral for a long-term loan.

The main associates in the HOCHTIEF Group are:

Name	Domicile	Activities	Shareholding (%)
HOCHTIEF Concessions			
Athens International Airport S.A.	Athens/Greece	Airport	27
Budapest Airport Zrt.	Budapest/Hungary	Airport	50
Flughafen Hamburg GmbH	Hamburg	Airport	49
Inversiones de Infraestructura S.A.	Santiago de Chile/Chile	Development	45
Sociedad Concesionaria Autopista Vespucio Norte Express S.A.	Santiago de Chile/Chile	Development	18
Sociedad Concesionaria Túnel San Cristóbal S.A.	Santiago de Chile/Chile	Development	50
HOCHTIEF Asia Pacific			
Al Habtoor Engineering Enterprises Co. L.L.C	Dubai/United Arab Emirates	Construction	45
Devine Limited	Brisbane/Australia	Development	44
Macmahon Holdings Limited	Perth/Australia	Construction/Mining	32
Sedgman Limited	Brisbane/Australia	Construction	19

15. Other financial assets

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Non-consolidated subsidiaries	7,132	7,012
Other participating interests	479,079	422,687
Non-current securities	285	359
	486,496	430,058

An amount of EUR 1,897,000 was recognized in impairment losses on non-consolidated subsidiaries in the year under review (2008: EUR 2,421,000) and EUR 19,382,000 on other participating interests (2008: EUR 92,421,000).

EUR 398,914,000 (2008: EUR 351,220,000) of other participating interests relates to shares in Sydney Airport. The increase in this figure results from shareholders' contributions on two occasions.

The non-current securities are not subject to any restrictions. They are classified as available for sale and are measured at fair value.

16. Financial receivables

(EUR thousand)	Dec. 31, 2009		Dec. 31, 2008	
	Non-current	Current	Non-current	Current
Long-term loans to non-consolidated subsidiaries and to participating interests	362,910	22,087	309,596	19,401
Financial receivables from non-consolidated subsidiaries	208	18,344	208	15,303
Financial receivables from participating interests	37,942	64,378	32,840	49,146
Interest accruals	–	4,473	–	6,768
Other financial receivables	24,301	2,805	10,024	2,695
	425,361	112,087	352,668	93,313

EUR 135,818,000 (2008: EUR 141,063,000) of long-term loans to non-consolidated subsidiaries and to participating interests consists of loans in connection with the purchase in 2007 of the shares in Budapest Airport; EUR 204,389,000 (2008: EUR 167,889,000) consists of loans in connection with the acquisition, likewise in 2007, of aurelis Real Estate.

Receivables from equity-accounted companies total EUR 477,096,000 (2008: EUR 403,840,000).

Other financial receivables include EUR 4,894,000 (2008: EUR 6,055,000) in finance lease receivables. These were made up as follows:

Finance lease receivables

(EUR thousand)	Dec. 31, 2009			Dec. 31, 2008		
	Minimum lease payments	Discount	Present value	Minimum lease payments	Discount	Present value
Due in up to 1 year	1,393	108	1,285	1,423	54	1,369
Due in 1–5 years	3,215	712	2,503	4,230	794	3,436
Due after 5 years	2,098	992	1,106	2,255	1,005	1,250

17. Other receivables and other assets

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Non-current	Current	Non-current	Current
Pension fund credit balances	94,542	–	46,138	–
Prepaid expenses	2,329	59,490	5,762	49,312
Derivative receivables	46,456	1,524	7,623	8,373
Entitlements from real estate sales	–	9,660	–	42,386
Tax receivables (excluding income taxes)	–	8,162	–	9,854
Entitlements from sales of participating interests	–	–	–	25,265
Sundry other assets	33,810	47,953	36,283	35,771
	177,137	126,789	95,806	170,961

Prepaid expenses consist of insurance premiums, rents and taxes applicable to later accounting periods and prepayments for maintenance and services. They also include commission paid by HOCHTIEF insurance companies for insurance arranged by direct insurers. Such commission is reversed to expense over the lifetime of the policy.

18. Deferred taxes

Deferred tax assets and liabilities break down as follows:

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008 restated		Jan. 1, 2008 restated	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	106,141	78,888	66,174	65,233	75,314	67,920
Current assets	11,404	118,727	19,810	114,436	18,083	121,868
Non-current liabilities						
Pension provisions	88,254	22,118	114,089	6,868	74,703	–
Other provisions	41,554	91,909	29,750	80,821	34,624	61,469
Sundry non-current liabilities	25,681	4,531	23,748	–	1,236	–
Current liabilities						
Other provisions	83,223	564	79,390	559	94,509	5,369
Sundry current liabilities	70,146	2,819	47,533	4,053	49,826	10,397
	426,403	319,556	380,494	271,970	348,295	267,023
Losses carried forward	14,434	–	14,756	–	13,532	–
Gross amount	440,837	319,556	395,250	271,970	361,827	267,023
Offsetting item	208,057	208,057	178,165	178,165	184,920	184,920
Reported amount	232,780	111,499	217,085	93,805	176,907	82,103

Deferred tax assets and deferred tax liabilities are offset within each company or group. The EUR 440,837,000 (2008: EUR 395,250,000) gross amount of deferred tax assets includes the following tax refund entitlements arising from the expected future use of tax loss carryforwards:

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Corporate income tax	9,448	9,770
German municipal trade tax	4,986	4,986
	14,434	14,756

There is adequate assurance that the tax loss carryforwards will be realized. For reasons of accounting prudence, as in 2008, deferred tax assets were not recognized for tax losses incurred in Germany in 2009. Tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 849,874,000 (2008: EUR 693,444,000) in respect of corporate income tax and EUR 1,091,793,000 (2008: EUR 908,194,000) in respect of German municipal trade tax. The EUR 164,260,000 decrease in tax loss carryforwards in respect of corporate income tax relates to losses at European operating locations in the years 1999 to 2008. Due to uncertainty concerning the legal position from 2009, it is no longer assured that these tax losses will be capable of being utilized.

Deferred tax assets are recognized for tax-deductible temporary differences if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities totaling a gross amount of EUR 319,556,000 (2008: EUR 271,970,000) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS valuation principles.

EUR 28,652,000 was credited to equity (2008: EUR 26,388,000 charged to equity) for deferred tax relating to exchange differences from translation of foreign entity financial statements. EUR 2,722,000 (2008: EUR 54,292,000) was credited to equity

for deferred tax on amounts recognized in equity for changes in the fair value of derivative and non-derivative financial instruments. EUR 21,112,000 was charged to equity (2008: EUR 30,865,000 credited to equity) for deferred taxes relating to actuarial gains and losses. As of the balance sheet date, deferred taxes from the measurement of financial instruments credited to equity amounted to EUR 38,162,000 (2008: EUR 35,440,000), while EUR 52,764,000 (2008: EUR 73,876,000) was credited to equity in connection with actuarial gains and losses.

Due to retrospective first-time application of IFRIC 15, deferred tax assets as of December 31, 2008 have increased by EUR 12,348,000.

19. Inventories

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008 restated	Jan. 1, 2008 restated
Raw materials and supplies, spare parts	131,522	99,568	84,032
Work in progress	946,143	816,413	477,200
Finished goods	5,648	3,130	4,924
Prepayments	32,429	24,486	25,913
	1,115,742	943,597	592,069

Borrowing costs of EUR 4,672,000 were capitalized under work in progress in accordance with IAS 23 in 2009 (2008: EUR 5,404,000). The borrowing costs were determined on the basis of interest rates of between 1.3 and 8.1 percent.

Work in progress also includes properties under development that are subject to restrictions in the amount of EUR 537,243,000 (2008: EUR 521,930,000).

Due to the retrospective application of IFRIC 15, work in progress as of December 31, 2008 is shown EUR 812,453,000 higher than the figure originally published.

Work in progress increased substantially in fiscal 2008, mostly as a result of real estate developments under construction in the HOCHTIEF Real Estate and HOCHTIEF Asia Pacific divisions. Due to the completion and partial sale of major real estate projects in 2009, additions in inventories decreased by EUR 367,214,000 to EUR 32,203,000.

20. Trade receivables

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008 restated	Jan. 1, 2008 restated
Trade receivables			
Gross amount due from customers for contract work (POC)	2,401,827	2,554,024	2,013,665
Less: progress payments received	(979,732)	(1,281,675)	(1,029,170)
	1,422,095	1,272,349	984,495
From construction joint ventures	183,994	155,092	163,155
Other	1,778,497	2,335,628	2,011,956
	3,384,586	3,763,069	3,159,606
From non-consolidated subsidiaries	14,298	13,050	31,666
From participating interests	8,639	7,137	3,518
	3,407,523	3,783,256	3,194,790

The figure of EUR 1,422,095,000 (2008: EUR 1,272,349,000), representing the gross amount due from customers for construction work (POC) less progress payments received relates to construction contracts where incurred contract costs (including shares of contract net profit) exceed progress payments received from customers. The combined total of POC contract costs (including net profit shares) reported under trade receivables and trade payables is EUR 3,133,394,000 (2008: EUR 3,243,895,000). Borrowing costs of EUR 9,086,000 were capitalized under the gross amount due from customers for construction work (POC) in accordance with IAS 23 in 2009 (2008: EUR 4,919,000). The borrowing costs were determined on the basis of interest rates of between 1.3 and 8.1 percent. The combined total of progress payments received and offset against the gross amounts due to and from customers for contract work (POC) is EUR 2,347,771,000 (2008: EUR 2,636,082,000).

Due to the first-time application of IFRIC 15 and the associated accounting change for real estate construction projects, the gross amount due from customers for construction work (POC) as of December 31, 2008 is shown, after accounting for related advance payments, EUR 860,040,000 lower than the figure published in the prior year.

Various fully consolidated companies in the HOCHTIEF Group have been granted service concession or similar arrangements. These arrangements are mostly accounted for as financial assets and reported as part of gross amount due from customers for contract work (POC). The service concession arrangements, which are in the social infrastructure/public buildings segment, are agreements to refurbish and modernize, operate and maintain schools and public buildings with a maximum concession period ending in 2034.

The HOCHTIEF Group companies concerned are required accordingly to perform their obligations under the service concession arrangements and are granted the rights necessary to do so in each case. At the end of the period of a service concession arrangement, the infrastructure to which the arrangement relates is returned to the public-sector client. The assets associated with a service concession arrangement generally remain public property for the entire duration of the arrangement. The sole termination option provided for in the various service concession arrangements relates to termination for cause; in most cases, there is no renewal option.

Trade receivables include EUR 372,521,000 (2008: EUR 502,763,000) in contractual retention amounts.

Trade receivables also include properties under development that are subject to restrictions in the amount of EUR 111,886,000 (2008: EUR 150,200,000).

Receivables from equity-accounted companies total EUR 3,969,000 (2008: EUR 4,273,000).

21. Current income tax assets

The EUR 56,879,000 (2008: EUR 65,320,000) in current income tax assets comprises amounts receivable from domestic and foreign revenue authorities.

22. Marketable securities

The marketable securities totaling EUR 807,739,000 (2008: EUR 809,396,000) mainly consist of securities held in special-purpose investment funds and fixed-income securities with maturities at the time of acquisition of more than three months where there is no intention to hold the securities to maturity.

All marketable securities are classified as available for sale and are carried at fair value. The carrying amount was decreased due to fair value adjustments in 2009 by EUR 43,607,000 (2008: carrying amount decreased by EUR 91,577,000).

Marketable securities are pledged in the amount of EUR 18,970,000 (2008: EUR 33,876,000) as security for employee benefit entitlements under semiretirement programs.

As a matter of principle, securities are invested in under a buy-and-hold strategy and without any speculative intent. Outside of externally managed investments, direct investment activities are exclusively restricted to the purchase of bonds from top-class issuers with broad diversification to ensure that concentration risks relative to specific issuers are strictly avoided.

23. Cash and cash equivalents

Cash and cash equivalents total EUR 1,769,644,000 (2008: EUR 1,787,713,000) and comprise petty cash, cash at banks, and marketable securities with maturities at the time of acquisition of no more than three months. Cash and cash equivalents are subject to restrictions in the amount of EUR 10,390,000 (2008: EUR 1,364,000), primarily relating to employee benefit entitlements under semiretirement programs.

24. Shareholders' equity

The Consolidated Statement of Changes in Equity is shown on page 131.

As in the previous year, HOCHTIEF Aktiengesellschaft's subscribed capital of EUR 179,200,000 is divided into 70,000,000 no-par-value shares. Each share accounts for EUR 2.56 of capital stock.

The capital reserve comprises premium on shares issued by HOCHTIEF Aktiengesellschaft.

The Executive Board is unaware of any restrictions on voting rights or transfers of securities.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least three individuals. Section 23 (1) of the Articles of Association provides that resolutions of the General Shareholders' Meeting require a simple majority of votes cast unless there is a mandatory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized subject to Supervisory Board approval to increase the capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 53,760,000 by or before May 17, 2010 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 38,400,000 divided into up to 15,000,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares:

The Company is authorized by resolution of the General Shareholders' Meeting of May 7, 2009 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 6, 2010. It is limited to ten percent of the capital stock at the time of the General Shareholders' Meeting resolution, with the quantity of shares able to be acquired by the use of call options limited to a maximum of five percent of the capital stock at the time of the resolution. The authorization can be exercised directly by the Company or by companies in its control or majority ownership or by third parties engaged by the Company or engaged by companies in its control or majority ownership and allows the share repurchase to be executed in one or

more installments covering the entire amount or any fraction. The repurchase may be effected through the stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the General Shareholders' Meeting of May 7, 2009, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of repurchased shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of any warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell repurchased shares other than through the stock exchange and other than by way of an offer to all shareholders provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer to third parties repurchased shares other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of warrant-linked and/or convertible bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the General Shareholders' Meeting of May 18, 2005 (agenda item 10) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the General Shareholders' Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer and retirement of treasury stock are set forth in detail in the General Shareholders' Meeting resolution.

As of December 31, 2009, HOCHTIEF Aktiengesellschaft held a total of 3,455,685 shares of treasury stock as defined in Section 160 (1) 2 of the German Stock Corporations Act (AktG). These shares were purchased over the course of fiscal 2008 for the purposes provided for in the resolution of the General Shareholders' Meeting of May 8, 2008. The holdings of treasury stock represent EUR 8,846,554 (4.94 percent) of the Company's capital stock.

44,068 shares of treasury stock were sold in July 2009 to employees of HOCHTIEF or its affiliates. Of these shares, 22,183 were sold at a price of EUR 10.95 each and 21,885 at a price of EUR 12.95 each. The shares represent EUR 112,814 (0.06 percent) of the Company's capital stock.

Accumulated other comprehensive income is part of revenue reserves. It includes amounts recognized in equity for changes in the fair value of primary and derivative financial instruments and exchange differences from translation of foreign entity financial statements. Accumulated other comprehensive income also includes the Group's share of changes recognized directly in the other comprehensive income of equity-method associates and jointly controlled entities, plus actuarial gains and losses from defined-benefit pension plans and adjustments arising from the limit in IAS 19.58. The changes in other comprehensive income are presented on a year-on-year basis in the following table:

Changes in other comprehensive income

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Currency translation differences		
Changes in other comprehensive income for the period	153,688	(58,290)
Amounts reclassified to profit or loss	5,090	699
	158,778	(57,591)
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	60,255	(103,756)
Amounts reclassified to profit or loss	1,197	(14)
	61,452	(103,770)
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	(16,818)	(170,665)
Amounts reclassified to profit or loss	2,374	81,674
	(14,444)	(88,991)
Actuarial gains and losses*	37,626	(54,306)
Other comprehensive income of equity-method associates and jointly controlled entities	(5,740)	(67,177)
Other comprehensive income, after taxes	237,672	(371,835)

*The 2008 figure includes a reversal in other comprehensive income of adjustments arising from the limit in IAS 19.58.

The tax effects relating to changes in other comprehensive income are distributed as follows:

Tax effects related to changes in other comprehensive income

(EUR thousand)	Dec. 31, 2009			Dec. 31, 2008		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences	158,778	–	158,778	(57,591)	–	(57,591)
Changes in fair value of financial instruments primary	71,279	(9,827)	61,452	(126,955)	23,185	(103,770)
Changes in fair value of financial instruments derivative	(26,993)	12,549	(14,444)	(120,098)	31,107	(88,991)
Actuarial gains and losses*	58,738	(21,112)	37,626	(85,171)	30,865	(54,306)
Other comprehensive income of equity-method associates and jointly controlled entities	(5,740)	–	(5,740)	(67,177)	–	(67,177)
Other comprehensive income	256,062	(18,390)	237,672	(456,992)	85,157	(371,835)

*The 2008 figure includes a reversal in other comprehensive income of adjustments arising from the limit in IAS 19.58.

Unappropriated net profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group.

EUR 88,201,000 (2008: EUR 90,931,000) in dividends were paid out in 2009.

The minority interest in the shareholders' equity of consolidated companies totaled EUR 1,101,816,000 (2008: EUR 895,151,000); this mainly related to the Leighton Group and the airport companies.

25. Share-based payment

The following Group-wide share-based payment systems were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2009:

Long-term Incentive Plan 2004

The Long-term Incentive Plan 2004 (LTIP 2004) was launched by resolution of the Supervisory Board in 2004 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. LTIP 2004 is based on stock appreciation rights (SARs).

LTIP 2004 had a waiting time of two years followed by an exercise period of three years. The plan therefore ended in 2009.

The SARs could only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average stock market closing price of HOCHTIEF stock was higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold) and the stock market closing price of HOCHTIEF stock on the last stock market trading day before the exercise date was at least ten percent higher than the issue price (absolute performance threshold). The relative performance threshold was waived if the average stock market price of HOCHTIEF stock exceeded the issue price by at least 20 percent on ten consecutive stock market trading days after the end of the waiting period.

Provided that the targets were met, SARs under the plan could be exercised at any time after the waiting period except during a short period before publication of any business results. The number of SARs that could be exercised depended on the size of the gain relative to the issue price in the average price of HOCHTIEF stock over ten consecutive stock market trading days, with a minimum 10, 15 or 20 percent price gain permitting 25 percent, 60 percent or all SARs to be exercised. When SARs were exercised, the issuing entity paid out the difference between the current stock price and the issue price. The difference was capped at 100 percent of the issue price.

Top Executive Retention Plan 2004

The Top Executive Retention Plan 2004 (TERP 2004) was launched by resolution of the Supervisory Board in 2004 in connection with the sale of RWE Aktiengesellschaft's stake in HOCHTIEF Aktiengesellschaft and is open to Executive Board members and selected managerial employees. TERP 2004 complements existing measures in helping to forge long-term ties with HOCHTIEF and retain expertise within the Company. The plan is likewise based on stock appreciation rights (SARs).

The issued SARs have accrued in three tranches, with waiting periods of between two and four years. The exercise periods are between six and eight years, depending on the tranche.

The SARs can only be exercised if the average (arithmetic mean) closing price of HOCHTIEF stock over the ten stock market trading days preceding the exercise date increases by a greater percentage relative to the issue price than the average closing level of the MDAX index increases over the same ten trading days relative to the index base (relative performance threshold) and the stock market closing price of HOCHTIEF stock on the last stock market trading day before the exercise date is at least 25 percent higher than the issue price (absolute performance threshold). The relative performance threshold is waived if after the end of the waiting period the average stock market price of HOCHTIEF stock over the ten consecutive stock market trading days immediately preceding the exercise date is at least 30 percent higher than the issue price.

Provided that the targets are met, SARs under the plan can be exercised at any time after the waiting period except during a short period before any business results are published. The number of SARs that can be exercised depends on the size of the gain relative to the issue price in the average price of HOCHTIEF stock over ten consecutive stock market trading days during the exercise period for the respective tranche of SARs, with a minimum 25, 30 or 35 percent price gain permitting 25 percent, 60 percent or all SARs to be exercised. When SARs are exercised, the issuing entity pays out the difference between the current stock price and the issue price. During the exercise period, this amount is limited to a specific fraction of the maximum possible difference (capped), the fraction increasing according to the exercise date and thus with the passage of time. At the end of the period, the difference is capped at 100 percent of the issue price.

Long-term Incentive Plan 2005

The Long-term Incentive Plan 2005 (LTIP 2005) was launched by resolution of the Supervisory Board in 2005 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions essentially differ from LTIP 2004 only as regards the absolute performance threshold described in the following.

SARs can only be exercised if return on net assets, as determined from the most recent approved consolidated financial statements, is at least ten percent. Provided that the targets are met, SARs can be exercised in full at any time except during certain barred periods.

Long-term Incentive Plan 2006

The Long-term Incentive Plan 2006 (LTIP 2006) was launched by resolution of the Supervisory Board in 2006 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. Alongside grants of stock appreciation rights (SARs), LTIP 2006 also provides for grants of stock awards.

It was possible to exercise the SARs plan at any time after a two-year waiting period. The plan was exercised in full in 2008.

The conditions for granting SARs essentially differed from those of the preceding LTIP 2005 only in two points:

1. The relative performance threshold was waived if the average stock market price of HOCHTIEF stock exceeded the issue price by at least ten percent on ten consecutive stock market trading days after the end of the waiting period.
2. The gain was capped at 50 percent of the issue price.

The LTIP conditions for stock awards stipulate that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive at HOCHTIEF Aktiengesellschaft's choice either a HOCHTIEF share or a compensatory amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain on each stock award is limited to 150 percent of the stock market closing price on the day before the issue date.

Long-term Incentive Plan 2007

The Long-term Incentive Plan 2007 (LTIP 2007) was launched by resolution of the Supervisory Board in 2007 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2006.

Long-term Incentive Plan 2008

The Long-term Incentive Plan intended for issue in 2008 was already launched as the Long-term Incentive Plan 2008 (LTIP 2008) by resolution of the Supervisory Board in November 2007 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ from those of LTIP 2007. The term of the plan has been extended compared with earlier plans to ensure that the exercise system is not changed despite the earlier issue.

Retention Stock Awards 2008

In May 2008, the Supervisory Board adopted a resolution to launch for members of the Executive Board, on the basis of LTIP 2008 (stock awards), a Retention Stock Award plan (RSA 2008) consisting of three tranches and running for seven years, and granted a first tranche of awards under the plan. The conditions for the first tranche of RSA 2008 differ from LTIP 2008 solely with regard to the cap, which is set at EUR 160 per stock award. The second tranche was granted in March 2009. The conditions for the second tranche differ from LTIP 2008 (stock awards) solely in the timeframe being one year later and with regard to the cap, which is set for the second tranche at EUR 66.50 per stock award.

Top Executive Retention Plan 2008

The Executive Board also resolved in June 2008 to launch a Top Executive Retention Plan 2008 (TERP 2008) for selected managerial employees.

This plan is likewise based on stock awards and consists of three tranches. The first tranche was granted in July 2008 and the second in July 2009.

The total term of the plan is ten years. The waiting period after the granting of each tranche is three years. The exercise period is between five and seven years, depending on the tranche.

The conditions stipulate that, after the waiting period, entitled individuals receive for each stock award either a HOCHTIEF share or, at HOCHTIEF Aktiengesellschaft's choice, a compensatory amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain is capped for each year of the exercise period. The cap rises annually up to a maximum gain at the end of the term. The maximum gain is set to EUR 160 per stock award for the first tranche and EUR 81.65 for the second tranche.

Long-term Incentive Plan 2009

The Long-term Incentive Plan 2009 (LTIP 2009) was launched by resolution of the Supervisory Board in 2009 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2008. The maximum gain is set to EUR 40.10 per stock award.

Other information

The conditions of all plans stipulate that on the exercise of SARs or stock awards—and the fulfillment of all other requisite criteria—HOCHTIEF Aktiengesellschaft normally has the option of delivering HOCHTIEF shares instead of paying out the gain in cash. Where the entitled individuals are not employees of HOCHTIEF Aktiengesellschaft, the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The quantities of SARs and stock awards granted, expired and exercised under the plans are as follows:

	Originally granted	Outstanding at Dec. 31, 2008	Granted in 2009	Expired in 2009	Exercised in 2009	Outstanding at Dec. 31, 2009
LTIP 2004	1,055,900	10,000	–	10,000	–	–
TERP 2004	1,853,901	1,143,546	–	–	995,979	147,567
LTIP 2005	885,150	2,700	–	–	–	2,700
LTIP 2006 – stock awards	165,243	155,459	–	267	126,235	28,957
LTIP 2007 – SARs	430,450	408,000	–	17,200	25,750	365,050
LTIP 2007 – stock awards	110,650	104,650	–	5,300	–	99,350
LTIP 2008 – SARs	41,250	296,395*	–	20,275	–	276,120
LTIP 2008 – stock awards	26,950	99,560**	–	5,950	–	93,610
TERP 2008/Tranche 1	130,900	126,100	–	4,800	–	121,300
TERP 2008/Tranche 2	359,000	–	359,000	12,600	–	346,400
RSA 2008/Tranche 1	122,012	122,012	–	–	–	122,012
RSA 2008/Tranche 2	347,478	–	347,478	–	–	347,478
LTIP 2009 – SARs	414,000	–	414,000	7,500	–	406,500
LTIP 2009 – stock awards	273,400	–	273,400	6,900	–	266,500

*Of which: Granted in 2008: 263,325; Expired in 2008: 8,180
**Of which: Granted in 2008: 75,035; Expired in 2008: 2,425

Provisions recognized for the stated share-based payment arrangements totaled EUR 35,451,000 as of the balance sheet date (2008: EUR 25,256,000). The total expense recognized for the stated arrangements in 2009 was EUR 36,936,000 (2008: total gain of EUR 12,209,000). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 3,964,000 (2008: EUR 3,999,000).

26. Provisions for pensions and similar obligations

The Group's retirement benefits include both defined contribution and defined benefit plans. Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations and has no obligation to pay further contributions. Under defined benefit plans, the Company's obligation is to provide agreed benefits to current and former employees. Defined benefit plans can be funded externally or through pension provisions.

Defined benefit plans are mostly in use at HOCHTIEF Aktiengesellschaft, its domestic subsidiaries and the Turner Group (benefits agreed up to December 31, 2003). Since January 1, 2000, pension arrangements in the domestic HOCHTIEF Group have consisted of a company-funded basic pension in the form of a modular defined contribution plan and a supplementary pension linked to company performance. These benefits are classed as defined benefit liabilities under IAS 19. The size of the basic pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by HOCHTIEF every three

years. The size of the supplementary pension component depends on growth in IFRS-basis profit after taxes. The basic pension can be supplemented in this way by up to 20 percent. The pension arrangements in force until December 31, 1999 featured benefit groups based on collective agreements. These benefits were integrated into the new system of retirement benefits as an initial pension component. Benefits comprise an old-age pension, an invalidity pension and a surviving dependants' pension.

Turner changed over from defined benefit to defined contribution plans with effect from January 1, 2004. Depending on length of service and salary level, between three percent and six percent of an employee's salary is paid into an external fund. In addition, Turner employees have an option to pay up to five percent of their salaries into an investment fund as part of a 401 (k) plan. Turner steps up the deferred compensation by up to 100 percent depending on length of service. Employees can join the plan after three years' service. The maximum salary amount on which contributions can be based is USD 245,000 in the 2010 fiscal year. Tax relief is granted on payments into the fund; the investment risk is borne by employees. Leighton and Flatiron likewise have defined contribution plans and pay between four and ten percent of salary (before deductions) into an external fund.

HOCHTIEF Aktiengesellschaft's pension finances were restructured with the creation of a contractual trust arrangement (CTA) as of December 31, 2004. This arrangement was extended to all major domestic Group companies in 2005 to

2007. The transferred assets are administered in trust by HOCHTIEF Pension Trust e. V. and serve exclusively to fund pension obligations. The transferred cash is invested on the capital market in accordance with investment principles set out in the trust agreement. The defined benefit plans discon-

tinued by the Turner Group effective December 31, 2003 are covered by an external fund.

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

(Percent)	2009		2008	
	Domestic	Foreign	Domestic	Foreign
* weighted average				
Discount factor*	5.25	5.73	6.25	6.34
Salary increases	2.5	–	2.75	–
Pension increases	1.75	–	2.25	–
Health cost increases	–	5.0	–	5.0
Anticipated return on plan assets*	4.66	8.0	4.58	8.0

Salary and pension increases ceased to be taken into account in foreign operations (the Turner Group) in 2004 due to the changeover in pension arrangements. Biometric mortality assumptions are based on published country-specific statistics and experience. Domestically, they are determined using the Prof. Dr. Klaus Heubeck 2005 G tables. Turner uses the RP-2000 Mortality Table for employees. Assumptions regarding the anticipated return on plan assets are based in Germany

and internationally on the intended portfolio structure and future returns on individual asset classes. Projections are based on long-term historical averages. For the main domestic pension plans, the anticipated return on plan assets was additionally derived using asset-liability studies.

Changes in the present value of defined benefit obligations and of the market value of plan assets are as follows:

Changes in the present value of defined benefit obligations

(EUR thousand)	2009			2008		
	Domestic	International	Total	Domestic	International	Total
Defined benefit obligations at start of year	562,863	221,518	784,381	563,292	216,635	779,927
Current service cost	7,497	1,206	8,703	8,281	1,039	9,320
Past service cost	–	–	–	–	–	–
Interest expense	33,562	13,399	46,961	29,629	13,127	42,756
Actuarial gains/(losses)	42,585	1,032	43,617	(11,244)	(8,579)	(19,823)
Benefits paid from Company assets	(182)	(2,487)	(2,669)	(17)	(1,985)	(2,002)
Benefits paid from fund assets	(32,727)	(13,388)	(46,115)	(32,458)	(10,788)	(43,246)
Employee contributions	4,740	–	4,740	3,935	–	3,935
Effect of transfers	590	–	590	1,445	–	1,445
Consolidation changes	–	–	–	–	–	–
Currency adjustments	–	(7,494)	(7,494)	–	12,069	12,069
Defined benefit obligations at end of year	618,928	213,786	832,714	562,863	221,518	784,381

Changes in the market value of plan assets

(EUR thousand)	2009			2008		
	Domestic	International	Total	Domestic	International	Total
Plan assets at start of year	602,081	151,737	753,818	651,346	217,481	868,827
Anticipated returns on plan assets	28,060	11,352	39,412	29,910	16,816	46,726
Difference between anticipated and actual returns	74,250	28,105	102,355	(57,635)	(80,035)	(137,670)
Employer contributions	7,736	–	7,736	6,983	–	6,983
Employee contributions	4,740	–	4,740	3,935	–	3,935
Benefits paid	(32,727)	(13,388)	(46,115)	(32,458)	(10,788)	(43,246)
Currency adjustments	–	(5,952)	(5,952)	–	8,263	8,263
Plan assets at end of year	684,140	171,854	855,994	602,081	151,737	753,818

Investing plan assets to cover future pension obligations generated actual returns of EUR 141,767,000 in 2009 (2008: losses of EUR 90,944,000). Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	38,093	–	31,505	–
Partially covered by plan assets	513,170	480,001	461,418	416,222
Incompletely covered by plan assets	551,263	480,001	492,923	416,222
Fully covered by plan assets	281,451	375,993	291,458	337,596
Total	832,714	855,994	784,381	753,818

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Defined benefit obligations	832,714	784,381
Less plan assets	855,994	753,818
Funding status	(23,280)	30,563
Adjustments arising from the limit in IAS 19.58	–	–
Assets from overfunded pension plans	94,542	46,138
Provision for pensions and similar obligations	71,262	76,701

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Market value	%	Market value	%
HOCHTIEF stock	112,506	13.14	125,088	16.59
Other stock	235,441	27.50	185,301	24.58
Fixed-interest securities	192,171	22.45	205,862	27.31
Insurance policies	57,397	6.71	49,794	6.61
Cash	258,479	30.20	187,773	24.91
Total	855,994	100.00	753,818	100.00

As of December 31, 2009, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2010	50,647
Due in 2011	50,665
Due in 2012	51,044
Due in 2013	51,518
Due in 2014	53,149
Due in 2015 to 2019	278,241

Experience adjustments—the effects of differences between the previous actuarial assumptions and what has actually occurred— are as follows:

Differences between actuarial assumptions and actual developments

(EUR thousand)	2009	2008	2007	2006	2005
Defined benefit obligation at end of year	832,714	784,381	779,927	867,997	954,954
Effects of differences in fiscal year	1,641	1,030	(3,904)	(23,799)	11,992
Effects as percentage of defined benefit obligations	0.20	0.13	-0.50	-2.74	1.26
Plan assets at end of year	855,994	753,818	868,827	875,422	790,095
Effects of differences in fiscal year	102,355	(137,670)	(6,855)	1,216	(18,212)
Effects as percentage of plan assets	11.96	-18.26	-0.79	0.14	-2.31
Funding status at end of year	(23,280)	30,563	(88,900)	(7,425)	164,859

Pension expense under defined benefit plans is made up as follows:

(EUR thousand)	2009			2008		
	Domestic	International	Total	Domestic	International	Total
Current service cost	7,497	1,206	8,703	8,281	1,039	9,320
Past service cost	—	—	—	—	—	—
Total personnel expense	7,497	1,206	8,703	8,281	1,039	9,320
Interest expense for accrued benefit obligations	33,562	13,399	46,961	29,629	13,127	42,756
Anticipated return on plan assets	(28,060)	(11,352)	(39,412)	(29,910)	(16,816)	(46,726)
Total interest expense (net investment and interest income)	5,502	2,047	7,549	(281)	(3,689)	(3,970)
Total pension expense	12,999	3,253	16,252	8,000	(2,650)	5,350

EUR 166,079,000 was paid into defined contribution plans in 2009 (2008: EUR 170,761,000), mostly in the Leighton Group (EUR 136,699,000; 2008: EUR 142,385,000) and the Turner Group (EUR 25,867,000; 2008: EUR 23,767,000). An additional EUR 87,209,000 was paid into state pension schemes in 2009 (2008: EUR 83,655,000). Costs of defined contribution plans are reported as part of personnel expenses.

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as of December 31, 2009 came to EUR 28,221,000 (2008: EUR 28,536,000). Healthcare costs accounted for EUR 1,157,000 (2008: EUR 972,000) of the current service cost and EUR 1,804,000 (2008: EUR 1,714,000) of the interest expense.

The effects of a one percentage point change in the assumed healthcare cost trend rate are as follows:

(EUR thousand)	Increase	Decrease
Effect on the sum of current service cost and interest expense	19	(19)
Effect on defined benefit obligation	338	(317)

The Consolidated Statement of Comprehensive Income includes EUR 58,738,000 in actuarial gains recognized in 2009 before deferred taxes (2008: EUR 117,847,000 in actuarial losses). In 2008, an additional increase of EUR 32,676,000 was recognized due to adjustments arising from the limit in IAS 19.58. Before deferred taxes, the cumulative amount of actuarial losses is EUR 123,530,000 (2008: EUR 182,268,000).

27. Other provisions

(EUR thousand)	Dec. 31, 2009			Dec. 31, 2008		
	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	–	94,556	94,556	–	31,820	31,820
Personnel-related provisions	228,461	288,026	516,487	198,113	244,055	442,168
Provisions for insurance claims	101,306	38,686	139,992	152,149	–	152,149
Warranty obligations	–	81,131	81,131	–	64,902	64,902
Litigation risks	117	32,668	32,785	800	32,974	33,774
Restructuring costs	–	15,396	15,396	–	25,766	25,766
Anticipated losses relating to pending transactions	–	8,092	8,092	–	5,185	5,185
Sundry other provisions	8,065	347,100	355,165	7,137	310,476	317,613
Other provisions	337,949	811,099	1,149,048	358,199	683,358	1,041,557
	337,949	905,655	1,243,604	358,199	715,178	1,073,377

The personnel-related provisions mainly consist of provisions for stock option schemes, long-service awards, leave entitlements and early retirement arrangements.

The size of provisions for insurance claims is computed annually by an actuary.

Items covered by sundry other provisions include contract administration, contract costs incurred subsequent to invoicing, preparation of annual financial statements, payments for damages and other uncertain liabilities.

Statement of provisions

(EUR thousand)	Balance at Jan. 1, 2009	Allocations to provisions	Reversal of provisions	Consolidation changes, currency adjustments, reclassifications and transfer	Use of provisions	Balance at Dec. 31, 2009
Provisions for taxes	31,820	69,356	(11,915)	13,070	(7,775)	94,556
Personnel-related provisions	442,168	193,170	(4,166)	44,467	(159,152)	516,487
Provisions for insurance claims	152,149	16,351	–	(4,942)	(23,566)	139,992
Sundry other provisions	447,240	245,641	(53,763)	(4,458)	(142,091)	492,569
Other provisions	1,041,557	455,162	(57,929)	35,067	(324,809)	1,149,048
	1,073,377	524,518	(69,844)	48,137	(332,584)	1,243,604

28. Financial liabilities

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Non-current	Current	Non-current	Current
Bonds or notes issued	445,612	4,507	278,788	–
Amounts due to banks	1,439,416	576,950	1,363,832	1,064,555
Financial liabilities to non-consolidated subsidiaries	–	636	–	437
Financial liabilities to participating interests	–	165,386	–	159,888
Lease liabilities	149,698	39,696	13,955	18,153
Sundry other financial liabilities	12,864	8,711	21,889	5,319
	2,047,590	795,886	1,678,464	1,248,352

The non-current figure for bonds or notes issued includes EUR 76,351,000 (2008: EUR 78,632,000) for a US dollar debt issue by Leighton Holdings in Indonesia in 2006. The USD 110,000,000 debt issue is for five years and carries interest at a fixed rate of 7.875 percent. In 2008, Leighton Holdings issued a USD 280,000,000 private placement repayable in three installments in 2013, 2015 and 2018. The installments each carry a different rate of interest ranging from 6.91 to 7.66 percent. The carrying amount of the private placement at December 31, 2009 is EUR 194,348,000 (2008: EUR 200,156,000). The item also includes another EUR 174,913,000 bond issued by Leighton Holdings in 2009. This is for five years and has a 9.5 percent fixed coupon.

Amounts due to banks include two promissory note loans issued in the prior year, comprising one for a nominal amount of EUR 200,000,000 and a term of five years and one for a nominal amount of EUR 50,000,000 and a term of seven years. The coupon on both is equal to six-month EURIBOR plus an appropriate margin. On May 25, 2009, HOCHTIEF issued four further promissory note loans for a total of EUR 300,000,000 and split half-and-half between three and five-year loan terms with part-fixed and part-variable coupons. The coupon on the individual notes corresponds to market rates at the time of issue. In the prior year, amounts due to banks included EUR 200,000,000 for a further promissory note loan that was repaid in the year under review.

In 2005, HOCHTIEF signed a EUR 600,000,000 syndicated revolving credit facility with an international banking syndicate. Drawings on the facility are subject to interest at the EURIBOR rate applicable for the length of the drawing plus an appropriate margin. The facility runs to November 22, 2012. As in the prior year, the amount utilized was EUR 477,000,000. EUR 366,709,000 (2008: EUR 509,082,000) of amounts due to banks concerns borrowings by Leighton Holdings, mostly to finance acquisitions—mainly Al Habtoor Engineering Enterprises Co. L.L.C. plus project companies.

Amounts due to banks comprise EUR 548,200,000 subject to variable rates of interest and EUR 1,468,166,000 subject to fixed rates of interest. The average interest rate on the variable-interest portion stood at 2.58 percent. The average interest rate on the fixed-interest portion was 3.8 percent. The average term was three years.

Trade payables due to companies accounted for using the equity method were EUR 1,642,000 (2008: EUR 1,120,000).

The EUR 189,394,000 (2008: EUR 32,108,000) in lease liabilities mainly relates to plant and equipment under finance leases at Leighton Holdings.

The minimum lease payments for liabilities under finance leases break down as follows:

Finance leases

(EUR thousand)

	Dec. 31, 2009			Dec. 31, 2008		
	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due in up to 1 year	44,080	4,384	39,696	18,880	727	18,153
Due in 1–5 years	155,435	6,138	149,297	14,287	1,087	13,200
Due after 5 years	458	57	401	864	109	755

Sundry other financial liabilities mostly contain short-term loans and other debt.

29. Other liabilities

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Non-current	Current	Non-current	Current
Liabilities under derivative financial instruments	131,163	74,277	170,444	17,366
Liabilities to employees	–	166,579	–	107,323
Deferred income	42,451	28,460	47,373	30,469
Tax liabilities (excluding income taxes)	–	39,854	–	58,242
Social insurance liabilities	–	7,253	–	6,236
Sundry other liabilities	11,497	65,134	1,203	47,472
	185,111	381,557	219,020	267,108

EUR 101,887,000 (2008: EUR 82,636,000) of the liabilities under derivative financial instruments relates to obligations in the Leighton Group to make payments into the equity of two infrastructure project companies and EUR 51,724,000 (2008: EUR 37,297,000) relates to interest-rate swaps held by HOCHTIEF Aktiengesellschaft.

In connection with the sale in the two preceding years of a total of 16.25 percent of the indirectly held interests in the Vespucio Norte Express (VNE) project in Chile, HOCHTIEF PPP Solutions GmbH gave the investors equity verification guarantees ending on December 31, 2012. The equity verification guarantees had a fair value of EUR 16,000,000 as of the balance sheet date (2008: EUR 25,600,000) and are reported as part of the non-current liabilities under derivative financial instruments.

Deferred income mainly comprises insurance premiums received in advance for subsequent years (these are reversed to income over the life of the policies) and rental payments.

Sundry other liabilities comprise other non-trade payables.

30. Trade payables

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Trade payables		
Gross amount due to customers from construction work (POC)	(731,567)	(689,871)
Progress payments received	1,368,039	1,354,407
	636,472	664,536
To construction joint ventures	87,351	132,530
Other	3,662,321	3,755,826
	4,386,144	4,552,892
Advance payments received	3,655	6,748
From non-consolidated subsidiaries	1,491	323
From participating interests	348	1,808
	4,391,638	4,561,771

The EUR 636,472,000 (2008: EUR 664,536,000) gross amount due to customers from construction work (POC) represents such amounts where the progress payments received from customers exceed the incurred contract costs including a pro rata allocation of contract net profit.

Trade payables due to companies accounted for using the equity method were EUR 177,000 (2008: EUR 1,786,000).

31. Current income tax liabilities

The EUR 10,201,000 (2008: EUR 19,303,000) in current income tax liabilities comprises amounts payable to domestic and foreign revenue authorities.

Other disclosures

32. Undiluted and diluted earnings per share

Undiluted earnings per share are calculated by dividing the consolidated net profit attributable to the Company's stock by the average number of shares in circulation. This indicator can become diluted as a result of potential shares (mainly stock options and convertible bonds). HOCHTIEF's share-based payment arrangements do not have a dilutive effect on earnings. Consequently, diluted and undiluted earnings per share are identical.

	2009	2008 restated
Consolidated net profit (EUR thousand)	195,222	156,744
Number of shares in circulation in thousands (weighted average)	66,522	69,353
Earnings per share (EUR)	2.93	2.26
Dividend per share (EUR)		1.40
Proposed dividend per share (EUR)	1.50	

33. Reporting on financial instruments

Financial instruments include financial assets and liabilities and contractual claims and obligations relating to exchanges and transfers of financial assets. Financial instruments can be derivative or non-derivative.

Non-derivative financial assets mostly comprise cash and cash equivalents, marketable securities, trade receivables and other financial assets. Marketable securities are carried at fair value. The fair values of available-for-sale financial assets are established with reference to market prices or determined using accepted valuation methods.

Non-derivative financial liabilities are mostly current liabilities measured at cost.

Holdings of non-derivative financial instruments are carried on the Balance Sheet; the maximum risk of loss or default is equal to total financial assets. Any such risk identified in respect of financial assets is accounted for with an impairment loss.

Risk management

All financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. This is fleshed out by individual, function-specific operating directives on issues such as currency and collateral management.

These lay down principles for dealing with the various classes of financial risk.

Within the Finance corporate center, trading, control and settlement activities are divided between front, middle and back offices. This ensures effective risk management in that monitoring and settlement of front office external trading activities are performed by a separate and independent back office. All external trading actions are also subject to at least dual control. Internal authorizations to give instructions are strictly limited in number and monetary amount, and are reassessed at least once a year.

Management of liquidity risk

HOCHTIEF uses predominantly centralized liquidity structures—in particular cash pooling—to pool liquidity at Group level, among other things to avoid liquidity bottlenecks at the level of individual entities. The central liquidity position is calculated at regular intervals and budgeted by means of monthly liquidity planning over a rolling 18-month period. Liquidity planning is supplemented by stress scenarios and incorporated in the active management of HOCHTIEF's securities holdings and loan portfolio.

Issuance of four new promissory note loans has enabled the Group once again to spread borrowing over a larger range of lenders. Additionally, the HOCHTIEF Group further enhanced its financial leeway in fiscal 2009 by converting part of its syndicated guarantee facility into a EUR 400 million syndicated revolving credit facility.

The tables below show maximum payments as of the balance sheet date. The tables show the worst-case scenario for HOCHTIEF, i.e. the earliest possible contractual payment date in each case. Creditors' rights of termination are taken into account. Foreign currency items are translated using the closing rate as of the balance sheet date. Interest payments on variable rate items are translated uniformly using the last interest rate fixed prior to the balance sheet date. Both primary and derivative financial instruments (for example, forward exchange contracts and interest rate swaps) are taken into account. Credit facilities granted but not yet drawn in their full amount are also included, as are financial guarantees given by the Group.

The maximum payments shown in the following tables (worst-case scenario) are offset by contractually fixed receipts in the same periods that are not shown here (for example, from trade receivables). These will cover most of the cash outflows shown.

Maximum payments as of December 31, 2009

(EUR thousand)	2010	2011	2012-2013	After 2013	Total
Primary financial liabilities	4,715,106	334,152	1,348,739	610,541	7,008,538
Derivative financial liabilities	74,277	22,312	38,456	70,395	205,440
Loan commitments and financial guarantees	23,488	291,522	18,000	–	333,010
	4,812,871	647,986	1,405,195	680,936	7,546,988

Maximum payments as of December 31, 2008

(EUR thousand)	2009	2010	2011-2012	After 2012	Total
Primary financial liabilities	5,244,664	353,928	1,155,175	516,096	7,269,863
Derivative financial liabilities	17,366	53,614	51,722	65,108	187,810
Loan commitments	8,902	4,093	22,438	–	35,433
	5,270,932	411,635	1,229,335	581,204	7,493,106

In addition, Group liquidity is adequately secured with cash in hand and on deposit, marketable securities holdings and undrawn revolving credit facilities. The following table shows the main liquidity instruments:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Cash in hand and on deposit	1,114,626	1,064,150
Marketable securities	1,433,397	1,497,719
Undrawn revolving credit facilities	1,836,904	1,335,660
	4,384,927	3,897,529

The revolving credit facilities include a EUR 600 million syndicated revolving credit facility (expires on November 22, 2012, 80 percent drawn as of December 31, 2009), a EUR 400 million syndicated revolving credit facility taken out in 2009 by converting part of an existing syndicated guarantee facility (expires on October 24, 2012, zero percent drawn as of December 31, 2009) and EUR 291 million in short-term revolving money market facilities (nine percent drawn as of December 31, 2009). Some of the undrawn revolving credit facilities are tied to specific projects. Some of the facilities are subject to creditors' rights of termination under financial covenants; these covenants are continuously monitored as part of corporate planning and are currently rated non-critical. Refinancing risk is considered very low thanks to broad international syndication in each case. As a further precautionary measure, there is appropriate scope for raising additional capital under resolutions adopted at the 2005 General Shareholders' Meeting.

HOCHTIEF also has sufficient revolving guarantee facilities, which play an important role for the Group. The guarantee facilities have a total size of EUR 9.36 billion (2008: EUR 9.13 billion) and are 81 percent drawn as of December 31, 2009.

Management of currency risk

HOCHTIEF is exposed to currency risk (in the form of transaction risk) from receivables, liabilities, cash and cash equivalents, securities and pending transactions in currencies other than the functional currency of the Group company concerned in each case. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates. HOCHTIEF normally hedges all currency risk.

Hedges for Group companies are normally administered via HOCHTIEF Aktiengesellschaft. Binding guidelines clarify their use and separate controls and responsibilities for all Group companies. Currency derivatives are only used to hedge risk. The counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values of currency derivatives:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Assets		
Forward exchange contracts/ currency swaps		
for hedging purposes (cash flow hedges)	768	5,514
for hedging purposes (but not hedge accounted)	645	2,685
	1,413	8,199
Liabilities and shareholders' equity		
Forward exchange contracts/ currency swaps		
for hedging purposes (cash flow hedges)	11,669	17,042
for hedging purposes (but not hedge accounted)	3,978	2,448
	15,647	19,490

The maximum residual term of currency derivatives in cash flow hedges as of December 31, 2009 is 30 months. As of December 31, 2009, the maximum residual term of currency derivatives for which hedge accounting is not applied is twelve months.

Where hedge accounting is used, unrealized gains and losses on hedges are initially recognized in other comprehensive income. Gains and losses are not realized until a hedged item affects income. Derivatives are measured on the basis of current market rates as of the balance sheet date. When interpreting positive or negative fair value changes relating to derivatives, it is important to remember that they balance hedged items whose values move in the opposite direction. A net EUR 3,001,000 was credited to equity in fiscal 2009 (2008: EUR 13,091,000 charged to equity) and EUR 2,374,000 due to hedge ineffectiveness was charged to profit or loss (2008: EUR 5,159,000) for market value changes on the above derivatives in cash flow hedges. Where hedge accounting cannot be applied, all unrealized gains and losses on the hedged item are recognized immediately in profit or loss; in 2009 this related to net losses of EUR 3,570,000 (2008: net gain of EUR 237,000).

The following sensitivity analyses demonstrate the impact on equity and on profit that would result from a ten percent fluctuation in the foreign currencies most significant to the Group—the Australian dollar and the US dollar. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)	Dec. 31, 2009		Dec. 31, 2008	
	Exchange rate		Exchange rate	
	Ten percent increase	Ten percent decrease	Ten percent increase	Ten percent decrease
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedges)				
USD	–	–	1,970	(1,970)
AUD	3,130	(3,130)	(5,842)	5,842
Change in profit due to unhedged currency expo- sures in primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)				
USD	3,514	(3,503)	(2,100)	2,371
AUD	128	(128)	2,399	(2,404)

Management of interest rate risk

HOCHTIEF is exposed to interest rate risk through financial items primarily consisting of interest-bearing marketable securities on the assets side and financial liabilities on the liabilities side of the Balance Sheet. Two approaches are used to minimize this risk. Firstly, the Company uses natural hedging, meaning that it eliminates interest rate risk from primary financial instruments on the asset and liabilities side. The second method is to use interest rate derivatives. These generally take the form of interest rate swaps that exchange cash flow risk—from changes in interest rates for variable rate financial items—for market value risk, which occurs by comparing fixed-interest financial items with market rates.

As with currency derivatives, hedges for Group companies are normally administered via HOCHTIEF Aktiengesellschaft. There are also parallel regulations and guidelines, and derivatives are used solely for hedging (i.e. not speculatively) as a matter of principle. The counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values of interest rate derivatives:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Assets		
Interest rate swaps		
for hedging purposes (cash flow hedges)	245	–
Interest rate futures		
not for hedging purposes (for asset management structuring)	58	175
	303	175
Liabilities and shareholders' equity		
Interest rate swaps		
for hedging purposes (cash flow hedges)	66,777	55,789
Interest rate futures		
not for hedging purposes (for asset management structuring)	118	250
	66,895	56,039

The maximum residual term of interest rate swaps in cash flow hedges as of December 31, 2009 is 66 months. The maximum residual term of interest rate futures as of December 31, 2009 is three months.

A net EUR 10,743,000 was charged to equity in fiscal 2009 (2008: EUR 52,074,000) for market value changes on interest rate derivatives in cash flow hedges. A net EUR 15,000 was credited to profit or loss (2008: EUR 75,000 charged to profit or loss) for changes in the market value of interest rate futures used for asset management structuring.

The following sensitivity analyses demonstrate the impact that a one percent fluctuation in the respective market interest rate would have had on equity and on profit. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Market interest rate		Market interest rate	
	One percent increase	One percent decrease	One percent increase	One percent decrease
Change in equity due to market value fluctuations of interest rate derivatives used for hedging (cash flow hedges) and of fixed-interest securities measured at fair value through equity	25,640	(25,939)	24,965	(25,445)
Change in profit due to unhedged variable rate interest rate exposures on primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)	(5,821)	5,821	(9,464)	9,464

Management of other price risk

Other price risk results at HOCHTIEF through investing in current and non-current non-interest-bearing securities, chiefly shares and funds, that are classified as available for sale and therefore measured at fair value through equity. Other price risk stems from participating interests that are classified as available for sale to the extent that they are measured at fair value. Such items are shown in the following table. Participating interests measured at amortized cost because their fair value cannot be reliably measured are not included.

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Price risk exposure on non-current assets	475,150	406,785
Price risk exposure on current assets	254,016	197,462

HOCHTIEF actively manages price risk. Continuous monitoring and analysis of the markets makes it possible to marshal investments at short notice. This allows the Company to detect negative developments on the capital market at an early stage and take appropriate action. Derivatives are only used to control price risk in exceptional instances.

In the course of managing participating interests, forward purchase contracts with a maximum residual term of 54 months as of December 31, 2009 were entered into for hedging purposes; these are presented according to the rules for cash flow hedge accounting. Stock-based derivatives were also entered into to hedge our share-based compensation plans.

These derivatives had a maximum residual term as of December 31, 2009 of 51 months. They are not subject to hedge accounting, but are deployed as a natural hedge. Gains and losses in the fair value of these derivatives are contained in personnel costs.

The following table shows the fair values of the forward purchase contracts and of two written options:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Assets		
Forward contracts for hedging purposes (but not hedge accounted)	46,264	7,622
	46,264	7,622
Liabilities and shareholders' equity		
Forward purchase contracts for hedging purposes (cash flow hedges)	101,887	82,636
Forward contracts for hedging purposes (but not hedge accounted)	5,011	4,045
Options written, not for hedging purposes	16,000	25,600
	122,898	112,281

EUR 19,251,000 was charged to equity in fiscal 2009 (2008: EUR 44,791,000) for market value changes on the above derivatives in cash flow hedges. A net EUR 47,276,000 was credited to profit or loss (2008: EUR 423,000 charged to profit or loss) for changes in the fair value of forward contracts for which hedge accounting is not applied and of the written options.

The following sensitivity analyses demonstrate the impact that a ten percent fluctuation in the market value of primary and derivative financial instruments would have had on equity and on profit or loss. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)

	Dec. 31, 2009		Dec. 31, 2008	
	Market value		Market value	
	Ten percent increase	Ten percent decrease	Ten percent increase	Ten percent decrease
Change in equity due to market value fluctuations of derivatives used for hedging (cash flow hedges)	10,189	(10,189)	8,153	(8,153)
Change in profit or loss due to market value fluctuations of derivatives to which hedge accounting is not applied	9,325	(11,225)	6,758	(8,058)
Change in equity due to changes in market price of unimpaired securities	24,224	(24,224)	19,745	(19,745)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	43,988	(43,988)	37,190	(37,190)
Change in equity due to increases in the market price of impaired securities	1,368	–	37	–
Change in equity due to increases in the value of impaired participating interests measured at fair value	3,498	–	3,453	–
Change in profit or loss due to reductions in the market price of impaired securities	–	(1,368)	–	(37)
Change in profit or loss due to decreases in the value of impaired participating interests measured at fair value	–	(3,498)	–	(3,453)

Management of credit risk

The HOCHTIEF Group is exposed to credit risk from operations and from certain financing activities.

HOCHTIEF performs risk management for operations by continuously monitoring trade receivables at divisional level. If a specific credit risk is detected, it is countered by recognizing an individual impairment.

The HOCHTIEF Group has given third parties financial guarantees in respect of companies accounted for using the equity method. Financial guarantees are only given in respect of companies with top credit standing, restricting to a minimum the probability of the guarantees being drawn upon. Loan commitments are only given to companies accounted for using the equity method.

The maximum credit risk exposure of financial assets is equivalent to their carrying amounts in the Balance Sheet. The actual credit risk exposure is lower, however, due to collateral given in favor of the HOCHTIEF Group. The maximum risk exposure on financial guarantees given by HOCHTIEF is the maximum amount to be paid by HOCHTIEF. The maximum credit risk for loan commitments is the amount of the commitment. The maximum credit risk from financial guarantees and loan commitments amounted to EUR 333,010,000 as of December 31, 2009 (2008: EUR 35,433,000, loan commitments only). The probability of the financial guarantees and loan commitments being drawn upon is very small as of the reporting date.

HOCHTIEF accepts collateral to secure contract performance by subcontractors, subcontractors' warranty obligations, and claims to remuneration. Such collateral includes guarantees relating to warranty obligations, contract performance, advance payments and receivables. Acceptance of collateral is gov-

erned by a HOCHTIEF directive. Among other things, this covers the contractual drafting, implementation and management of all agreements. The detailed rules vary according to the country and applicable case law. In the case of credit risk, HOCHTIEF examines the credit rating of the party providing the collateral for all guarantees accepted. HOCHTIEF uses external specialists (for example, rating agencies) to assess credit ratings where possible. The fair values of accepted collateral are not disclosed as they often cannot be measured reliably.

The following table shows unimpaired financial assets that are past due:

(EUR thousand)	Dec. 31, 2009				Dec. 31, 2008			
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivables	95,356	24,215	21,633	94,724	124,587	27,149	24,446	67,997
Financial receivables	3	–	–	–	13	77	102	557
Other receivables and other financial assets	134	–	1	25	186	–	–	65
	95,493	24,215	21,634	94,749	124,786	27,226	24,548	68,619

The age structure of financial assets that are past due is shaped by industry-specific factors. Receipt of payment depends on acceptance (inspection) and invoice checking, which can often take a relatively long time, especially for large-scale

projects. Most of the unimpaired financial assets that are past due are from public-sector clients and industrial companies with top credit ratings. Individually impaired financial assets are shown below:

(EUR thousand)	Dec. 31, 2009			Dec. 31, 2008		
	Gross carrying amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	118,136	73,825	44,311	120,468	74,553	45,915
Financial receivables						
Non-current	1	1	–	–	–	–
Current	6,415	6,123	292	5,447	5,447	–
Other current receivables and other current financial assets	1,197	1,197	–	32,038	30,338	1,700
	125,749	81,146	44,603	157,953	110,338	47,615

The impairments in trade receivables mostly consist of impaired contracting-related claims as is typical for the industry.

The following table shows changes in impairments on financial assets in the 2009 fiscal year and in the prior year:

Reconciliation of changes in impairments

(EUR thousand)

	Jan. 1, 2008	Changes*	Dec. 31, 2008/ Jan. 1, 2009	Changes*	Dec. 31, 2009
Trade receivables	90,994	(16,441)	74,553	(728)	73,825
Financial receivables					
Non-current	–	–	–	1	1
Current	5,316	131	5,447	676	6,123
Other current receivables and other current financial assets	28,646	1,692	30,338	(29,141)	1,197
	124,956	(14,618)	110,338	(29,192)	81,146

*Changes result from allocations, reversals, utilizations, currency adjustments and consolidation changes.

No financial instruments were renegotiated to avoid becoming past due or impaired in 2009. In the prior year, financial receivables of EUR 318,000 would have been past due or impaired if the contractual terms and conditions had not been renegotiated.

As far as financial assets that are neither past due nor impaired are concerned, there are currently no indications of any need to recognize further impairments for reasons relating to credit ratings.

The Group's capital structure consists of the Balance Sheet items comprising net debt (current and non-current liabilities less cash and cash equivalents) and shareholders' equity. The Risk Management Steering Committee assesses and examines the Group's capital structure at regular intervals, taking into account the risk-adjusted cost of capital.

The overall capital risk management strategy did not change in fiscal 2009 compared with the prior year.

Capital risk management

The HOCHTIEF Group manages capital with the aim of ensuring that all Group companies can continue to operate as a going concern. The Group keeps the cost of capital as low as possible by optimizing the balance between equity and debt as the need arises. These measures serve to maximize shareholder earnings.

Additional information on financial instruments

The table overleaf shows carrying amounts and fair values for each class of financial instrument and carrying amounts for each IAS 39 category as of December 31, 2009 and December 31, 2008.

2009

Carrying amount by category

Not belonging to any category

(EUR thousand)

	Financial assets					Financial liabilities		Hedge accounting and finance leases	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2009	Total fair value Dec. 31, 2009
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost						
Assets											
Other financial assets											
At fair value	475,150	–	–	–	–	–	–	–	–	475,150	475,150
At amortized cost	11,346	–	–	–	–	–	–	–	–	11,346	11,346
	486,496	–	–	–	–	–	–	–	–	486,496	486,496
Financial receivables											
Non-current	–	–	421,752	–	–	3,609	–	–	–	425,361	425,361
Current	–	–	110,802	–	–	1,285	–	–	–	112,087	112,087
Trade receivables	–	–	1,985,428	–	–	–	–	–	1,422,095	3,407,523	3,407,523
Other receivables and other assets											
Non-current											
At fair value	–	46,264	–	–	–	192	–	–	–	46,456	46,456
At amortized cost	–	–	4,961	–	–	–	–	–	–	4,961	4,961
Not covered by IFRS 7	–	–	–	–	–	–	–	–	125,720	125,720	125,720
	–	46,264	4,961	–	–	192	–	–	125,720	177,137	177,137
Current											
At fair value	–	703	–	–	–	821	–	–	–	1,524	1,524
At amortized cost	–	–	50,309	–	–	–	–	–	–	50,309	50,309
Not covered by IFRS 7	–	–	–	–	–	–	–	–	74,956	74,956	74,956
	–	703	50,309	–	–	821	–	–	74,956	126,789	126,789
Securities	807,739	–	–	–	–	–	–	–	–	807,739	807,739
Cash and cash equivalents	–	–	1,769,644	–	–	–	–	–	–	1,769,644	1,769,644
Liabilities and shareholders' equity											
Financial liabilities											
Non-current	–	–	–	–	1,897,892	149,698	–	–	–	2,047,590	2,050,976
Current	–	–	–	–	756,190	39,696	–	–	–	795,886	795,886
Trade payables	–	–	–	–	3,751,511	–	–	–	640,127	4,391,638	4,391,638
Other liabilities											
Non-current											
At fair value	–	–	–	21,011	–	110,152	–	–	–	131,163	131,163
At amortized cost	–	–	–	–	10,735	–	–	–	–	10,735	10,735
Not covered by IFRS 7	–	–	–	–	–	–	–	–	43,213	43,213	43,213
	–	–	–	21,011	10,735	110,152	–	–	43,213	185,111	185,111
Current											
At fair value	–	–	–	4,096	–	70,181	–	–	–	74,277	74,277
At amortized cost	–	–	–	–	64,099	–	–	–	–	64,099	64,099
Not covered by IFRS 7	–	–	–	–	–	–	–	–	243,181	243,181	243,181
	–	–	–	4,096	64,099	70,181	–	–	243,181	381,557	381,557

2008

Carrying amount by category

Not belonging to any category

(EUR thousand)

	Financial assets					Financial liabilities		Hedge accounting and finance leases	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2008	Total fair value Dec. 31, 2008
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost						
Assets											
Other financial assets											
At fair value	406,785	–	–	–	–	–	–	–	–	406,785	406,785
At amortized cost	23,273	–	–	–	–	–	–	–	–	23,273	23,273
	430,058	–	–	–	–	–	–	–	–	430,058	430,058
Financial receivables											
Non-current	–	–	347,982	–	–	4,686	–	–	–	352,668	352,668
Current	–	–	91,944	–	–	1,369	–	–	–	93,313	93,313
Trade receivables	–	–	2,510,907	–	–	–	–	1,272,349	–	3,783,256	3,783,256
Other receivables and other assets											
Non-current											
At fair value	–	7,622	–	–	–	1	–	–	–	7,623	7,623
At amortized cost	–	–	5,403	–	–	–	–	–	–	5,403	5,403
Not covered by IFRS 7	–	–	–	–	–	–	–	82,780	–	82,780	82,780
	–	7,622	5,403	–	–	1	–	82,780	–	95,806	95,806
Current											
At fair value	–	2,860	–	–	–	5,513	–	–	–	8,373	8,373
At amortized cost	–	–	97,061	–	–	–	–	–	–	97,061	97,061
Not covered by IFRS 7	–	–	–	–	–	–	–	65,527	–	65,527	65,527
	–	2,860	97,061	–	–	5,513	–	65,527	–	170,961	170,961
Securities	809,396	–	–	–	–	–	–	–	–	809,396	809,396
Cash and cash equivalents	–	–	1,787,713	–	–	–	–	–	–	1,787,713	1,787,713
Liabilities and shareholders' equity											
Financial liabilities											
Non-current	–	–	–	–	1,664,509	13,955	–	–	–	1,678,464	1,656,713
Current	–	–	–	–	1,230,199	18,153	–	–	–	1,248,352	1,248,352
Trade payables	–	–	–	–	3,890,487	–	–	671,284	–	4,561,771	4,561,771
Other liabilities											
Non-current											
At fair value	–	–	–	28,009	–	142,435	–	–	–	170,444	170,444
At amortized cost	–	–	–	–	458	–	–	–	–	458	458
Not covered by IFRS 7	–	–	–	–	–	–	–	48,118	–	48,118	48,118
	–	–	–	28,009	458	142,435	–	48,118	–	219,020	219,020
Current											
At fair value	–	–	–	4,334	–	13,032	–	–	–	17,366	17,366
At amortized cost	–	–	–	–	45,698	–	–	–	–	45,698	45,698
Not covered by IFRS 7	–	–	–	–	–	–	–	204,044	–	204,044	204,044
	–	–	–	4,334	45,698	13,032	–	204,044	–	267,108	267,108

Because current financial instruments have short residual terms and are measured at market value, their carrying amounts correspond to market value as of the balance sheet date. Non-current securities in the available-for-sale category are measured at fair value through equity, and as such their carrying amounts also correspond to fair value.

The fair value of shares in non-consolidated subsidiaries and other participating interests is stated if it can be reliably determined. If fair value cannot be reliably determined, items are measured at cost in the available-for-sale category.

Disclosures relating to the fair value hierarchy for financial instruments measured at fair value as of December 31, 2009

(EUR thousand)	Level 1	Level 2	Level 3
Assets			
Other financial assets	76,236	–	398,914
Other receivables and other financial assets			
Non-current	–	46,456	–
Current	–	1,524	–
Marketable securities	527,810	279,929	–
Liabilities			
Other liabilities			
Non-current	–	115,163	16,000
Current	–	74,277	–

The Group measures fair values using the following fair value hierarchy reflecting the observability and significance of inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; e.g. quoted securities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); e.g. over-the-counter derivatives.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs); e.g. investments measured at fair value determined by business valuation.

Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2009	Cash changes for the period	Currency adjustments	Gains/(losses) recognized in profit or loss	Balance as of Dec. 31, 2009
Other financial assets	371,876	27,864	(826)	–	398,914
Other liabilities					
Non-current	25,600	–	–	9,600	16,000

The EUR 9,600,000 gains are included as part of other operating income in the Statement of Earnings.

Financial assets with a carrying amount of EUR 29,360,000 (2008: EUR 35,240,000) are provided as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2009.

The following table shows the net profit from financial instruments by IAS 39 category:

Net profit from financial instruments

(EUR thousand)	2009	2008
Available for sale	24,203	(7,516)
Held for trading	3,041	18,800
Loans and receivables	27,680	100,844
Liabilities at amortized cost	(187,173)	(195,194)
	(132,249)	(83,066)

The calculation of net profit from financial instruments includes interest income and expenses, impairments and impairment reversals, income and expenses from currency translation, dividend income, gains and losses on disposal and other changes in the fair value of financial instruments recognized in income.

Impairments of financial assets totaling EUR 55,690,000 (2008: EUR 106,082,000) were recognized in the 2009 fiscal year. EUR 16,191,000 (2008: EUR 58,578,000) of this figure relates to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at fair value and EUR 4,288,000 (2008: EUR 36,264,000) to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at cost in the absence of a fair value. No impairment of financial receivables was recognized in the 2009 fiscal year or the prior year. Impairments of EUR 1,125,000 (2008: EUR 221,000) were recognized for current financial receivables. Impairments of EUR 15,319,000 (2008: EUR 8,065,000) were recognized for trade receivables, impairments of EUR 112,000 (2008: EUR 1,358,000) for other current receivables and other current financial assets, and impairments of EUR 17,855,000 (2008: EUR 1,596,000) for marketable securities.

34. Contingencies, commitments and other financial obligations

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Obligations under guarantees and letters of comfort	52,300	27,641

These commitments and potential obligations primarily serve as security for bank loans, contract performance, warranty obligations and advance payments. Most guarantees as of the reporting date related to participating interests and construction joint ventures. HOCHTIEF is also jointly and severally liable for all construction joint ventures in which it has an interest.

In April 2009, EUR 400 million of the EUR 2.0 billion syndicated revolving guarantee facility taken out by HOCHTIEF Aktiengesellschaft in 2007 was converted into a revolving credit facility and a EUR 100 million portion of the original facility amount returned to the banking syndicate, reducing the total size of the facility to EUR 1.9 billion and the amount available for guarantees to EUR 1.5 billion. The credit facility remained undrawn as of December 31, 2009. HOCHTIEF Aktiengesellschaft also has an option to convert the credit facility to a guarantee facility of equal amount. The facility ensures the availability of guarantees for ordinary activities, mainly of the HOCHTIEF Europe, HOCHTIEF Concessions and HOCHTIEF Real Estate divisions. The syndicated revolving guarantee facility has a tenor of five years ending October 24, 2012. It was utilized in the amount of EUR 1.07 billion as of December 31, 2009 (2008: EUR 1.17 billion).

HOCHTIEF Aktiengesellschaft has provided an unlimited bonding guarantee in favor of US insurance companies in respect of obligations of the Turner Group and the Flatiron Group. Bonding is a statutory form of security used in the US to guarantee performance of public projects. It is also used with other selected customers. The total bonding amount is USD 5,236 million (2008: USD 4,758 million). USD 4,628 million was utilized in the year under review (2008: USD 3,579 million). No recourse has ever been made to this guarantee provided by HOCHTIEF, and none is currently anticipated for the future.

In addition, the HOCHTIEF Group has available a further EUR 4.22 billion (2008: EUR 3.71 billion) in guarantee facilities provided by insurance companies and banks.

Group order exposure from awarded capital expenditure projects is EUR 126,211,000 (2008: EUR 364,426,000) and mostly relates to mining activities at the Leighton Group.

Cash call commitments on financial assets totaled EUR 111,848,000 (2008: EUR 138,107,000), mostly for PPP project companies in the HOCHTIEF Asia Pacific division.

The term breakdown of minimum lease payments under operating leases is as follows:

Operating leases

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
	Nominal value	Nominal value
Due within 1 year	315,654	252,203
Due in 1–5 years	730,372	618,100
Due after 5 years	85,859	61,488

The obligations from operating leases mainly relate to technical equipment and machinery leased by the Leighton Group. The increase is due to the expansion of activities in the mining sector.

Lease payments under operating leases were EUR 320,127,000 (2008: EUR 249,990,000).

Amounts due under long-term tenancies are EUR 331,008,000 (2008: EUR 340,743,000). The term for which such tenancies cannot be terminated is between two and twelve years. The amounts due under tenancies are partly offset by anticipated rental income of EUR 162,910,000 (2008: EUR 143,391,000).

Other financial obligations include EUR 89,507,000 (2008: EUR 17,395,000) in commitments under long-term contracts for the supply of goods and services.

Legal disputes

HOCHTIEF Group companies are involved in various legal disputes in the context of their operating activities. HOCHTIEF does not anticipate any material negative impact from such disputes on the Group's business and financial situation.

35. Segment reporting

Segmental reporting in the HOCHTIEF Group is based on the Group's divisional operations. The breakdown by divisions and regions mirrors the Group's internal reporting systems.

The Group's reportable segments (divisions) are as follows*:

HOCHTIEF Americas encompasses the activities of Group operational units in the USA, Canada and Brazil

HOCHTIEF Asia Pacific groups together activities in the Asia-Pacific region

HOCHTIEF Concessions focuses on developing and undertaking concession and operation projects

HOCHTIEF Europe mainly conducts the core construction business in European countries

HOCHTIEF Real Estate develops, builds, markets and manages real estate throughout its entire life cycle

HOCHTIEF Services concentrates on facility management and energy management services

The Corporate Headquarters/Consolidation unit comprises Corporate Headquarters, other activities not assigned to separately listed divisions, including management of financial resources and insurance activities, plus consolidation effects. Insurance activities are managed from Corporate Headquarters under the responsibility of HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, which has two subsidiaries in Luxembourg. The HOCHTIEF insurance companies provide various reinsurance offerings for contractors' casualty and surety, contractor default, guarantee, liability and occupational accident insurance.

*Detailed information on the various operating segments is included in the Management Report on pages 83–109.

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
	2009	2008 restated	2009	2008	2009	2008 restated
(EUR thousand)						
HOCHTIEF Americas	6,614,377	8,045,101	–	–	6,614,377	8,045,101
HOCHTIEF Asia Pacific	7,771,131	6,884,539	204	266	7,771,335	6,884,805
HOCHTIEF Concessions	188,986	162,851	855	3,292	189,841	166,143
HOCHTIEF Europe	2,225,266	2,398,310	129,535	154,487	2,354,801	2,552,797
HOCHTIEF Real Estate	644,882	407,875	15,967	20,433	660,849	428,308
HOCHTIEF Services	625,467	683,097	20,335	26,389	645,802	709,486
Corporate Headquarters/ Consolidation	95,972	121,362	53,833	50,807	149,805	172,169
HOCHTIEF Group	18,166,081	18,703,135	220,729	255,674	18,386,810	18,958,809

Divisions	Consolidated net profit		Share of profits and losses of equity-method associates and jointly controlled entities		Depreciation/ amortization	
	2009	2008 restated	2009	2008	2009	2008
(EUR thousand)						
HOCHTIEF Americas	45,345	42,371	22,240	8,048	31,637	41,617
HOCHTIEF Asia Pacific	160,720	133,282	103,356	219,537	419,937	312,818
HOCHTIEF Concessions	47,736	69,382	68,207	72,886	1,038	345
HOCHTIEF Europe	1,547	(60,536)	65	881	33,181	20,124
HOCHTIEF Real Estate	19,698	28,208	10,202	14,958	2,920	4,531
HOCHTIEF Services	15,578	13,505	886	691	7,254	7,527
Corporate Headquarters/ Consolidation	(95,402)	(69,468)	–	–	5,281	2,475
HOCHTIEF Group	195,222	156,744	204,956	317,001	501,248	389,437

Divisions	Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment and investment properties		Purchases of financial assets	
	2009	2008	2009	2008	2009	2008
(EUR thousand)						
HOCHTIEF Americas	30,874	27,094	19,626	34,049	2,242	2,961
HOCHTIEF Asia Pacific	1,034,351	936,161	708,703	538,713	73,451	466,524
HOCHTIEF Concessions	670,496	653,273	396	181	48,561	27,558
HOCHTIEF Europe	834	3,344	77,363	47,826	570	5,673
HOCHTIEF Real Estate	59,291	47,445	1,134	3,299	17,492	7,788
HOCHTIEF Services	1,987	1,625	6,404	11,112	125	–
Corporate Headquarters/ Consolidation	–	–	12,397	10,312	27	–
HOCHTIEF Group	1,797,833	1,668,942	826,023	645,492	142,468	510,504

Regions	External sales by customer location		Property, plant and equipment		Total assets (balance sheet total)	
	2009	2008 restated	2009	2008	2009	2008 restated
(EUR thousand)						
Germany	2,142,071	2,285,735	90,225	97,689	3,939,568	4,130,109
Other Europe	1,125,567	1,202,870	53,109	58,012	1,079,937	1,168,288
Americas	6,785,094	8,197,490	107,975	118,343	2,401,092	2,700,357
Asia	1,848,174	2,083,482	443,194	284,616	1,758,490	1,425,886
Australia	6,260,356	4,932,683	797,824	561,733	3,371,190	2,639,424
Africa	4,819	875	–	–	–	–
HOCHTIEF Group	18,166,081	18,703,135	1,492,327	1,120,393	12,550,277	12,064,064

Profit/(loss) from operating activities (segment result)		EBITDA		Operating earnings (EBITA)		Profit before taxes	
2009	2008 restated	2009	2008 restated	2009	2008 restated	2009	2008 restated
80,754	63,710	141,691	144,428	110,054	102,811	93,521	76,893
438,198	264,150	955,552	740,285	535,615	427,467	432,930	327,212
15,743	26,465	114,895	146,054	113,857	145,709	78,699	109,629
17,898	(53,717)	59,865	(9,450)	26,684	(30,250)	30,433	(34,872)
42,905	38,977	56,099	63,695	53,178	59,164	27,001	31,608
18,121	26,044	26,286	34,281	19,032	26,754	17,281	22,906
(88,348)	(78,311)	(85,790)	(74,124)	(91,192)	(78,791)	(79,394)	(36,452)
525,271	287,318	1,268,598	1,045,169	767,228	652,864	600,471	496,924

Impairment losses on intangible assets, property, plant and equipment, and investment properties		Non-cash expenses		Interest and similar income		Interest and similar expenses	
2009	2008	2009	2008	2009	2008	2009	2008
–	–	100,675	102,765	7,060	18,442	15,915	17,139
–	–	83,646	179,893	8,470	11,970	111,643	108,134
–	–	13,498	11,908	7,961	13,271	42,987	49,249
–	676	143,327	151,273	25,949	41,224	14,579	16,847
–	–	87,605	56,517	2,427	8,837	28,526	36,146
–	–	37,845	41,323	1,004	1,689	2,035	5,751
122	2,193	113,586	53,724	5,360	(7,573)	(27,859)	(37,940)
122	2,869	580,182	597,403	58,231	87,860	187,826	195,326

Total purchases		Total assets (balance sheet total)		Gross debt	
2009	2008	2009	2008 restated	2009	2008
21,868	37,010	2,307,151	2,618,403	2,113,738	2,499,969
782,154	1,005,237	5,048,194	3,908,115	3,517,806	2,691,515
48,957	27,739	1,488,671	1,445,245	912,785	980,316
77,933	53,499	1,823,049	2,001,310	1,461,526	1,645,356
18,626	11,087	1,156,837	1,269,599	1,066,272	1,215,909
6,529	11,112	274,259	306,201	186,027	205,521
12,424	10,312	452,116	515,191	(19,806)	(685)
968,491	1,155,996	12,550,277	12,064,064	9,238,348	9,237,901

Purchases	
2009	2008
34,670	42,139
20,893	32,376
32,384	55,086
68,235	71,151
812,309	955,244
–	–
968,491	1,155,996

Explanatory notes to the segmental data

Intersegment sales represent revenue generated between divisions and segments. They are transacted on an arm's length basis. External sales mainly comprise revenue recognized using the percentage-of-completion method in construction, construction management and contract mining, in the amount of EUR 16,500,225,000 (2008: EUR 17,255,456,000). The sum of external sales and intersegment sales gives total sales revenue for each division.

The share of profits and losses of equity-method associates and jointly controlled entities comprises income and expenses, including impairment losses relating to companies accounted for using the equity method.

Depreciation and amortization relate to intangible assets with finite useful lives, property, plant and equipment, and investment properties.

Purchases comprise additions to intangible assets, property, plant and equipment, investment properties, equity-method investments (excluding equity-method adjustments), subsidiaries and other participating interests.

Total assets are equivalent to the divisions' totals in the Consolidated Balance Sheet. Gross debt equals total assets minus consolidated shareholders' equity.

Operating earnings (EBITA) are derived from earnings from operating activities as follows:

(EUR thousand)	2009	2008 restated
Earnings from operating activities	525,271	287,318
+ Net income from participating interests	229,815	305,987
– Non-operating earnings	–	(+) 14,987
+ Interest credited	12,142	44,572
Operating earnings (EBITA)	767,228	652,864

This calculation is based on the following considerations:

Net income from participating interests contains all income and expense from equity stakes held for operational purposes and is thus an integral part of operating earnings.

Income and expenses classified as exceptional items for business management purposes or resulting from exceptional transactions hinder analysis of ordinary operations and should be attributed to non-operating earnings. There were no such transactions in the year under review. The negative figure of EUR 14,987,000 for prior-year non-operating earnings consisted entirely of restructuring expenses at HOCHTIEF Europe.

Earnings from operating activities are adjusted by crediting interest on the average financing balance for 2009 and 2008. In business management terms, this interest credit has an operating, not a financing, origin since it represents the amount by which operating income has been reduced. The average financing balance is calculated by subtracting the level of inventories and construction costs (POC) that require funding from interest-bearing financial resources. Such resources comprise advance and progress payments received for long-term construction contracts and the balance of receivables and payables in respect of third parties and construction joint ventures.

36. Notes to the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows classifies cash flows into operating, investing and financing activities. Exchange rate effects are eliminated and their influence on the cash position is disclosed separately. Changes in cash and cash equivalents due to acquisitions and disposals of consolidated companies are shown separately under cash used in or provided by investing activities. The EUR 35,227,000 decrease in cash and cash equivalents due to consolidation changes related entirely to cash and cash equivalents included in disposals. The prior-year decrease of EUR 19,660,000 represented the balance of EUR 758,000 in additions to cash and cash equivalents from acquisitions and EUR 20,418,000 in cash and cash equivalents included in disposals.

The EUR 1,769,644,000 (2008: EUR 1,787,713,000) year-end total for cash and cash equivalents shown on the cash flow statement matches the cash and cash equivalents item on the balance sheet. The total comprises EUR 2,036,000 (2008: EUR 1,743,000) in petty cash, EUR 1,122,980,000 (2008: EUR 1,063,771,000) in cash balances at banks and EUR 644,628,000 (2008: EUR 722,199,000) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents to the value of EUR 10,390,000 are subject to restrictions (2008: EUR 1,364,000).

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in net cash provided by or used for operating activities.

The net cash used in investing activities was met in full from net cash provided by operating activities. After deducting net cash used in financing activities, there was a slight overall decrease in cash and cash equivalents.

Net cash provided by operating activities included:

- Interest income of EUR 55,926,000 (2008: EUR 92,462,000)
- Interest expenses of EUR 187,826,000 (2008: EUR 195,326,000).
- Income taxes amounting to EUR 141,254,000 (2008: EUR 150,907,000).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 162,574,000 (2008: EUR 353,904,000).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 16,701,000 and current assets by EUR 47,344,000. Provisions decreased by EUR 8,656,000 and other liabilities by EUR 45,385,000. The entire sale proceeds in the amount of EUR 6,530,000 were contained in cash and cash equivalents as of the balance sheet date.

The dividend distribution to HOCHTIEF's shareholders in 2009 was EUR 88,201,000 (2008: EUR 90,931,000). Dividends paid to minority shareholders totaled EUR 136,636,000 (2008: EUR 143,684,000).

The servicing expense for existing debt was EUR 1,155,287,000 (2008: EUR 1,089,334,000), compared with EUR 1,132,193,000 (2008: EUR 2,240,343,000) in new borrowing.

Financial assets and financial liabilities are made up as follows:

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Cash and cash equivalents	1,769,644	1,787,713
Marketable securities	807,739	809,396
Non-current securities	285	359
Financial receivables (excluding long-term loans to participating interests)	152,451	116,984
Total financial assets	2,730,119	2,714,452
Bonds or notes issued, and amounts due to banks	2,466,485	2,707,175
Other financial liabilities	376,991	219,641
Financial liabilities	2,843,476	2,926,816
Net financial liabilities	(113,357)	(212,364)

Financial assets are subject to certain restrictions on their use. Net financial assets are offset, aside from by financial liabilities, by advance payments from customers, cash call commitments on financial assets and order exposure from awarded capital expenditure projects. Advance payments from customers came to EUR 636,472,000 (2008: EUR 664,536,000) and serve to fund contract costs. Cash call commitments on financial assets totaled EUR 111,848,000 (2008: EUR 138,107,000), mostly for PPP project companies in the HOCHTIEF Asia Pacific division. Group order exposure from awarded capital expenditure projects is EUR 126,211,000 (2008: 364,426,000) and mostly relates to the Leighton Group's mining activities.

The financial receivables comprise financial receivables from non-consolidated subsidiaries and participating interests, interest accruals and other financial receivables.

The other financial liabilities consist of financial liabilities to non-consolidated subsidiaries and participating interests, and other financial liabilities.

37. Related party disclosures

Significant related parties with ownership interests included Actividades de Construcción y Servicios, S.A. No transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Actividades de Construcción y Servicios, S.A. during the year under review.

Further significant related parties comprise companies accounted for using the equity method that are material to the Group: Athens International Airport S.A., Flughafen Düsseldorf GmbH, Flughafen Hamburg GmbH, Budapest Airport Zrt., Sociedad Concesionaria Túnel San Cristobal S.A., Sociedad Concesionaria Autopista Vespucio Norte Express S.A., aurelis Real Estate GmbH & Co. KG and Al Habtoor Engineering Enterprises Co. L.L.C.

Transactions with material related parties gave rise to amounts in the financial statements as follows:

(EUR thousand)	2009	2008
Loans	354,231	308,952
Receivables	74,134	60,710
Payables	8	14
Sales	17,804	11,268
Goods and services purchased	108	299
Other operating income	115	169
Interest income	13,031	18,273

The loans concern the financing of the acquisition of aurelis Real Estate and of Budapest Airport.

All transactions were conducted on an arm's length basis.

As in 2008, no material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Executive or Supervisory Board members or persons or companies close to them during the 2009 fiscal year. There were no conflicts of interest involving Executive Board or Supervisory Board members.

38. Total Executive Board and Supervisory Board compensation

The Compensation Report on pages 17–21 of this Annual Report outlines the principles applied when determining Executive Board compensation at HOCHTIEF Aktiengesellschaft and explains the amount and composition of that compensation. The principles applied and the amount of Supervisory Board compensation are also described. The Compensation Report is based on the recommendations of the German Corporate Governance Code. The Compensation Report also forms an integral part of the combined Management Report.

For fiscal 2009, the Executive Board members received fixed compensation in a total amount of EUR 2,903,000, performance-linked compensation totaling EUR 3,033,000 and combined non-cash benefits of EUR 215,000. Long-term compensation components from LTIP 2009, amounting to EUR 2,292,000, were also allocated for fiscal 2009. Total compensation for the 2009 fiscal year thus amounts to EUR 8,443,000 (2008: EUR 8,440,000).

The granting of the second tranche of the Retention Stock Award plan (RSA 2008) resulted in a EUR 8,106,000 extraordinary increase in the total compensation amount by the imputed market value of the second tranche, raising total compensation for fiscal 2009 to EUR 16,549,000 (2008: EUR 15,925,000). Although RSA 2008 runs for seven years, each of its three tranches is required to be accounted for at fair value at the grant date. This value is determined as of the grant date using the Black/Scholes option pricing model. The fair value at the end of the waiting period differs from the fair value at the grant date and depends on the future performance of the HOCHTIEF stock price. To further stress the long-term nature of the incentive systems, the Supervisory Board adopted a resolution to modify the conditions for future stock appreciation rights such that the waiting period is extended to four years. Plans will therefore be issued in the future with a term of seven years.

The present value of pension benefits for former Executive Board members is EUR 34,946,000 (2008: EUR 31,976,000). This amount is fully covered by plan assets in the form of pension liability insurance entitlements and the HOCHTIEF pension fund.

Pension payments to former members of the Executive Board and their surviving dependants were EUR 12,613,000 in 2009 (2008: EUR 3,116,000). The increase from the prior year mainly relates to the exercise of long-term incentive plans.

Total compensation for the members of the Supervisory Board came to EUR 1,994,000 (2008: EUR 1,897,000).

39. Auditing fees

Fees for services provided by auditors Deloitte & Touche were paid and recognized as expenses as follows:

(EUR thousand)	2009	2008
Financial statement audits	4,106	4,137
Of which in Germany	[1,486]	[1,423]
Other auditing and valuation services	763	212
Of which in Germany	[690]	[45]
Tax consulting	354	639
Of which in Germany	[-]	[184]
Other services for HOCHTIEF Aktiengesellschaft or subsidiaries	112	39
Of which in Germany	[-]	[-]
	5,335	5,027

The fees for services provided in Germany relate to services of the appointed Group financial statement auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and its affiliates within the meaning of Section 271 (2) of the German Commercial Code. The fees for financial statement audits mostly relate to fees charged by Group auditors Deloitte & Touche for auditing the HOCHTIEF Group consolidated financial statements, the combined HOCHTIEF Group and HOCHTIEF Aktiengesellschaft management report, and the financial statements of HOCHTIEF Aktiengesellschaft and its domestic and international subsidiaries. The amount stated for other auditing and valuation services is largely accounted for by due diligence fees and fees in connection with the planned public offering of HOCHTIEF Concessions AG. Tax consulting encompasses all services provided in connection with tax matters, mostly for HOCHTIEF Aktiengesellschaft's international subsidiaries.

40. Declaration pursuant to Section 161 of the German Stock Corporations Act

The declaration on corporate governance required by Section 161 of the German Stock Corporations Act (AktG) has been made available for the general public to view at any time on the HOCHTIEF website.

41. Events since the balance sheet date

Events subsequent to the reporting period are outlined under "Post-balance-sheet events" on page 123.

42. Use of the exempting provisions in Section 264 (3) (and Section 264b) of the German Commercial Code

The following domestic fully consolidated subsidiaries made partial use of the exempting provisions in the 2009 fiscal year:

A.L.E.X.-Bau GmbH, Essen,
car.e Facility Management GmbH, Wolfsburg,
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,
Eurafica Baugesellschaft mbH, Essen,
HOCHTIEF Americas GmbH, Essen,
HOCHTIEF Asia Pacific GmbH, Essen,
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH, Essen,
HOCHTIEF Concessions AG, Essen,
HOCHTIEF Construction Erste Vermögensverwaltungs-
gesellschaft mbH, Essen,
HOCHTIEF Construction Management Middle East GmbH,
Essen,
HOCHTIEF Energy Management GmbH, Essen,
HOCHTIEF Facility Management GmbH, Essen,
HOCHTIEF Global One GmbH, Essen,
HOCHTIEF Global Trade GmbH, Essen,
HOCHTIEF Insurance Broking and Risk Management
Solutions GmbH, Essen,
HOCHTIEF PPP Solutions GmbH, Essen,
HOCHTIEF Projektentwicklung GmbH, Essen,
HOCHTIEF Property Management GmbH, Essen,
HOCHTIEF ViCon GmbH, Essen,

HTP Grundbesitz Blue Heaven GmbH, Essen,
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-
Sachsen mbH, Dresden,
Projektgesellschaft Quartier 21 mbH & Co. KG, Essen,
STREIF Baulogistik GmbH, Essen,
Turner HOCHTIEF Construction Management GmbH, Essen.

Executive Board proposal for the use of net profit

The Executive Board and the Supervisory Board propose a resolution on the use of net profit as follows:

The unappropriated net profit of HOCHTIEF Aktiengesellschaft for fiscal 2009 in the amount of EUR 105,000,000.00 will be used to pay a dividend of EUR 1.50 per eligible no-par-value share, and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 8,334,952.50 will be carried forward.

The dividend is payable on the day following the General Shareholders' Meeting.

The number of eligible shares may change by the date of the General Shareholders' Meeting. In this event, a revised proposal for the appropriation of net profit will be submitted to the General Shareholders' Meeting, leaving the dividend unchanged at EUR 1.50 per eligible no-par-value share.

Subsidiaries, Associates and Other Significant Participating Interests of the HOCHTIEF Group at December 31, 2009

	Percentage stock held	Shareholders' equity Local currency (thousand)	EUR thousand	Profit/(loss) for the year (EUR thousand)
I. Affiliates included in the Consolidated Financial Statements				
HOCHTIEF Americas Division				
HOCHTIEF Americas GmbH, Essen	100		547,336	– ¹
The Turner Corporation, Dallas, USA	100 ²	USD 501,862	348,373	45,881 ³
Flatiron Construction Corp., Delaware, USA	100 ²	USD 139,970	97,162	36,969 ³
HOCHTIEF Asia Pacific Division				
HOCHTIEF Asia Pacific GmbH, Essen	100		1,126,040	– ¹
Leighton Holdings Limited, Sydney, Australia	54.83 ²	AUD 2,386,339	1,490,722	349,940 ³
HOCHTIEF Concessions Division				
HOCHTIEF Concessions AG, Essen	100		191,170	– ¹
HOCHTIEF AirPort				
HOCHTIEF AirPort GmbH, Essen	100 ²		135,000	– ¹
Airport Partners GmbH, Düsseldorf	40 ²		140,665	19,451
HAP Hamburg Airport Partners GmbH & Co. KG, Hamburg	71 ²		395,190	19,202
Sydney Airport Intervest GmbH, Essen	46.3 ²		262,738	18,581
HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG, Essen	100 ²		1,205	5,221
HOCHTIEF PPP Solutions				
HOCHTIEF PPP Solutions GmbH, Essen	100 ²		32,352	– ¹
HOCHTIEF PPP Solutions Chile Limitada, Santiago de Chile, Chile	100 ²	CLP 39,140,658	54,014	871
HOCHTIEF PPP SOLUTIONS (UK) Limited, Swindon, UK	100 ²	GBP 82	93	(1,696)
HOCHTIEF Europe Division				
HOCHTIEF Construction AG, Essen	100		203,665	– ¹
STREIF Baulogistik GmbH, Essen	100 ²		31,659	– ¹
DURST-BAU GmbH, Vienna, Austria	100 ²		(1,095)	431
HOCHTIEF (UK) CONSTRUCTION Ltd., Swindon, UK	100 ²	GBP 7,523	8,471	135
HOCHTIEF CZ a.s., Prague, Czech Republic	100 ²	CZK 959,047	36,223	124
HOCHTIEF Polska S.A., Warsaw, Poland	99.96 ²	PLN 128,492	31,306	13,172
OOO HOCHTIEF, Moscow, Russia	100 ²	RUB 285,663	6,619	4,523
HOCHTIEF Construction Qatar W.L.L., Doha, Qatar	49 ²	QAR 95,386	18,312	22,747
HOCHTIEF Real Estate Division				
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen	100		17,490	– ¹
HOCHTIEF Projektentwicklung GmbH, Essen	100		7,670	– ¹
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH, Essen	100 ²		6,570	– ¹
HOCHTIEF Services Division				
HOCHTIEF Facility Management GmbH, Essen	100		6,071	– ¹
HOCHTIEF Energy Management GmbH, Essen	100 ²		17,018	– ¹

	Percentage stock held	Shareholders' equity Local currency (thousand)	EUR thousand	Profit/(loss) for the year (EUR thousand)
Corporate Headquarters				
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen	100		779	– ¹
Contractors' Casualty & Surety Reinsurance Company S.A., Steinfort, Luxembourg	100 ²	USD 11,564	8,027	3,463
Builders' Credit Reinsurance Company S.A., Steinfort, Luxembourg	100 ²	USD 6,000	4,165	1,602
II. Equity-method investments				
HOCHTIEF Concessions Division				
HOCHTIEF AirPort				
Budapest Airport Zrt., Budapest, Hungary	49.67 ²		337,169 ⁴	(13,963) ⁴
Flughafen Düsseldorf GmbH, Düsseldorf	50 ²		146,924 ⁴	39,561 ⁴
Flughafen Hamburg GmbH, Hamburg	49 ²		63,760 ⁴	– ¹
Athens International Airport S.A., Athens, Greece	26.67 ²		431,693 ⁴	117,307 ⁴
Tirana International Airport SHPK, Tirana, Albania	47 ²		30,068 ⁴	8,035 ⁴
HOCHTIEF PPP Solutions				
HERRENTUNNEL LÜBECK GmbH & Co. KG, Lübeck	50 ²		(4,958) ⁴	(1,591) ⁴
Sociedad Concesionaria Autopista Vespucio Norte Express S.A., Santiago de Chile, Chile	17.95 ²	CLP 65,331,845 ⁴	90,158 ⁴	1,107 ⁴
Sociedad Concesionaria Túnel San Cristóbal S.A., Santiago de Chile, Chile	50 ²	CLP 7,762,657 ⁴	10,712 ⁴	865 ⁴
HOCHTIEF Real Estate Division				
aurelis Real Estate GmbH & Co. KG, Eschborn	50 ²		91,709 ⁴	19,527 ⁴
III. Other companies				
HOCHTIEF Concessions Division				
HOCHTIEF AirPort				
Southern Cross Airports Corporation Holdings Limited, Sydney, Australia	13.27 ²	AUD 1,218,590 ⁴	761,241 ⁴	109,770 ⁴

¹ Profit/loss transfer agreement

² Indirect shareholding

³ Consolidated result for group

⁴ Fiscal 2008 figures

Boards

- * Supervisory Board member representing employees
- a) Membership in other supervisory boards prescribed by law (as of December 31, 2009)
- b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2009)

Supervisory Board

Dr. rer. pol. h. c. Martin Kohlhaussen

Bad Homburg, Chairman,
Former Chairman of the Supervisory Board of Commerzbank AG, Frankfurt am Main
a) ThyssenKrupp AG

Gerhard Peters *

Bad Nauheim, Deputy Chairman, Member of the Management Board/Human Resources corporate center, HOCHTIEF Aktiengesellschaft
a) HOCHTIEF Construction AG

Ángel García Altozano

Madrid, Director General Corporativo, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., Madrid

- b) Abertis Infraestructuras, S.A.
- Abertis Telecom, S.A.
- ACS Servicios y Concesiones, S.L.
- ACS Servicios, Comunicaciones y Energía, S.L.
- Clece, S.A.
- Dragados, S.A.
- Dragados Servicios Portuarios y Logísticos, S.A.
- Energías Ambientales de Somoza, S.A. (Chairman)
- Energías Ambientales de Novo, S.A. (Chairman)
- Energías Ambientales de Vianzo, S.A. (Chairman)
- Energías Ambientales EASA, S.A. (Chairman)
- Iridium Concesiones de Infraestructuras, S.A.
- Publimedia Sistemas Publicitarios, S.L.
- Saba Aparcamientos, S.A.
- Societat Eólica de L'Enderrocada, S.A. (Chairman)
- Urbaser, S.A.
- Xfera Móviles, S.A. (Chairman)

Gregor Asshoff *

Frankfurt am Main, attorney-at-law and head of the Policy and Fundamental Issues department, Construction, Agricultural and Environmental Employees' Union
– from May 25, 2009 –
a) HOCHTIEF Construction AG

Alois Binder *

Wuhl, Deputy Works Council Chairman, HOCHTIEF Construction AG, Southwest Division

Detlev Bremkamp

Munich, management consultant, former member of the Board of Management, Allianz AG, Munich
a) Asea Brown Boveri AG
HSH Nordbank AG
b) A.C.I.F. (Allianz Compagnia Italiana Finanziamenti S.p.A.)
Allianz Lebensversicherungs AG
Mondial Assistance S.A.S.

Günter Haardt *

Leubsdorf, Managing Director, Vermögensverwaltung der ver.di GmbH, Berlin
– until May 7, 2009 –
a) HOCHTIEF Construction AG (until May 7, 2009)

Lutz Kalkofen *

Essen, Managerial Employee, HOCHTIEF Aktiengesellschaft, Essen
b) Builders' Credit Reinsurance Company S.A.
Contractors' Casualty & Surety Reinsurance Company S.A.

Professor Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel

Essen, President, Federation of German Industry (BDI)
a) Commerzbank AG
National-Bank AG
b) EQT Infrastructure Limited
RAG-Stiftung

Raimund Neubauer *

Essen, Works Council Chairman, HOCHTIEF Construction AG, West Division

Udo Paech *

Berlin, Member of the Works Council, HOCHTIEF Construction AG, Northeast Division

Gerrit Pennings *

Kirchheim, Works Council Chairman, HOCHTIEF Facility Management GmbH, South Region

Professor Dr. jur. Dr.-Ing. E.h. Heinrich v. Pierer

Erlangen, Managing Director, Pierer Consulting GmbH, Erlangen
a) Georgsmarienhütte Holding GmbH
b) Koc Holding A.S.

Professor Dr. rer. nat. Dipl.-Chem. Wilhelm Simson

Munich, chemist, former Chairman of the Board of Management, E.ON AG, Düsseldorf, Düsseldorf
a) E.ON AG
Frankfurter Allgemeine Zeitung GmbH
b) Freudenberg & Co. Kommanditgesellschaft
Jungbunzlauer Holding AG

Tilman Todenhöfer,

Stuttgart, Managing Partner, Robert Bosch Industrietreuhand KG, Stuttgart
a) Deutsche Bank AG
Robert Bosch GmbH
b) Robert Bosch Internationale Beteiligungen AG (President)

Marcelino Fernández Verdes

Madrid, Presidente de las Áreas de Construcción, Concesiones y de Servicios Grupo ACS, San Sebastián de los Reyes – Madrid
b) ACS Servicios y Concesiones, S.L. (Executive Chairman)
Dragados, S.A. (Executive Chairman)

Klaus Wiesehügel *

Königswinter, National Chairman of the Construction, Agricultural and Environmental Employees' Union, Frankfurt am Main
a) Zusatzversorgungskasse des Baugewerbes VVaG (Chairman)
b) Landwirtschaftliche Rentenbank

Supervisory Board Committees

Nomination Committee

Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Professor Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel
Professor Dr. rer. nat. Dipl.-Chem. Wilhelm Simson

Human Resources Committee

Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Gerhard Peters (Deputy Chairman)
Alois Binder
Professor Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel
Professor Dr. rer. nat. Dipl.-Chem. Wilhelm Simson

Audit Committee

Detlev Bremkamp (Chairman)
Gerhard Peters (Deputy Chairman)
Ángel García Altozano
Alois Binder
Günter Haardt (until May 7, 2009)
Dr. rer. pol. h. c. Martin Kohlhaussen
Raimund Neubauer (from September 10, 2009)

Mediation Committee pursuant to Sec. 27 (3) of the Codetermination Act (MitbestG)

Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Gerhard Peters
Professor Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel
Klaus WieseHügel

Executive Board

Dr.-Ing. Herbert Lütkestratkötter

Essen, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

- a) HOCHTIEF Concessions AG (Chairman)
HOCHTIEF Construction AG (Chairman)
HOCHTIEF Facility Management GmbH
TÜV Rheinland Holding AG
- b) The Turner Corporation
Leighton Holdings Limited

Attorney-at-law Albrecht Ehlers

Herdecke, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

– until March 18, 2009 –

- a) Glunz AG
HOCHTIEF Facility Management GmbH (Chairman until September 4, 2009)
Schindler Deutschland Holding GmbH
- b) Builders' Credit Reinsurance Company S.A.
Contractors' Casualty & Surety Reinsurance Company S.A.

Dr. rer. pol. Burkhard Lohr

Haltern am See, Member of the Executive Board and Executive for Labor Relations of HOCHTIEF Aktiengesellschaft, Essen

- a) HOCHTIEF Concessions AG
HOCHTIEF Construction AG
- b) Leighton Holdings Limited

Dr. rer. pol. Peter Noé

Essen, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

- a) Flughafen Düsseldorf GmbH (Deputy Chairman)
- b) Athens International Airport S.A.
Budapest Airport Zrt. (Chairman)
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
Leighton Holdings Limited (Deputy Chairman)

Professor Dr.-Ing. Martin Rohr

Düsseldorf, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

- a) Flughafen Hamburg GmbH (Deputy Chairman)
HOCHTIEF Construction AG
HOCHTIEF Facility Management GmbH
(Chairman from September 4, 2009)
- b) aurelis Real Estate GmbH & Co. KG
Flatiron Holding, Inc.
The Turner Corporation

Dr. Frank Stieler

Eppstein, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

– from March 1, 2009 –

- a) HOCHTIEF Construction AG
- b) Builders' Credit Reinsurance Company S.A.
Contractors' Casualty & Surety Reinsurance Company S.A.

Representative Director

Attorney-at-law Hartmut Paulsen, Düsseldorf

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Glossary

Alumni program

The alumni program at our US subsidiary Turner targets former employees who have worked for the company for some time and have reached further training levels there. The aim of the program is to maintain contact to highly qualified employees—for example, to re-recruit them when market conditions improve.

Asset management

Asset management means all activities involved in managing buildings and properties. This includes rent accounting, tenant administration, utility billing and support, systems maintenance, energy management, coordinating repairs and refurbishing, as well as short-to-medium-run planning of all cash flows relating to the property.

BOOT concession

Under a build-own-operate-transfer (BOOT) concession, the company builds then owns and operates a project for a contractually agreed period before transferring it back to the customer.

Cash flow

One of the key figures used to assess a company's financial position. Represents the net inflow of funds from sales and other operating activities.

Cofferdam system

A system which provides a dry enclosure in water for foundation work on bridges and other structures.

Construction management at fee

An approach to project management where the construction manager advises the client and, during the design and build phases, provides services for a fee such as administration, construction planning and progress monitoring. The construction manager has little or no financial involvement in the project.

Contract mining

In contract mining, a mine owner contracts out certain operations to a service provider. HOCHTIEF's Australian subsidiary Leighton extracts commodities such as ores and coal under long-term contract to mine owners. Its services also include mine development and renaturalization after mine closure.

Core real estate

Core real estate consists of high-value properties, usually in prime locations and consequently fully rented out for the foreseeable future to reliable clients of strong credit standing.

Debt issuance program (DIP)

Contractual framework/model documentation for domestic and international debt issues. The debt issuance program can be deployed as a flexible revolving financing instrument and is used for long-term borrowing on public capital markets.

Euroconstruct countries

The Euroconstruct countries are a group of 19 countries—15 in Western and four in Eastern Europe—where the development of regional construction markets is monitored on a regular basis. The countries covered are Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the UK.

Facility

Provision by a bank of cash or guarantees up to a stipulated maximum.

Financial covenants

Financial indicators which are negotiated with a loan and with which the borrower is required to comply.

German Sustainable Building Council (DGNB)

The German Sustainable Building Council and the German Federal Ministry of Transport, Building and Urban Development (BMVBS) have developed the German Sustainable Building Certificate. DGNB trains auditors who award the certificate in gold, silver or bronze. It is the German chapter of the World Green Building Council.

Issuer

An issuer of securities is a company in the case of shares and a company, public body, the state or other institution in the case of bonds.

Further terms and explanations are provided in the Investor Relations section of the HOCHTIEF website, www.hochtief.com. Here, you will find a detailed glossary.

KaufPilot

KaufPilot is the HOCHTIEF procurement service for products and services comprising part of overhead cost.

Lead buyers

Our lead buyers procure process-critical categories of mostly high-volume supplies such as facades and concrete. They combine orders to secure better terms, negotiate prices, enter into framework contracts as well as keep a watch on current market and price trends.

LEED

LEED (Leadership in Energy and Environmental Design) is a US rating system for green building projects. LEED certification defines precise standards for green buildings. The LEED rating system is organized into five categories: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Materials & Resources, and Indoor Environmental Quality.

Loan duration

The weighted average of interest payment and repayment dates of loans in force, giving an indication of their average maturity structure.

Long-term incentive plan (LTIP)

A long-term incentive plan is an incentives system or pay component offered to selected managerial staff so that they participate in the company's long-term success, thus securing their loyalty to the company.

Net present value (NPV)

Value of an investment, obtained by applying a discount factor to expected future cash flows. The NPV represents the present value of future cash inflows and outflows, which need not be constant over the lifetime of the investment.

Percentage of completion (POC) method

Method of accounting for long-term contracts that computes the applicable costs and revenues generated by the project up to the reporting date. Revenues, expense and earnings are thus reported in line with the progress of a project to date. This method supersedes the "realization principle" stipulated by the German Commercial Code, which does not allow profits from construction contracts to be recognized until the fiscal year in which a project is formally accepted by the client.

Public-private partnership

Cooperation between the public sector and usually well-capitalized private-sector firms to realize a major investment project. A characteristic feature of such cooperation is that the parties pursue common objectives and interests as regards the project itself even though they differ in terms of their broader functions.

Syndicated guarantee facility

A loan facility structured by an international banking syndicate in order to furnish financial guarantees by way of assurance for clients.

United States Green Building Council

The United States Green Building Council operates under the umbrella of the World Green Building Council, which promotes sustainable construction and resource-friendly buildings worldwide. The Green Building Council also awards Leadership in Energy and Environmental Design (LEED) certification, setting precise standards for sustainable buildings. The LEED rating system is organized into five categories: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality.

Five Year Summary

		2005*	2006	2007	2008**	2009
New orders	EUR million	15,599	20,565	23,509	25,284	22,473
Of total: domestic		2,545	1,744	3,192	2,549	1,919
international		13,054	18,821	20,317	22,735	20,554
Work done	EUR million	14,854	16,719	18,773	21,620	20,566
Of total: domestic		2,383	2,222	2,410	2,820	2,284
international		12,471	14,497	16,363	18,800	18,282
Order backlog at year-end	EUR million	21,096	25,134	29,894	30,961	35,593
Of total: domestic		3,325	2,799	3,904	3,603	3,215
international		17,771	22,335	25,990	27,358	32,378
Employees (average for year) Total	Number	41,469	46,847	52,449	64,527	66,178
Of total: domestic		9,761	9,639	10,152	11,004	11,135
international		31,708	37,208	42,297	53,523	55,043
External sales	EUR million	13,653	15,466	16,452	18,703	18,166
Decrease/increase on prior year	%	14.3	13.3	6.4	13.7	(2.9)
Materials	EUR million	10,422	11,682	12,327	14,273	12,563
Materials ratio	%	76.3	75.5	74.9	74.7	69.0
Personnel costs	EUR million	2,162	2,584	2,807	3,266	3,501
Payroll ratio	%	15.8	16.7	17.1	17.1	19.2
Depreciation and amortization	EUR million	287	325	312	392	501
Profit from operating activities	EUR million	280	179	123	287	525
Net income from participating interests	EUR million	63	130	354	306	230
Net investment and interest income	EUR million	(6)	29	24	(96)	(155)
Profit before taxes	EUR million	337	338	501	497	600
Of which: Americas	EUR million	48	59	76	77	94
Asia Pacific	EUR million	203	262	404	327	433
Concessions	EUR million	—***	—***	155	110	79
Europe	EUR million	42	2	(149)	(35)	30
Real Estate	EUR million	—***	—***	59	32	27
Services	EUR million	—***	—***	20	23	17
Return on sales	%	2.5	2.2	3.0	2.7	3.3
Profit after taxes	EUR million	156	201	341	324	408
Return on equity	%	7.1	8.6	11.4	11.5	12.3
Consolidated net profit	EUR million	68	89	141	157	195
EBITDA	EUR million	652	652	852	1,045	1,269
Operating earnings (EBITA)	EUR million	366	327	539	653	767
Of which: Americas	EUR million	55	60	77	103	110
Asia Pacific	EUR million	220	277	441	427	536
Concessions	EUR million	—***	—***	185	146	114
Europe	EUR million	27	(3)	(132)	(30)	27
Real Estate	EUR million	—***	—***	63	59	53
Services	EUR million	—***	—***	22	27	19
Earnings per share	EUR	1.07	1.37	2.07	2.26	2.93
Dividend per share	EUR	0.90	1.10	1.30	1.40	1.50****
Dividends paid	EUR million	63	77	91	98	105
RONA	%	13.1	12.1	14.9	13.1	13.8
Free cash flow ¹	EUR million	336	486	(945)	(635)	101

* Restated due to first-time application of IAS 19 ** Restated due to the retrospective application of IFRIC Interpretation 15

*** Division only in existence since change in Group structure effective January 1, 2008 ****Proposed dividend per share

¹ Free cash flow: Net cash provided by operating activities and net cash used for investing activities

		2005*	2006	2007	2008**	2009
Assets						
Intangible assets	EUR million	330	397	505	483	504
Property, plant and equipment	EUR million	682	752	1,028	1,120	1,492
Investment properties	EUR million	207	46	41	43	38
Financial assets	EUR million	913	951	2,018	2,099	2,284
Other non-current assets	EUR million	248	267	666	665	836
Non-current assets	EUR million	2,380	2,413	4,258	4,410	5,154
As % of total assets		29.5	28.9	40.0	36.6	41.1
Inventories	EUR million	35	73	120	944	1,116
Receivables and other assets	EUR million	3,622	3,542	4,110	4,113	3,703
Marketable securities and cash and cash equivalents	EUR million	2,024	2,328	2,169	2,597	2,577
Current assets	EUR million	5,681	5,943	6,399	7,654	7,396
As % of total assets		70.5	71.1	60.0	63.4	58.9
Total assets	EUR million	8,061	8,356	10,657	12,064	12,550
Liabilities and Shareholders' Equity						
Attributable to the Group	EUR million	1,665	1,808	2,298	1,931	2,210
Minority interest	EUR million	537	538	703	895	1,102
Shareholders' equity	EUR million	2,202	2,346	3,001	2,826	3,312
As % of total assets		27.3	28.0	28.2	23.4	26.4
As % of non-current assets		92.5	97.2	70.5	64.1	64.3
Non-current provisions	EUR million	365	230	345	435	409
Non-current financial liabilities	EUR million	831	772	1,324	1,678	2,048
Other non-current liabilities	EUR million	96	82	162	313	296
Non-current liabilities	EUR million	1,292	1,084	1,831	2,426	2,753
As % of total assets		16.0	13.0	17.2	20.1	21.9
Current provisions	EUR million	644	789	755	715	906
Current financial liabilities	EUR million	257	272	643	1,248	796
Other current liabilities	EUR million	3,666	3,865	4,427	4,849	4,783
Current liabilities	EUR million	4,567	4,926	5,825	6,812	6,485
As % of total assets		56.7	59.0	54.6	56.5	51.7
Total assets	EUR million	8,061	8,356	10,657	12,064	12,550
Property, plant and equipment ratio ²	%	8.5	9.0	9.6	9.3	11.9
Capital expenditure, including acquisitions total	EUR million	574	1,044	1,774	1,156	968
Of total: Intangible assets	EUR million	11	11	6	13	14
Of total: Property, plant and equipment	EUR million	486	727	697	633	812
Of total: Investment properties	EUR million	–	–	–	–	–
Of total: Financial assets	EUR million	77	306	1,071	510	142
Capital expenditure ratio ³	%	20.7	31.0	25.0	21.9	22.1
Depreciation and amortization ratio ⁴	%	57.8	44.0	44.4	60.7	60.7
Receivables turnover ⁵		4.5	4.6	4.7	5.4	5.1
Total assets turnover ⁶		1.8	1.9	1.7	1.6	1.5
Net financial assets/(liabilities)	EUR million	1,033	1,387	323	(212)	(113)

² Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets

³ Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition

⁴ Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties

⁵ Receivables turnover: Ratio of external sales to average trade receivables

⁶ Total assets turnover: Ratio of external sales to average total assets

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Financial Calendar

May 11, 2010

General Shareholders' Meeting
10:30 a.m., Congress Center Essen, West Entrance,
Norbertstrasse, Essen

May 17, 2010

Quarterly Report at March 31, 2010
Conference Call with Analysts and Investors

August 16, 2010

Half-Year Report at June 30, 2010
Analysts' and Investors' Conference

November 11, 2010

Interim Report at September 30, 2010
Conference Call with Analysts and Investors

March 29, 2011

Business Results Press Conference
Analysts' and Investors' Conference

May 12, 2011

General Shareholders' Meeting
10:30 a.m., Grugahalle,
Norbertstrasse, Essen

May 16, 2011

Quarterly Report at March 31, 2011
Conference Call with Analysts and Investors

This annual report is a translation of the original German version, which remains definitive.

For the online version of this annual report, please see www.hochtief.com/ar09.

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HOCHTIEF

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