Annual Report 2008

QUALITY SECURITY OF SUPPLY

REFURBISHMENT AND UPGRADING BUILDING DIAGNOSIS

WIND POWER HYDROPOWER

PARTNERSHIP INNOVATION TRUST

INITIATIVE REVITALIZATION

KNOW-HOW VISIONARY PROJECTS

RESPONSIBILITY ECOLOGY

REDUCTION OF CO_2 EMISSIONS EFFICIENCY

ENERGY MANAGEMENT

INFRASTRUCTURE GREEN BUILDING

SUSTAINABILITY GEOTHERMAL ENERGY

Turning Vision into Value. HOCHTIEF

Contents



Our Company at a Glance in 2008



Corporate Headquarters

HOCHTIEF Americas Division

The Americas division coordinates the activities of HOCHTIEF companies in the Group's construction and services modules in the US, Canada and Brazil.

Through its subsidiary Turner, HOCHTIEF is the leading general builder in the USA, the world's biggest construction market. Turner is No. 1 in the growth segments of education, healthcare and office properties. It likewise leads the increasingly important green building segment, which has grown to become a market driver in the US.

HOCHTIEF's subsidiary Flatiron is a frontrunner in the US infrastructure sector. Flatiron is also a major pillar of our activities in the growth segment of public-private partnerships for infrastructure projects in the USA and Canada.

Subsidiary HOCHTIEF do Brasil has been among the leaders on the Brazilian construction market for several decades. Alongside building and infrastructure construction, the company also offers facility management services.

HOCHTIEF Asia Pacific Division

The Asia Pacific division orchestrates our activities in Australia and Asia. HOCHTIEF leads the Australian market through its majority share in the Leighton Group. Leighton's capabilities include building, infrastructure construction, mining and concessions, project development and industrial services.

Leighton spans the entire construction value chain with its operational units comprising Leighton Contractors, Thiess, John Holland and Leighton Properties in Australia, plus Leighton Asia, Leighton International, and the company's interests in the Al Habtoor Leighton Group in the Gulf region.

Besides taking a top spot in the infrastructure and project development segments, Leighton is systematically expanding its global leadership position as a mine operator and manager in contract mining. Strongly positioned in the Australian market, Leighton is stepping up its activities in selected Asian countries and in the Gulf region.

HOCHTIEF Concessions Division

HOCHTIEF Concessions and its two subordinate companies HOCHTIEF AirPort and HOCHTIEF PPP Solutions preside over the development and implementation of concessions and operation projects in the Concessions division. The division's business segments include airports, toll roads, public buildings, renewable energy, and further public-private partnership (PPP) projects.

HOCHTIEF AirPort is among the preeminent international independent airport management companies. The business portfolio includes interests in Athens, Budapest, Düsseldorf, Hamburg, Sydney and Tirana airports. These six airports served a combined total of around 90 million passengers in 2008.

Paving the way for further profitable growth, HOCHTIEF AirPort teamed up with major investors in 2005 to establish HOCHTIEF AirPort Capital. A targeted portfolio expansion strategy places the emphasis on long-term investments.

HOCHTIEF PPP Solutions designs, finances, builds and operates public building and transportation infrastructure projects on a public-private partnership basis. The portfolio embraces eight toll road projects with a total length of almost 800 kilometers along with 89 schools serving over 60,000 students, one town hall and one barracks. The company 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 HOCHTIEF's expertise in its 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. The company also operates as a property developer focused on high-quality residential real estate. HOCHTIEF Construction additionally serves as a general contractor on major projects outside Europe. A large share of construction work is done under partnership-based business models such as PreFair.

HOCHTIEF Construction provides preconstruction, construction and post-construction services, with comprehensive packages extending from building diagnosis through to location analysis. The company also boasts one of Germany's largest engineering consultants in HOCHTIEF Consult, which numerous clients turn to for major projects such as power stations.

Subsidiary Streif Baulogistik is a service provider for construction, construction-related infrastructure and logistics. Besides carrying out site installation, Streif Baulogistik coordinates and streamlines building site processes for HOCHTIEF companies and external clients.

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 performs integrated planning, development and marketing for large real estate projects such as hotel, office and residential buildings, urban developments and retail, logistics and special-purpose properties in Europe.

aurelis Real Estate is a jointly controlled entity 50 percent owned by HOCHTIEF since 2007. The company has some 24 million square meters of real estate close to city centers, mainly in large cities and metropolitan regions. Some of this real estate is marketed for project development. The remainder comprises portfolio properties which the company rents out to commercial users. There are currently some 4,500 leases on the books.

HOCHTIEF Property Management, Germany's leading property management provider, acts on behalf of real estate investors, representing ownership interests to secure sustained higher returns on investment.

In addition, we have many years' experience in managing and marketing large real estate portfolios in the asset management segment.

HOCHTIEF Services Division

The Services division is in charge of the facility management and energy management segments.

HOCHTIEF Facility Management is a leading provider of integrated facility management solutions in Europe. Sectors served include the automotive industry, chemicals/pharmaceuticals and electrical engineering/semiconductors, financial services/real estate investment, airports/aviation, healthcare, and event facilities. The company applies an integrated approach to buildings, properties, processes and facilities, packaging solutions that go 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. 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. In this way, HOCHTIEF reduces clients' operating costs and makes it possible to save some 150,000 metric tons of carbon emissions a year.

Our Strengths

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 its global network, HOCHTIEF is on the map in all the world's major markets. We believe in sustainable growth and take on responsibility.

HOCHTIEF offers a portfolio comprising four 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.

Throughout the Group, we are committed to the sustainable use of energy as well as to conserving resources and protecting the environment. We contribute to achieving this in diverse ways, such as through innovative green building, services including energy management as well as through the construction and operation of facilities with which electricity is generated using renewable energy sources.

“They say there is strength in tranquility. When I’m doing Pilates, I’m completely focused—and that leaves me totally relaxed afterwards. I regain my equilibrium when I’ve recharged my batteries. So I can once again apply myself fully to all that’s important to me. At home and at work.”

Birgit Bruns, 41, mother of two, works with HOCHTIEF Energy Management in Hamburg—the HOCHTIEF unit that ensures energy is used efficiently. Modern energy contracting significantly cuts energy costs. And due to lower CO_2 emissions, it also benefits the environment. As an engineer, Birgit Bruns is mainly responsible for quality management in projects.

Dear Shareholders and friends of HOCHTIEF,

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

2008 was a turbulent year in which the financial crisis and its global repercussions presented the world with new challenges. Overcoming these challenges will be a major preoccupation in every area of society in 2009. Despite the crisis, 2008 was also a successful year for the HOCHTIEF Group. We were able to lift our guidance on two occasions and surpassed all the corporate goals set for the reporting period. Consolidated net profit rose by just over 24 percent year on year to EUR 175 million—figures we are proud of.

Despite the company's solid performance, HOCHTIEF shares were unable to buck the stock market trend and fell sharply during the course of year, ceasing to reflect the Group's successful operations and value. The crisis also had a negative impact on the stock price of listed project companies in our subsidiary Leighton's business portfolio. Although these prices similarly failed to reflect the real value of the concession projects, Leighton's Board of Directors decided to take the precaution of writing down its interests as of December 31, 2008 to their market capitalization on the basis of current stock prices.

HOCHTIEF continued its track record of success in spite of these effects. It is precisely at times like this that we see we have been far-sighted in building and expanding our Group. The year under review saw us continue to pursue our viable life cycle strategy unchanged. Our services cover every stage of the project life cycle. That is to say, the modules in our product and service range—development, construction, services, and concessions and operation—span the entire value chain of real estate, facilities and infrastructure projects. This strategy involves a joined-up approach across the Group, which means our clients can count on international expertise, proven best-practice solutions, synergy benefits and premium-quality services across the board. Our intense focus in recent years on high-growth markets, industries and regions is also paying off.

We are going into 2009 feeling confident. Our order backlog stands at more than EUR 30 billion. At the beginning of the year, this already ensures enough business for most of 2009. In addition, we are expecting the measures aimed at reviving the economy to have an effect in several countries. Everywhere, these measures are centered on infrastructure, one of the HOCHTIEF Group's focuses.

Our emphasis in the past on conservative financing, low net debt and a healthy equity ratio is now paying off. This, combined with our compelling business model and transparent reporting during the fiscal year, prompted 18 out of 24 analysts to rate HOCHTIEF stock a buy and four to give a hold recommendation as of the end of 2008.

In response to the financial market crisis, we have taken the precaution of boosting our cash reserves. We are expecting both equity investments in development projects and borrowing costs to be higher for some time to come.

All six divisions contributed to HOCHTIEF's success in 2008. At HOCHTIEF Americas, our subsidiaries Turner and Flatiron turned in another excellent performance in their respective segments, building and infrastructure construction. Major contracts included the Great American Tower in Cincinnati, an office tower worth EUR 165 million which is to be built by Turner. Flatiron, meanwhile, was appointed leader of a joint venture responsible for building a section of the Edmonton Ring Road in Canada worth EUR 624 million. By collaborating, the two companies are demonstrating new strength. They will work together on the refurbishment of Sacramento International Airport, for example, and also have plans for other joint projects.

The construction business in Australia, Asia and the Middle East that is covered by Leighton turned in a strong performance in 2008, with large infrastructure and building construction contracts filling the HOCHTIEF Asia Pacific division's order books. These included the EUR 1.02 billion Dubai Airport Concourse 3 project awarded to a joint venture in which the Al Habtoor Leighton Group holds a 40 percent stake. Despite the writedown for concession projects, Leighton's operating business is in the best of health. This was seen in August 2008, for instance, when our subsidiary carried out a EUR 410 million stock issue in which we participated fully, purchasing new shares worth almost EUR 226 million.

The companies in the HOCHTIEF Concessions division also contributed to the solid Group results. At HOCHTIEF AirPort, the airport holdings performed well. Through excellent management, we are realizing the airports' full potential, for example, by expanding non-aviation business. HOCHTIEF PPP Solutions had a very successful year. Among other things, the EUR 2.2 billion Elefsina-Patras-Tsakona toll road project in Greece with a concession term of 30 years reached financial close. A look at our concessions portfolio shows that our infrastructure projects largely held steady amid the current difficult market conditions. At EUR 1.47 billion, the net present value of the portfolio is a marginal 4.8 percent down on the previous year, mainly because of changes to the portfolio. We continue to see considerable opportunities for our company in the concessions business, particularly in the USA.

HOCHTIEF Europe showed once again that our Group is very well placed in the European market. We benefited in particular from growth in Eastern Europe and Russia—examples of current construction contracts include a production plant for glass manufacturer Euroglass Polska in Poland and a chocolate factory for the Ferrero Group in Russia. In Germany too, we have been successful on the new business front. We have restructured our building construction unit and will continue to scale back our construction work in this segment in Germany as planned. Our interest is in business where we can set ourselves apart from competitors on the basis of a fair distribution of risk, the high quality we offer and our partnership-based models. Our firm aim is for the HOCHTIEF Europe division to achieve a pretax return on sales of three percent in 2010.

In the HOCHTIEF Real Estate division, the quality provided by HOCHTIEF Property Management proved to be a winning proposition. Among other things, the company was awarded the contract to manage aurelis Real Estate's entire German portfolio. 2008 therefore saw us become Germany's largest property manager. At HOCHTIEF Projektentwicklung, building started on a number of new projects, including in the growing segment for nursing care facilities. In the year under review, aurelis Real Estate successfully marketed large amounts of space in several major German cities.

Our business in the HOCHTIEF Services division also performed well. HOCHTIEF Facility Management once again proved to be a successful outsourcing partner for public-sector and industrial partners, assuming responsibility for the operation of numerous Siemens sites for a further six years, for example. HOCHTIEF Energy Management's business is also becoming a driver of growth at a time when both energy prices and environmental awareness are on the increase. The company, which offers modern contracting models, booked numerous new orders.

Energy efficiency is of considerable importance to HOCHTIEF. The services we deliver as an international construction services provider play a part in exploiting alternative energies and realizing potential savings. In 2008, HOCHTIEF was rewarded for its commitment to sustainability by being listed once again in the Dow Jones Sustainability Indexes—for the third time in a row. We are proud of this accolade and continue to see sustainability as a major responsibility for our Group going forward. We would like to take this opportunity to tell you a little more about our commitment to energy efficiency: On the image pages in this Annual Report, you will find numerous examples of current projects in this area.

In what was a difficult year on the stock markets, we are delighted that you, our shareholders, remained loyal to our Group and trusted in its strategy. We intend to perform to your satisfaction again in fiscal year 2009 and now have 64,527 employees in all four corners of the globe working toward that goal. To all of them, we would like to express our sincere thanks.

Ahead of us lies a year paved with challenges. It will also be one of opportunities—partly because of the economic stimulus programs now being launched in a number of countries. HOCHTIEF is ready and waiting to capitalize on those opportunities. We invite you to join us on our journey!

Essen, February 23, 2009

Sincerely yours,

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 fiscal year 2008, the Supervisory Board performed the tasks required of it by law and the Company's Articles of Association. It oversaw and regularly advised the Executive Board in its management of the Company and in doing so was involved in all decisions of fundamental importance to the Company. The Executive Board provided the Supervisory Board with regular written and verbal reports containing full and timely information on the financial position and development of both the Company and the Group, significant transactions and the current results of operations, including information on the risk position and risk management.

The Supervisory Board held five meetings in fiscal year 2008, including one extraordinary meeting. 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.

Notably during the second half of the year, discussions were dominated by the financial and economic crisis and the situation on the financial markets, which affected operations across the different divisions and markets to varying degrees and also impacted on medium-term financial planning, especially as regards the dependability of forecasts and plans. These discussions also covered capital allocation and more specifically the issue of raising funds as well as safeguarding liquidity and capital. With this in mind, the Supervisory Board discussed exchange rate movements, especially the volatility of the US dollar and the weakness of the Australian dollar, and the measures necessary to minimize their impact on the Group. Subjects closely related to these two focuses of attention included the Group's valuation by the financial market and in particular analysts, the investor relations strategy, HOCHTIEF's stock price performance and the effects and advantages of the stock buy-back program.

Turning to other closely related matters, the Supervisory Board discussed the changes to the ownership structure resulting primarily from the departure of a major shareholder and the market rumors regarding the large shareholders' stake, their long-term interests and the repercussions for the Group. The Supervisory Board therefore devoted special attention to the strategic initiatives being pursued by the Group with an eye to optimizing its financial resources, expanding into high-growth markets, setting itself apart through technology leadership, expanding its service business and further networking its divisions along the value chain (life cycle approach). Other key topics were the change in the margins achieved by the various operating companies, both compared with competitors and bearing in mind the different business models, as well as the advantages and consequences for the divisions' increasingly networked approach. The Supervisory Board obtained information on this directly from the management of the operational units at its meetings and from competitive analyses of the different markets.

The medium-term corporate plans based on value-driven management remained a regular topic of discussion, as did the performance and long-term appreciation of the portfolio in the newly established Concessions division (HOCHTIEF AirPort, HOCHTIEF PPP Solutions).

Looking across the Group, the Supervisory Board dealt with business expansion in the Middle East through the

HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions. Turning to specific projects, at a meeting at Hamburg Airport, it was briefed in detail on the development of the airport's business and the projected new construction work.

The Americas division focused among other things on Flatiron's integration into the Group and its collaboration with Turner and HOCHTIEF PPP Solutions. The Supervisory Board dealt on a regular basis with the development of the business and the progress being made on the networking front, which exemplifies the cross-selling potential within the Group. It also focused on the effects of the subprime-triggered financial market crisis on Turner's US construction business and its markets and market segments, which nevertheless remain in robust health and on a growth path. Another issue in the spotlight was the provision of bonds as security, particularly for public-sector clients—a practice vital to our business operations. The Supervisory Board devoted special attention to the situation at HOCHTIEF do Brasil and the losses on the construction of small hydroelectric power stations as a result of bad weather.

For the division as a whole, it can be said that the US-led economic crisis has so far had very little impact on the business of Turner and Flatiron; on the contrary, it offers opportunities and a bright outlook for growth, both in the segments of the construction market for healthcare and commercial properties and in the civil engineering market as a result of the infrastructure programs planned by the US government and the related plans in the concessions segment for toll roads and PPP projects.

In the Asia Pacific division, discussions centered on the strong performance sustained by Leighton, which matched the operating records set in 2007 and invested heavily in its infrastructure and contract mining businesses. Another main topic of discussion was the general business trend in the Australian and Asian construction and commodity markets. This led to the stock issue at Leighton Holdings Limited, which is to be used to finance growth initiatives such as expansion into selected Asian and Arab countries, the internationalization of the contract mining business and entry into the Australian market for residential real estate development projects. The Supervisory Board also dealt with Leighton's current involvement in the Gulf region, in particular the acquisition of Al Habtoor and the situation in the commodity sector, which has so far had no effect on Leighton's contract mining business. Towards the end of the year, discussions focused on the position of several listed project development companies and the carrying amounts at which they are recognized in the consolidated financial statements.

The Supervisory Board welcomed the formation of the new Concessions division, which combines the airport and PPP business segments.

The Supervisory Board received regular information on the performance of the individual airport holdings and looked in particular at the possible effects of a drop in passenger numbers in response to the economic crisis. The assumption of responsibility for operations at Budapest Airport and the latter's financial performance received especially close attention. HOCHTIEF AirPort ranks among the leading airport managers worldwide and has strengthened its position as a creator of value for the entire Group.

At HOCHTIEF PPP Solutions, discussions focused on the company's entry into the US PPP market and the benefits in this context of its collaboration with Flatiron. Active portfolio management has already proven its worth as a core element of the business strategy, paving the way for HOCHTIEF PPP Solutions to post its first operating profit.

In the Real Estate division—which, following the restructuring, comprises the project development and property management businesses—discussions centered on the activities of aurelis and the solid results from this participating interest, the successful expansion strategy being pursued in new markets (Switzerland, Russia) and product segments (nursing care facilities and healthcare properties) and strict project selection in response to the shocks to the market brought on by the financial crisis. The Supervisory Board also concerned itself with HOCHTIEF Property Management, now one of Germany's leading businesses, with trends in the rental and investment markets as well as with the impact of the economic environment on individual projects.

Once again, the Supervisory Board devoted close attention to the Europe division and in particular the position of the German building construction business; it kept a close watch on the restructuring measures that were being taken and received regular progress reports, also from the management of HOCHTIEF Construction itself. The focus here was on making capacity and staff adjustments and on defining the final target structures in close cooperation with the employee representatives. Importantly, legacy projects that had been running at a loss due to price increases and problems with subcontractors were completed and processes closely supported by risk management and control systems.

As in previous years, the Supervisory Board examined the European construction markets from a competitive and comparative perspective and was briefed on the expansion of direct business in the Gulf region.

In the newly formed Services division combining HOCHTIEF Facility Management and HOCHTIEF Energy Management, the Supervisory Board dealt in detail with the division's service range, key financial data and strategic projects. HOCHTIEF Services is the first port of call for companies faced with complex outsourcing decisions. Further topics of discussion included the process of consolidation and pressure on margins in a market that is becoming an oligopoly, resulting in the need to use technical building management as a differentiator, and the expansion of the international business.

In addition, the Supervisory Board received regular updates on the development of claims and variation orders within the Group, the compliance structure and audit activities. Other topics included the sufficient amount of management capacity despite the Group's strong growth and, in the same context, the working group concerned with international recruiting.

The Supervisory Board regularly turned its attention to 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 Audit Committee were amended when the Code was revised.

The Supervisory Board has formed five committees, whose members are listed in the Boards section. The Audit Committee met three times in 2008. It looked in detail at the quarterly results and annual financial statements and also devoted considerable attention to Internal Auditing's audit findings and the audit plan for 2009. In addition, the Audit Committee discussed compliance organization within the HOCHTIEF Group, the individual divisions' business models, aspects of the internal control system, the motion for the General Shareholders' Meeting regarding the nomination for external auditor, priority areas for auditing 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 passed the necessary resolutions regarding the Executive Board members' employment contracts.

The Nomination Committee met twice during the year under review and proposed suitable candidates for the Supervisory Board to include in the nominations it presented to the General Shareholders' Meeting in May 2008.

The Ad hoc Committee that was established for a period of one year did not meet before reaching the end of its term on February 26, 2008.

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 2008.

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 2008, 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 8, 2008 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, 2009 and the Supervisory Board's financial statements meeting on March 18, 2009. The Executive Board also provided verbal explanations at these meetings, while the auditors responsible reported on the main results of the audit 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.

On January 1, 2008, Mr. Raimund Neubauer joined the Supervisory Board as the alternate member elected to replace Mr. Fritz Voelkner, who left the Company on reaching retirement age. On September 9, 2008, Dr. Dietmar Kuhnt stepped down from the Supervisory Board. Particularly during the almost nine years to 2004 when he served as Chairman of the Supervisory Board, Dr. Kuhnt played a key role in shaping HOCHTIEF. The Supervisory Board has thanked Dr. Kuhnt and Mr. Voelkner for their years of dedicated service and expert advice.

By resolution of Essen Local Court, Mr. Tilman Todenhöfer was appointed a member of the Supervisory Board effective September 10, 2008.

The Supervisory Board appointed Dr. Frank Stieler a member of the Executive Board for a five-year term of office effective March 1, 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 2008.

Essen, March 18, 2009

On behalf of the Supervisory Board

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

– Chairman –

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

Executive Board

Dr.-Ing. Herbert Lütkestratkötter (58)
has been Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft since April 1, 2007. Lütkestratkötter holds a doctorate in engineering and is responsible for the HOCHTIEF Americas and HOCHTIEF Europe divisions plus the Corporate Development and Corporate Communications corporate centers. He is also in charge of corporate governance. Dr. Lütkestratkötter joined HOCHTIEF in 2003 and was appointed Deputy Chairman of the Executive Board in December 2006.

Attorney-at-law Albrecht Ehlers (51)
joined HOCHTIEF in 2000 and became a member of the HOCHTIEF Aktiengesellschaft Executive Board in November 2004. A law graduate, Ehlers is responsible for labor relations and the HOCHTIEF Services division. His responsibilities also include the Human Resources corporate center, occupational health and safety and environmental protection, corporate social responsibility, insurance and the Service Center.

Dr. rer. pol. Burkhard Lohr (45)
became a member of the Executive Board on January 1, 2006. As Chief Financial Officer (CFO), he is responsible for the Finance/Investor Relations corporate center and for Controlling, Accounting and Tax. Lohr holds a doctorate in economics and had already worked as construction administrator with HOCHTIEF Aktiengesellschaft prior to his studies. He rejoined HOCHTIEF in 1993 as a member of the Group Auditing team. From 1995 onward, he held a number of operational management positions in Munich and Essen. Dr. Lohr switched to the Executive Board of HOCHTIEF Construction AG in January 2002.

Dr. rer. pol. Peter Noé (51)
has been a member of 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 studied business administration at the University of Cologne.

Prof. Dr.-Ing. Martin Rohr (53)
was appointed as a member of the HOCHTIEF Aktiengesellschaft Executive Board in June 2004 and is responsible for the HOCHTIEF Real Estate division and the Global Procurement corporate center. Rohr holds a doctorate in construction engineering. Having gained initial professional experience, he joined Otto Rohr GmbH & Co. KG in Helmstedt as Prokurist—a corporate officer holding full power of attorney—in 1986. HOCHTIEF took over the Rohr group of companies in 1994. In the years that followed, Rohr was responsible for the Bavaria main branch, the Civil division as well as international project business. He became a member of the HOCHTIEF Executive Board in December 2000 before switching to the Executive Board of HOCHTIEF Construction AG in April 2001.

Corporate Governance

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

HOCHTIEF has a tradition of good corporate governance, which promotes confidence in the Company among investors, clients and the workforce. We model our corporate governance on the German Corporate Governance Code, which was first introduced in 2002. We have fully complied with all of its recommendations since 2006. A Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG) showing that HOCHTIEF continues to comply with all recommendations of the German Corporate Governance Code was submitted by the Executive Board and Supervisory Board in March 2009.

HOCHTIEF has always based its actions on nationally and internationally accepted standards for good and responsible corporate governance. Corporate governance is for us a benchmark that embraces all parts of the Company, and we are determined to continuously develop the way in which its principles are translated into practice.

Detailed information on the subject of corporate governance is provided on our website*. The site contains both the current Compliance Declaration and those issued in the past. We also publish all of the Company's press releases and ad-hoc disclosures on our website.

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

We alert shareholders to important dates on a continuous basis with the financial calendar published in our annual report and quarterly reports as well as on our website. Two annual meetings for analysts and investors are supplemented by conference calls when our quarterly results are published. All presentations for these events may be freely viewed online. Recordings of the meetings are also available for playback on our website.

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 meeting. Ahead of the General Shareholders' Meeting, the annual report and the notice of the meeting provide shareholders with full information on the preceding fiscal year and all items on the agenda. All documents and information relating to the General Shareholders' Meeting are additionally made available together with the annual report on our website.

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 webcast.

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 2008. This will be repeated at the 2009 meeting.

A core element of good corporate governance is transparency. This is particularly important in situations where transactions entered into by the Executive Board could give rise to conflicts of interest. We are able to report that there were no material transactions in 2008 between Executive Board members or persons close to them and HOCHTIEF or any Group company. Similarly, no contracts were entered into 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, 2008 (Point 6.6 of the Code).

One focus of corporate governance activities during the year was 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.

Compliance activities during the year under review centered around fighting corruption. The Executive Board again made absolutely clear that it will not accept any corruption-related infringement. Breaches of the rules on fighting corruption are not tolerated in any way and trigger sanctions against the members of staff concerned.

Workforce training is provided on important aspects of the law and internal directives. Compliance officers are available to answer specific questions. Classroom-based training is supplemented with interactive e-learning programs, for example, on combating corruption. A key topic in this training is high-risk behavior (such as corruption or collusive bidding). As an additional element of its compliance activities, HOCHTIEF has now opened a whistle-blowing hotline alongside its existing ethics hotline. We have entrusted the running of the new hotline to an independent law firm. Both lines are there for members of the Group's workforce to report breaches of the law or directives. Informants can remain anonymous if they wish.

The Supervisory Board's Audit Committee discussed the compliance program in its meeting of November 11, 2008 and noted it with approval.

*See glossary on page 193.

**See glossary on page 193.

Compensation report

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

Executive Board compensation for the 2008 fiscal year

At the proposal of the Human Resources Committee, the full Supervisory Board decides on the Executive Board compensation system including its main contractual elements and reviews this system on a regular basis. Specifics regarding the amount of Executive Board compensation are decided by the Human Resources Committee.

Executive Board member compensation comprises a fixed annual 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 and accident insurance.

Compensation for the 2008 [2007] fiscal year

(EUR thousand)	Fixed compensation	Performance-linked compensation	Non-cash benefits	**Total**
Dr. Lütkestratkötter	785 [672]	807 [863]	16 [12]	1,608 [1,547]
Mr. Ehlers	523 [480]	538 [616]	24 [24]	1,085 [1,120]
Dr. Lohr	523 [453]	538 [582]	29 [29]	1,090 [1,064]
Dr. Noé	523 [480]	538 [616]	18 [18]	1,079 [1,114]
Dr. Rohr	523 [453]	538 [582]	25 [24]	1,086 [1,059]
Executive Board total 2008	**2,877 [2,538]*** **	**2,959 [3,259]*** **	**112 [107]*** **	**5,948 [5,904]*** **

***Prior-year figures excluding figures for Dr. Keitel, who retired from office as Chairman of the Executive Board in 2007 (total: EUR 485,000)

The value of performance-linked compensation depends on the consolidated profit before taxes 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 2008 for offices held within the Group comprised EUR 35,000 in fixed compensation to Dr. Noé and EUR 578,000 in additional performance-linked compensation paid retroactively for FY 2007 (EUR 269,000 to Dr. Lütkestratkötter, EUR 48,000 to Mr. Ehlers, EUR 73,000 to Dr. Lohr, EUR 115,000 to Dr. Noé and EUR 73,000 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).

*See glossary on page 194.

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 2008, the stock appreciation rights under LTIP 2006 were exercised in full by all members of the Executive Board. The sums paid out amounted to EUR

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

	LTIP 2008				RSA 2008/Tranche 1		LTIP income 2008 [expense 2007]	
	Stock appreciation rights		Stock awards					
	Number	Value (EUR thousand)**	Number	Value (EUR thousand)**	Number	Value (EUR thousand)**	Value (EUR thousand)	
Dr. Lütkestratkötter	11,250	186	7,350	494	33,276	2,041	(1,314)	[2,079]
Mr. Ehlers	7,500	124	4,900	329	22,184	1,361	(358)	[1,399]
Dr. Lohr	7,500	124	4,900	329	22,184	1,361	(358)	[1,366]
Dr. Noé	7,500	124	4,900	329	22,184	1,361	(1,082)	[2,086]
Dr. Rohr	7,500	124	4,900	329	22,184	1,361	(1,025)	[1,671]
Executive Board total 2008	**41,250**	**682**	**26,950**	**1,810**	**122,012**	**7,485**	**(4,137)**	**[8,601]*** **

**Value at grant date as per actuarial appraisal

***Prior-year figures excluding figures for Dr. Keitel, who retired from office as Chairman of the Executive Board in 2007 (EUR 2,822,000)

1,485,000 (EUR 297,000 each to Dr. Lütkestratkötter, Mr. Ehlers, Dr. Lohr, Dr. Noé and Dr. Rohr).

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. Stock appreciation rights worth EUR 4,448,000 were exercised in 2008 under TERP 2004 (EUR 1,400,000 by Mr. Ehlers, EUR 1,400,000 by Dr. Lohr, and EUR 1,648,000 by Dr. Noé).

In May 2008, the Human Resources Committee launched a Retention Stock Award plan (RSA 2008) and granted the first tranche of awards under the plan. The Committee also resolved to grant a second tranche in 2009 and a third in 2010, each identical in amount to the first.

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

For his activities on the Turner Board, Dr. Lütkestratkötter has been granted awards under the Phantom Stock Award Plan for The Turner Corporation top managers and Board members in past years. 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.

Further information on the plans is provided in the Notes to the Consolidated Financial Statements on pages 140 and 161.

For fiscal 2008, the Executive Board members received fixed compensation in a total amount of EUR 2,877,000, performance-linked compensation totaling EUR 2,959,000 and combined non-cash benefits of EUR 112,000. Long-term compensation components from LTIP 2008, amounting to EUR 2,492,000, were also allocated for fiscal 2008. Total compensation for the 2008 fiscal year thus amounts to EUR 8,440,000 (2007: 9,606,000).

The granting of the first tranche of the newly launched Retention Stock Award plan (RSA 2008) resulted in a EUR 7,485,000 extraordinary increase in the total compensation amount, raising total compensation for fiscal 2008 to 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. As of the audit date of the consolidated financial statements, plans launched in the past and still in force had lost about half of their value as of the grant date. Some of the stock appreciation rights plans are currently valueless due to the high issue price.

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.

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.

	Transfers to pension provisions in fiscal 2008 [2007]		**Estimated benefit amount**
(EUR thousand)	Service cost	Interest expense	(as of Dec. 31, 2008)
Dr. Lütkestratkötter	283 [173]	192 [79]	334
Mr. Ehlers	204 [213]	85 [68]	183
Dr. Lohr	158 [150]	49 [35]	183
Dr. Noé	182 [189]	123 [103]	235
Dr. Rohr	211 [200]	154 [118]	235
Executive Board total	**1,038 [925]***	**603 [403]***	**1,170**

*Prior-year figures excluding figures for Dr. Keitel, who retired from office as Chairman of the Executive Board in 2007 (total transfer: EUR 737,000).

Dr. Lütkestratkötter, Dr. Lohr and Dr. Noé have received pension awards for their work on the Leighton Board. An expense of EUR 7,000 for Dr. Lütkestratkötter, EUR 1,000 for Dr. Lohr and EUR 10,000 for Dr. Noé was incurred for this purpose by Leighton in the 2007/2008 fiscal year.

The present value of pension benefits for current and former Executive Board members is EUR 43,564,000 (2007: EUR 45,798,000). 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 3,116,000 in 2008 (2007: EUR 2,822,000).

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 members of the Executive Board in office in the year concerned are entitled—under agreements entered into with them before 2008—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.

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 2008 based on the dividend proposed for approval at the General Shareholders' Meeting in May 2009 is shown in the table below.

Supervisory Board compensation

(EUR thousand)	Fixed remuneration	Variable remuneration	Attendance fees	Total
Dr. Martin Kohlhaussen	36	195	8	239
Gerhard Peters	24	130	8	162
Ángel García Altozano	18	97	8	123
Alois Binder	18	97	8	123
Detlev Bremkamp	20	108	8	136
Günter Haardt	18	97	8	123
Lutz Kalkofen	12	65	8	85
Prof. Dr. Hans-Peter Keitel	14	76	8	98
Dr. Dietmar Kuhnt	16	90	6	112
Raimund Neubauer	12	65	8	85
Udo Paech	12	65	8	85
Gerrit Pennings	12	65	8	85
Prof. Dr. Heinrich von Pierer	12	65	8	85
Prof. Dr. Wilhelm Simson	18	97	8	123
Tilman Todenhöfer	4	21	2	27
Marcelino Fernández Verdes	12	65	8	85
Klaus Wiesehügel	18	97	6	121
Supervisory Board total	**276**	**1,495**	**126**	**1,897**

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

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

After due appraisal, the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft submit their compliance declaration for 2008 as follows:

"HOCHTIEF Aktiengesellschaft complies in full with the recommendations of the Government Commission on the German Corporate Governance Code dated June 6, 2008 and published on August 8, 2008 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, 2008, HOCHTIEF complied until August 8, 2008 with all recommendations of the Code dated June 14, 2007 and has complied from August 9, 2008 onward with all recommendations of the Code dated June 6, 2008."

Essen, March 18, 2009

HOCHTIEF Aktiengesellschaft

For the Supervisory Board	For the Executive Board
Dr. Kohlhausssen	Dr.-Ing. Lütkestratkötter, Dr. Lohr

HOCHTIEF Stock

- **HOCHTIEF stock in the maelstrom of globally falling stock markets**
- **HOCHTIEF stock at EUR 35.74 at close of year**
- **HOCHTIEF continues to be listed in Dow Jones Sustainability Index**
- **Proposed dividend of EUR 1.40 per share**

Stock market shaped by financial crisis

In 2008, stock markets were hit by the effects of the financial crisis and fears of recession. In the first half of the year, apprehension of a recession in the USA and the sharp rise in oil prices in particular caused prices to fall. In the second half of 2008, the financial crisis spread throughout the entire global financial sector, culminating in various financial institutions declaring bankruptcy or being (partially) nationalized. Following the turbulence on the international financial markets, the German Prime All Share index stooped to an annual low of 1501.95 points on November 21, 2008, down 50.2 percent compared with its value at the end of 2007. The fall in prices was temporarily slowed by the announcement of government assistance for the financial sector and certain other industries, as well as aggressive interest rate cuts by central banks. But market uncertainty was clearly manifest in the high volatility of German listings. The international stock markets showed a similar picture. The value of the US S&P 500 dropped 38.5 percent in the course of the year, the Euro STOXX 50 lost 44.4 percent, and the Australian All Ordinaries 43 percent.

Financial sector companies and companies sensitive to economic trends were hit particularly hard by falling share prices. Moreover, construction industry clients faced diminishing availability of loans and rising costs of financing. The slowdown in growth in emerging economies, which previously acted as growth drivers for the industry, put a strain on the industry's outlook. In light of this, the DJ EURO STOXX Construction & Materials Index, which reflects the share price performance of the biggest companies in the construction industry, tumbled by 48.1 percent.

HOCHTIEF stock: Historical performance

Key figures

		2008	2007
Number of shares	Million	70.0*	70.0*
Of which issued	Million	63.0*	70.0*
Market capitalization	EUR million	2,501.8*	6,440.0*
High	EUR	88.65	96.50
Low	EUR	20.26	51.18
Close	EUR	35.74	92.00
Shares traded (average per day on Xetra)		653,300	556,600
Dividend per share	EUR	1.40	1.30
Total dividends	EUR million	98.0	91.0
Earnings per share	EUR	2.52	2.07

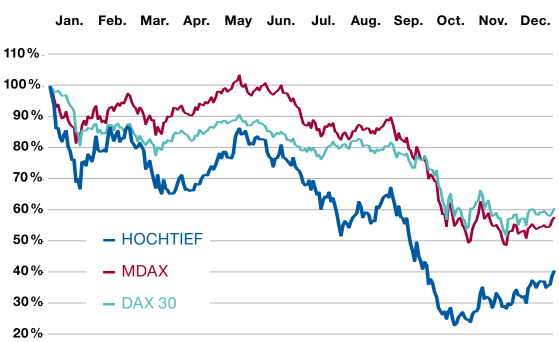
*as of year-end

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

In stark contrast to the company's very positive operating performance, the value of HOCHTIEF stock fell by EUR 56.26 over the course of the year within the context of the macroeconomic environment and in light of the turmoil on the stock markets and changes in HOCHTIEF's ownership structure, closing 61.2 percent down. In mid-October 2008, HOCHTIEF stock dipped to an annual low of EUR 20.26. However, it regained ground by the end of the year to close at EUR 35.74.

Indexed performance of HOCHTIEF stock in 2008



Absolute performance and trading volumes of HOCHTIEF stock in 2008

As HOCHTIEF is included in the MDAX, this index acts as its benchmark. It comprises the 50 largest shares from more classic sectors, after the DAX stocks, and sustained a loss of 43.2 percent as of the end of the year.

Thus despite increasing operating results and the outlook for the reporting year—which was raised twice in the course of the fiscal year—HOCHTIEF stock was worse affected by sales than corresponding benchmark indices in the reporting year. HOCHTIEF's market capitalization therefore does not adequately reflect its positive business performance. Over the last few years, we have rigorously pursued our life cycle management strategy. We have invested in profitable, construction-related services and concessions business. Hence, we cover the entire life cycle of infrastructure projects, real estate and facilities. The balanced mix of business activities is advantageous for HOCHTIEF. Furthermore, HOCHTIEF also has a successful international presence in the key marketplaces. The Group consequently benefits more than most from growth opportunities around the world, some of which result from government economic stimulus programs. The fact that HOCHTIEF raised its targets for fiscal year 2008 twice during the year and then met them comfortably confirms the success of HOCHTIEF's business model.

The average daily trading volume in the reporting period was 653,300 shares (2007: 556,600 shares), an increase of 17.4 percent (2007: 41.4 percent). This puts the annual share turnover based on a total number of shares outstanding of 63 million at 260 percent.

HOCHTIEF is listed in the Prime Standard segment on Frankfurt Stock Exchange and is a component of the MDAX index, in which it ranked fourth with a weighting of 3.79 percent (2007: sixth).

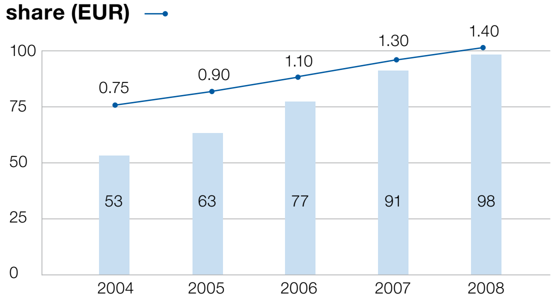
Weighting of HOCHTIEF stock (December 31, 2008)

	Weighting	Rank	Stock in index
MDAX	3.79	4	50
Dow Jones Euro STOXX	0.09	180	318
Dow Jones Euro STOXX Construction & Material	2.39	9	21
Dow Jones STOXX Sustainability	0.09	125	162
Dow Jones Euro STOXX Sustainability	0.16	67	83
MSCI World	0.01	1,244	1,693

HOCHTIEF's eligibility for inclusion in the respected Dow Jones Sustainability Indexes was reaffirmed for 2008. 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.

Dividends

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



Dividends grant our stockholders a share in the company's earnings performance. HOCHTIEF Aktiengesellschaft's Executive Board and Supervisory Board propose paying a dividend of EUR 1.40 per share (2007: EUR 1.30) for the 2008 fiscal year. This means HOCHTIEF will have increased its dividends by just under 17 percent a year for five consecutive years. This expresses our confidence in HOCHTIEF's future business performance.

Based on the closing price of EUR 35.47 at year-end, the proposed dividend gives a dividend yield of 3.9 percent (2007: 1.4 percent).

Stock buy-back

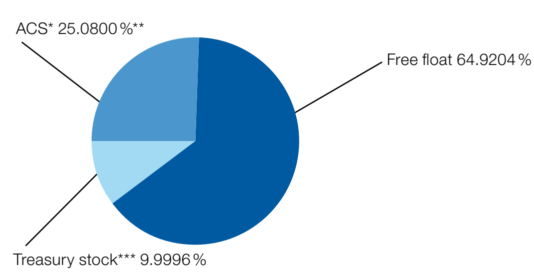
On October 21, 2008, HOCHTIEF announced its intention to buy up to almost five percent of its own shares on the stock market between October 22, 2008 and March 31, 2009 as part of a stock buy-back. In addition, HOCHTIEF Pension Trust e.V. also decided to buy up to five percent of HOCHTIEF's shares. The stock buy-back program is based on the authorization granted at the General Shareholders' Meeting on May 8, 2008, to buy back shares amounting to up to ten percent of the company's capital stock by November 7, 2009. The program was successfully completed on December 15, 2008. As of December 31, 2008, the company held 9.9996 percent of its own shares. A detailed report on the stock buy-back program can be found in the Notes to the Consolidated Financial Statements on page 160.

Ownership structure

At the end of 2008, there were 70,000,000 issued shares. Of these shares, 25.08 percent were held by ACS Actividades de Construcción y Servicios and 9.9996 percent by HOCHTIEF as treasury stock.

The major investor Oleg Deripaska, who owned 9.99 percent of HOCHTIEF's stock through his holding company Rasperia Trading, surrendered his shares in full in the course of 2008.

Ownership structure (as of December 2008)



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

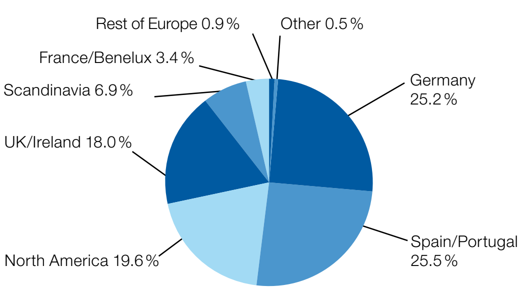
**On Feb. 25, 2008, ACS announced that it had acquired an additional 4.9 percent of HOCHTIEF stock as of Dec. 31, 2007 by way of share options.

***As of Dec. 15, 2008 (stock buy-back program): Of the 9.9996 percent (6,999,703 shares), 4.9999 percent (corresponding to 3,499,950 shares) is held by HOCHTIEF Pension Trust e.V.

Accordingly, and by the definition of Deutsche Börse AG, free float HOCHTIEF stock amounted to 64.9204 percent as of December 31, 2008. This definition includes all shares except those held by ACS Actividades de Construcción y Servicios and treasury stock.

In terms of regions, investors in Spain and Portugal accounted for just over 25 percent of shares, primarily due to the Spanish major shareholder. Shareholders in Germany held 25 percent of capital stock, North American shareholders some 20 percent and UK and Irish shareholders 18 percent.

Regional distribution (as of December 2008)



Analyst recommendations

As of the end of 2008, the company was covered by 24 analysts (2007: 19). Eighteen of them rated HOCHTIEF stock at "buy" (2007: ten) as of the year-end, and four at "hold" (2007: five). Two analysts placed HOCHTIEF at "sell" (2007: four). Thus the large majority of analysts consider the medium and long-term development of HOCHTIEF to be positive.

As of the end of 2008, analysts covering us set our target share price on average at EUR 53.46, and thus 49.6 percent higher than the closing price as of December 31, 2008.

Investor relations

Our investor relations work centers on transparent, full and timely communication 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 2008, we presented our company's strategy at 26 roadshows and eleven investor and analyst conferences. The Executive Board also used two conference calls for timely reporting on key current developments of our company.

Direct contact with the managers in charge within our company as well as on-the-spot visits to projects constitute an integral part of our communications with investors. For this reason, HOCHTIEF continued its series of Capital Markets Days in October 2008. These events furnish an opportunity for capital market participants to learn in detail about selected business activities. At the two-day 2008 Capital Markets Day in Hamburg, we presented, for example, the HOCHTIEF Real Estate division with the related activities from aurelis Real Estate and the networking of this corporate division within the HOCHTIEF Group.

All annual and interim reports, the latest analyst forecasts and all presentations used, including those used at the Capital Markets Days, 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.

Freedom sparks the drive to learn.

Curiosity and creativity are vital forces in the school of life. And frequently the perfect places for them are where there are no limits to how high your thoughts can soar.

High-quality insulation and energy-efficient electrical installations ensure that at St. Matthews School in western Scotland, CO_2 emissions and operating costs are kept to a minimum. The average wind speed where the school is located—eight kilometers per hour—is used to ventilate the building naturally. St. Matthews is one of four schools HOCHTIEF PPP Solutions is building in North Ayrshire.

HOCHTIEF's Concessions Business

- **Additions to PPP portfolio**
- **Stage set for further international expansion**
- **Infrastructure projects prove largely stable**
- **HOCHTIEF Concessions formed**

HOCHTIEF is geared to sustainable, profitable growth. A key part in this growth strategy is played by our intensive and continuously expanding activities in the concessions and operation business. These activities include the airport and public-private partnership (PPP)* segments served by the HOCHTIEF Concessions division.

Recognizing the growing importance of the concessions business to HOCHTIEF, we created a new HOCHTIEF Concessions division in the first quarter of 2008. The division is presided over by HOCHTIEF Concessions GmbH and contains HOCHTIEF AirPort GmbH and HOCHTIEF PPP Solutions GmbH. It thus brings together our activities in the airports, toll roads, public buildings and renewable energies segments. The new structure allows closer cooperation and the reaping of synergies in market development, business planning, special operator responsibilities and other technical areas—making us a strong partner for our clients.

HOCHTIEF further expanded its portfolio in the concessions business during the year. 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 optimize and provide services at 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.

Structure of HOCHTIEF's concessions business

Airports	Toll roads and transportation	Public buildings and social infrastructure
HOCHTIEF Concessions GmbH HOCHTIEF AirPort GmbH	HOCHTIEF Concessions GmbH HOCHTIEF PPP Solutions GmbH (Europe, North and South America)	HOCHTIEF Concessions GmbH HOCHTIEF PPP Solutions GmbH (Europe, North America)
	Leighton Holdings Limited (Australia, Southeast Asia)	Leighton Holdings Limited (Australia)

*See glossary on page 194.

At the end of 2008, HOCHTIEF held stakes in six airports, eight toll roads, fifteen public building projects and two renewable energy projects. Further interests are owned by our subsidiary Leighton.** Our company consequently occupies a globally leading position in the market for privately financed infrastructure projects.

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

The following information relates exclusively to the project portfolios of HOCHTIEF AirPort and HOCHTIEF PPP Solutions and their valuation.

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 largest private and independent airport investors and managers. HOCHTIEF AirPort only 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 swelled to some 90 million in fiscal 2008.

***For further information, please see pages 92–96.

****See glossary on page 193.

Hamburg Airport: The last milestone in the HAM 21 expansion project, the Airport Plaza, opened in December.

A4 road project, Thuringia: HOCHTIEF PPP Solutions and a partner are refurbishing, building and operating 45 kilometers of expressway.

We continually build on our airport expertise, creating substantial added value for the airports operated by HOCHTIEF. 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. The airports in the HOCHTIEF portfolio are also integrated into a close network, yielding synergies and fostering direct exchange of experience.

Thanks to strong performance in the first six months of the year, worldwide passenger numbers remained almost unchanged in 2008. At HOCHTIEF's airport holdings, these numbers even increased by 1.5 percent. However, the weakening economy also caused growth to slow in this segment. Nevertheless, airports continue to be a dependable long-term choice for institutional investors seeking strong returns with relatively little volatility.

With a view to the planned expansion of the airports portfolio, HOCHTIEF AirPort formed HOCHTIEF AirPort Capital (HTAC) in 2005. Around one-third of the shares in Athens, Düsseldorf and Hamburg airports and about half of the shares in Sydney Airport were sold in this connection to our investment partners Hastings Fund Management, Caisse de dépôt et placement du Québec and KfW IPEX-Bank. HOCHTIEF AirPort is interested in joining forces with these and possibly other investment partners in future to field consortia with the financial strength to master further privatization projects.

HOCHTIEF helps its investment partners clear high barriers to entry and earns transaction and management fees from them for its services. In addition, HOCHTIEF and its investment partners generate income from dividends, interest on shareholder loans, and any gains on disposals of ownership stakes.

HOCHTIEF AirPort met a commitment in 2008 to sell to HOCHTIEF AirPort Capital 1.36 percent of the Sydney Airport shares it had taken over the previous year from the Spanish construction company Ferrovial. HOCHTIEF AirPort now holds 6.8 percent of Sydney Airport and HOCHTIEF AirPort Capital 6.5 percent.

HOCHTIEF PPP Solutions*

HOCHTIEF PPP Solutions serves the concessions market covering toll roads/transportation and public buildings/social infrastructure as well as the renewable energy segment. The company supplemented its existing European and South American activities in 2008 by also expanding into North America. We aim to take a slice of the rapidly growing US infrastructure business together with our American subsidiaries Turner and Flatiron. HOCHTIEF PPP Solutions' end-to-end portfolio of capabilities comprising design, financing, construction and operation allows it to provide services along the full project life cycle while optimizing project cash flows. This shrinks the necessary capital and operating outlay, at the same time enabling proj-

*For further information, please see pages 93–96.

ects to be completed faster and more cost-effectively. As with the airport holdings, our PPP projects generate income from dividends, interest from shareholder loans as well as transaction and management fees, plus any gains on market placement or disposals of ownership stakes.

HOCHTIEF PPP Solutions' portfolio of toll road contracts comprises eight projects with a total investment volume in excess of EUR 5 billion. In all, the company is responsible for nearly 800 kilometers of toll road. Some 600 kilometers are accounted for by just two Greek PPP road projects—Maliakos-Kleidi and Elefsina-Patras-Tsakona—on which HOCHTIEF reached financial close in 2008. This also brought the concession contract for the two projects into effect. Construction, operation and toll charging promptly started as a result. The 365-kilometer Elefsina-Patras-Tsakona link is one of Europe's biggest contemporary infrastructure projects.

At the end of fiscal 2008, a further indirect 3.75 percent stake in the Vespucio Norte Express (VNE) project in Chile was sold to investor M.M. Warburg & CO for a purchase price of EUR 25.3 million. HOCHTIEF PPP Solutions has now reduced its interest in the VNE toll highway in two stages from 45.45 percent to 29.2 percent. The sale formed part of our active management of the concessions portfolio and reaffirmed our portfolio valuation.

In the buildings segment, HOCHTIEF PPP Solutions was responsible at the 2008 balance sheet date for 15 projects with a total of 89 schools serving over 60,000 students in Germany, the UK and Ireland. The company's portfolio also includes Gladbeck city hall and Munich's Fürst Wrede barracks. The latter is the German government's first security-related PPP building project. HOCHTIEF PPP Solutions reached financial close on the project in March 2008. Together with its British team, the company is bidding for contracts under the UK Building Schools for the Future investment program and is making headway in the fast-growing Greek PPP building market, where it is already involved in several bids for education, administration and security infrastructure projects.

In the renewable energy segment, HOCHTIEF PPP Solutions successfully finished drilling work in 2008 on its first geothermal power plant at Dürrnhaar in Bavaria. With the participation of a drilling team from HOCHTIEF Construction, the first phase of drilling was completed for a second plant in nearby Kirchstockach. These are the first two power plants in a series that the company and its partners are building in the southern German part of the Molasse basin.

Portfolio valuation

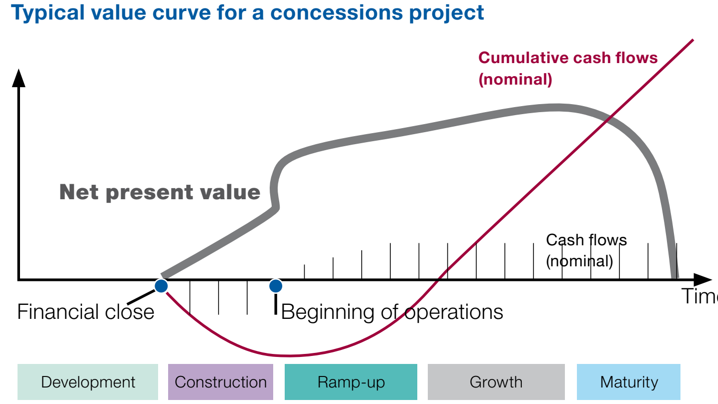
We value the assets of HOCHTIEF AirPort and HOCHTIEF PPP Solutions using the discounted cash flow (DCF) method.

In DCF-based valuation, we determine the cash flows* between project companies and HOCHTIEF—capital paid in and withdrawn, dividends, interest and fees—and discount the future cash flows by applying a risk-adjusted discount rate. Only projects that have reached financial close are included in the valuation.

*See glossary on page 193.

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.

Typical value curve for a concessions project



Discounting method for PPP projects

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**

For PPP projects, we apply a risk-adjusted discount rate determined with reference to secondary market transactions. The basic risk-free interest rate is supplemented with market-based mark-ups according to project type and completion stage. We apply a weighted discount rate of 12.3 percent for our PPP portfolio as of December 31, 2008. 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.

*See glossary on page 194.

**For further information on HOCHTIEF's concessions business, please see the Segment Reporting section on pages 88–91 and 93–96.

The net present value* of HOCHTIEF's airport portfolio as of the 2008 balance sheet date was EUR 1,245.6 million. This corresponds to a loss in value of 6.9 percent compared to the previous year. This is partly due to the resale of 1.36 percent of the shares in Sydney Airport to HOCHTIEF AirPort Capital, and partly to changes wrought by the global financial crisis and the related fall in growth expectations for air travel.

The net present value of HOCHTIEF's PPP projects as of December 31, 2008 was EUR 224.4 million, up EUR 18.5 million on the prior year. Most of the increment is accounted for by growth in the value of the portfolio, progress and project development and improvement in operating cash flows at project level. The reduction in the size of the portfolio on disposal of the 3.75 percent stake in the Vespucio Norte Express toll highway in Chile was slightly more than made up for by the gain on the award in 2008 of the Maliakos-Kleidi and Elefsina-Patras-Tsakona highway projects in Greece.

The total value of the concessions portfolio amounts to EUR 1,470 million. The future discounted cash flows exceed HOCHTIEF's EUR 820 million investment by EUR 650 million.

In view of its rapidly growing market potential internationally, the concessions business will continue to offer substantial opportunities for HOCHTIEF.**

Portfolio value of concessions projects in the HOCHTIEF Concessions division

Status: Financial close (EUR million)	Total capital required	Capital provided by Dec. 31, 2008	NPV of expected cash flows at Dec. 31, 2008	NPV at Dec. 31, 2007	Difference due to portfolio growth	Difference due to value growth
HOCHTIEF AirPort	720.0	720.0	1,245.6	1,337.8	(41.7)	(50.5)
PPP Solutions	240.4	100.0	224.4	205.9	(5.0)	23.5
Total	960.4	820.0	1,470.0	1,543.7	(46.7)	(27.0)

HOCHTIEF Concessions Division: Concessions Project Portfolio

Toll roads/transportation

Project	Total project value (EUR million)	HOCHTIEF share in concession company (%)	HOCHTIEF capital required (EUR million)	HOCHTIEF capital provided (EUR million)	Concession period
Bonaventura/Project Y, Austria	830.8	44.4	11.5	0.8	2010–2039
Elefsina-Patras-Tsakona, Greece	2,214.2	25.0	50.6	7.5	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
Puentes del Litoral, Argentina[1]	166.7	26.0	37.6	37.6	2003–2022
San Cristóbal Express, Chile[1]	107.9	50.0	13.3	7.2	2008–2037
Vespucio Norte Express, Chile	521.0	29.2	57.9	57.9	2005–2032
Via Solutions Thüringen (A4), Germany	258.5	50.0	19.4	0.5	2008–2036

[1] Not included in the portfolio value table on page 30.

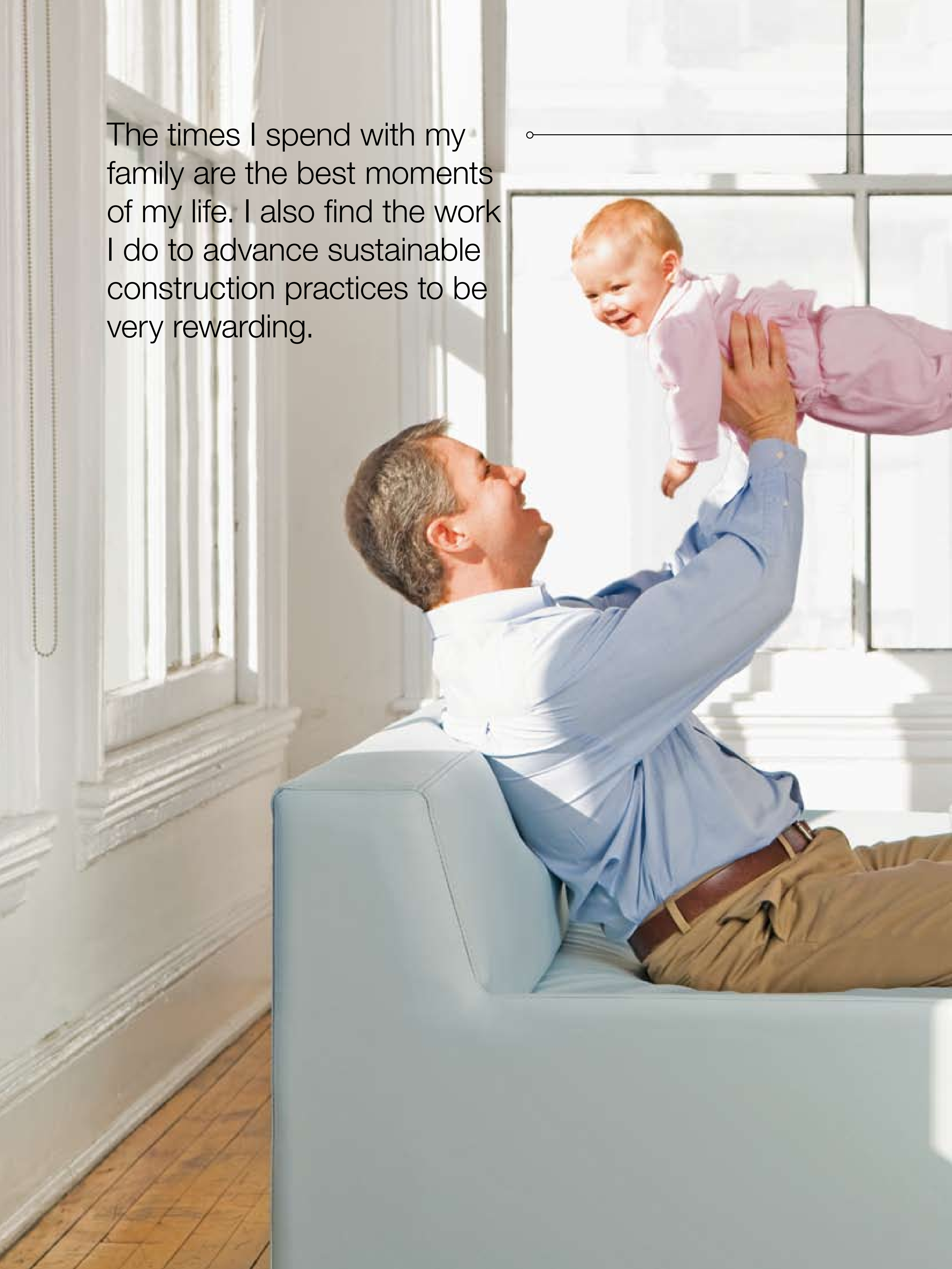
Public buildings/social infrastructure

Project	Total contract volume (EUR million)	HOCHTIEF share in project company (%)	HOCHTIEF capital required (EUR million)	HOCHTIEF capital provided (EUR million)	Concession period
Bangor & Nendrum Schools, Northern Ireland	216.6	20.4	1.2	1.2	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	0.1	2008–2028
Comprehensive school, Cologne-Rodenkirchen, Germany	126.9	100.0	2.2	0.0	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
Salford Schools, UK	218.6	25.5	1.2	0.0	2008–2033
Schools, Frankfurt, Germany	248.7	100.0	8.9	0.1	2007–2029
Schools, Cologne, Germany	125.9	100.0	4.1	4.1	2005–2029
Schools, Offenbach, Germany	410.2	94.9	0.1	0.1	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

Airports

Project	HOCHTIEF stake (%)	HOCHTIEF capital required (EUR million)	HOCHTIEF capital provided (EUR million)	Concession period
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	54.1	54.1	open-ended
Hamburg Airport, Germany	34.8	283.1	283.1	open-ended
Sydney Airport, Australia	6.8	107.1	107.1	1998–2097
Tirana International Airport, Albania	47.0	4.4	4.4	2005–2025

The times I spend with my family are the best moments of my life. I also find the work I do to advance sustainable construction practices to be very rewarding.



Charlie Whitney, 43, works for Turner Construction Company in New York. A LEED Accredited Professional, he is an instructor in Turner's sustainable construction training program, serves on a task force that is recommending changes to building codes to make them "greener" and completes projects for clients in line with LEED (Leadership in Energy and Environmental Design) certification from the United States Green Building Council.

Combined Company and Group Management Report

Group structure and business activities

Corporate Headquarters (management holding company)
Control level (corporate centers)
Service level
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH
HOCHTIEF ViCon GmbH

Divisions

HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Concessions	HOCHTIEF Europe	HOCHTIEF Real Estate	HOCHTIEF Services

Group structure spans control and service levels

HOCHTIEF Aktiengesellschaft adopted a new Group structure with six divisions from January 1, 2008. The restructuring reflected the growing importance of the services segment.* The Group is headed by the management holding company with its control and service levels.

*For further information, please see pages 92, 101 and 107.

Responsibility for the strategic and organizational development of HOCHTIEF Aktiengesellschaft resides at the control level with the Executive Board and the Group's corporate centers. These are Procurement, Controlling, Finance/Investor Relations, Human Resources, Accounting, Legal, Auditing, Tax, Corporate Development, Corporate Communications, Insurance Management and Corporate Governance/Compliance.

The service level provides a range of services for the Group as a whole. The service units are the Personnel Management Center Europe, the Service Center (services provided for operational units such as Legal, Tax and Accounting), and the occupational safety, health and environmental protection (OSHEP) competence center.

Also directly subordinate to HOCHTIEF Aktiengesellschaft are the two companies HOCHTIEF ViCon and HOCHTIEF Insurance Broking and Risk Management Solutions. These support the capability portfolio of the operational units with innovative solutions and services.

HOCHTIEF Insurance Broking and Risk Management Solutions

The insurance services provided by HOCHTIEF Insurance Broking and Risk Management Solutions span the entire project life cycle: 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. As well as insuring risks we face ourselves, we also offer these insurance services to others, including all parties involved in contracting work. Clients, owners and end users can thus purchase cover for risks such as fire and business interruption both during and after the construction phase.

HOCHTIEF Insurance also provides reinsurance services through subsidiary companies, chiefly for the HOCHTIEF Americas division. Insurance is provided in this way among other things for construction work and liability risks. The company also transfers best-practice solutions within the Group. In 2008, for example, "subguard" policies against subcontractor default—a tried-and-trusted approach used by Turner in the USA—were adopted by the HOCHTIEF Europe division. This further enhanced the risk management system and substantially strengthened HOCHTIEF's position in the event of subcontractor insolvency.

The HOCHTIEF insurance activities allow us to keep down insurance costs by covering calculable risks ourselves. HOCHTIEF Insurance additionally generates third-party business with outside partners.

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

HOCHTIEF Americas

Turner (USA)
Flatiron (USA, Canada)
HOCHTIEF do Brasil (Brazil)

HOCHTIEF Asia Pacific

Leighton Holdings (Australia)

Leighton Contractors (Australia, New Zealand)

Thiess (Australia, India, Indonesia)

John Holland Group (Australia)

Leighton International (Brunei, India, Indonesia, Malaysia, Qatar, Singapore, Sri Lanka, United Arab Emirates)

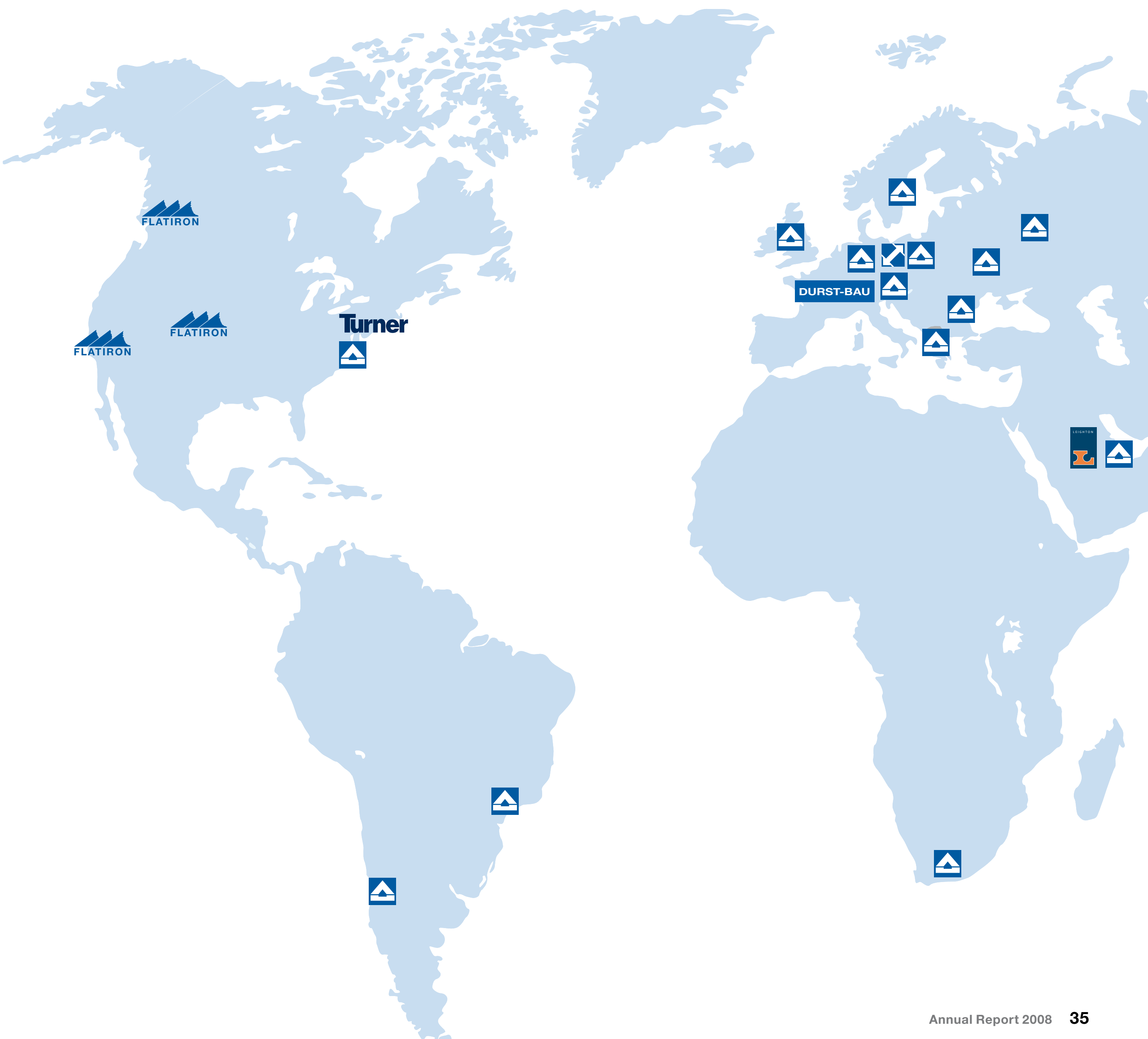
Leighton Properties (Australia)

Leighton Asia (Cambodia, China, Hong Kong, Laos, Macau, Mongolia, Philippines, Thailand, Vietnam)

Al Habtoor Engineering (United Arab Emirates, Qatar)

HOCHTIEF Concessions

HOCHTIEF Concessions (Germany)
HOCHTIEF AirPort (Germany)
HOCHTIEF AirPort Capital (Germany)
HOCHTIEF AirPort Retail (Albania)
HOCHTIEF PPP Solutions (Chile, Germany, Ireland, UK, USA)
HOCHTIEF PPP Schools Capital (UK)
Transport & Logistics Consultancy (UK)



Our global 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, 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.

ViCon (Virtual Design and Construction)*

HOCHTIEF ViCon offers services covering the entire life cycle of projects, from virtual development and planning to operation. Every parameter that defines an infrastructure project, building or facility is captured and integrated in a digital model. Such parameters typically include technology, costs, timing, space utilization, energy consumption, facility management and clash detection with regard to geometric conditions.

This allows clients to visualize their projects in their entirety, enabling comprehensive, low-risk planning and development. ViCon can also be used to great advantage in the operating phase to optimize processes. This kind of integrated presentation of all elements and factors yields a clear economic benefit, especially in complex, large-scale projects.

All the corporate units can take advantage of this innovative offering—ViCon has been engaged in more than 340 HOCHTIEF projects throughout the Group to date. The company also markets its services externally, such as the new ViCon Implementation and ViCon Management services. The Implementation module includes all tasks required to successfully introduce virtual construction in a company. The Management service module provides clients with help and support throughout the entire project to ensure the ViCon services are used effectively, with ViCon acting as a "virtual project monitor."

Business activities of the HOCHTIEF Group

HOCHTIEF structures its business activities in line with the life cycle of infrastructure projects, real estate and facilities. With our four modules of development, construction, services as well as concessions and operation, we span the entire construction value chain. Thanks to the global interplay of our corporate units, we can serve clients in all phases of the infrastructure project, real estate or facility life cycle and create lasting value. In doing so, we practice active portfolio management.

As an international provider of construction services, HOCHTIEF has a presence in all of the key construction markets through its global network. These notably include Europe, the Americas, Australia, the Asia-Pacific region and the Gulf states. The latest statistics of the Engineering News-Record still rank HOCHTIEF as the world's most international provider of construction services—a position which also enables us to compensate regional market fluctuations.

Our business activities are determined by innovative services and market demand. For this reason, we place particular emphasis on sustainability, engaging in projects related to green building, energy efficiency and alternative power generation.

Our services are always tailored to provide custom solutions—every project is unique. This requires us, as our clients' dependable partners, to demonstrate above-average flexibility, show innovative drive and deliver the highest standards of quality.

Further information on the activities of our operational units is available on pages 3 and 4 and on pages 83–109.

*For further information, please see pages 54 and 55.

Markets and Operating Environment

Global economic environment and trends

The global financial crisis essentially triggered by the collapsing US real estate market was the key factor driving global economic trends in 2008. Banks' confidence in one another was severely damaged, resulting among other things in a shortage of capital. A number of governments have now launched rescue packages comprising guarantees and loans with the aim of stabilizing the international financial and economic system. In addition, economic stimulus programs have been announced and decided worldwide.

*See glossary on page 193.

For construction and other industries, this means changes affecting general refinancing requirements. In addition, capital market conditions pose a particular challenge for project development activities and concessions business. It remains to be seen what changes will occur, both in financing development projects and on the investors market in 2009. Financing is a particularly important issue in the concessions business, as contract terms tend to be long. Future project financing conditions will have a decisive influence if and when new projects are implemented. On the other hand, the economic stimulus programs that have been announced are expected to benefit the construction industry in particular. These programs provide for much higher investment in infrastructure.

Global economic growth was 3.4 percent last year, significantly less than originally forecast for 2008. Despite the government measures, it cannot be assumed that the financial crisis is definitely coming to an end, making any forecast for 2009 highly uncertain. The International Monetary Fund (IMF) is anticipating global economic growth of around 0.5 percent.

Growth will vary considerably from region to region. Experts are expecting the US economy to contract by 1.6 percent in 2009 after growing by 1.1 percent last year. Much will depend on whether the rescue measures decided upon have an effect and credit flows are restored.

The Asia region was also affected by the turmoil, but to a lesser extent. The economic slowdown in a number of industrialized nations is now restricting export opportunities, however. After growing by nine percent in 2008, China's real gross domestic product (GDP) is forecast to increase by 6.7 percent in 2009. In Japan, where the economy contracted by 0.3 percent in 2008, the IMF experts are expecting a further fall of 2.6 percent in 2009.

Following healthy growth of 3.1 percent in 2007, the economic area comprising the EU 27* expanded by just 1.3 percent in 2008, with the trend sharply down in the second half of the year. The IMF is expecting this negative trend to continue during 2009. It is currently anticipated that the economy will shrink by 1.8 percent.

In Russia too, there is uncertainty about how the economy will trend. In 2008, the Russian economy grew by another 6.2 percent, but making a prediction for 2009 is difficult given the shorter supply of capital and fears that a possible real estate bubble may burst. As investment activity within Russia is declining, the IMF is expecting GDP to fall by 0.7 percent, a surprisingly sharp drop for the region.

Markets served by HOCHTIEF

Development

Project development

The past financial year was a year of two completely different halves for the real estate markets. Although the markets were completely unaffected by the international financial crisis during the first half of the year, the crisis worsened from September 2008 onwards, with the fallout particularly severe in the fourth quarter.

The **rental market** turned in a satisfactory performance overall in 2008. According to industry experts Jones Lang LaSalle, take-up in Germany's office and warehouse segments was slightly down on the record levels reached in previous years, by 8.0 percent and 7.0 percent respectively, only because of a weak fourth quarter. Vacancy rates in major real estate markets such as Hamburg, Frankfurt and Munich fell to all-time lows. In a welcome development, rents in Germany continued to rise, particularly for high-quality properties. Like the German market, Eastern Europe also saw a satisfactory trend in rents. Take-up declined only slightly. However, the downturn that began in the last quarter of 2008 will continue in both Germany and East-

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

	Australia	Asia excl. Japan	Brazil	Chile	Germany	UK	India	Indo-nesia	Austria	Poland	Russia	Czech Republic	Hungary	USA	United Arab Emirates
2008	2.5	5.4	5.8	4.5	1.3	0.7	7.3	6.0	2.0	5.2	6.2	4.0	1.9	1.1	7.0
2009E	2.2	2.7	1.8	3.8	–2.5	–2.8	5.1	5.5	0.8	3.7	–0.7	3.3	2.3	–1.6	6.0

Source: International Monetary Fund (as of January 28, 2009)

ern Europe during 2009. Take-up, vacancy rates and prime rents will all trend adversely.

Having overheated in previous years, Germany's real estate **investment market** returned to a normal level of activity in the first half of 2008. The volume of commercial property transactions fell by almost two thirds year on year. Although the financial crisis made for a weak fourth quarter, 2008 was still a better-than-average year in terms of transaction volumes on a multi-year view. This was due to strong take-up during the first half of the year. According to industry experts CB Richard Ellis, the investment market in Eastern Europe also fell sharply. One of the main reasons for the low volume of transactions both nationally and internationally was the very restrictive lending policies adopted by banks. These may well be relaxed again in the course of 2009. According to Jones Lang LaSalle, this would bring about a renewed increase in transaction volume in Germany and Eastern Europe. During times of economic uncertainty, properties that keep a stable value are of particular interest to institutional investors.

HOCHTIEF Projektentwicklung's core product—properties in superb locations—could be in high demand. A number of market players are expecting many of the institutional investors that are still holding considerable amounts of equity capital to shift their assets into properties that keep a stable value.

Construction

The construction markets of most significance to our company showed highly diverse development. In **Europe**, the sector was affected by the weak trend in residential construction in 2008. In this segment, construction activity fell by a total of 6.9 percent in the 19 countries covered by Euroconstruct. As it accounts for a large proportion of the total, construction activity as a whole declined by 2.5 percent in the period under review. According to the forecast from the Euroconstruct group of research and consultancy institutes, this situation will not change at all in 2009. Residential construction activity is likely to fall again, this time by 7.1 percent.

The markets of most significance to HOCHTIEF are non-residential construction and civil engineering. In Europe, these generally fared well despite the difficult economic environment, with many European countries recording sometimes sharp rates of growth. The key drivers were once again the countries of Eastern Europe, where market growth continued apace. According to the Euroconstruct group, the outlook for 2009 remains bright in many countries in which HOCHTIEF operates.

Offshore wind farms are another source of potential. HOCHTIEF has sound experience in this segment and can provide special jack-up platforms that enable foundation piles to be installed at sea.

The **US** construction sector was hardest hit by the financial crisis in the year under review. Industry experts at McGraw-Hill Construction report that construction activity fell by a total of 12.4 percent in 2008. In 2009, demand is expected to decline by 7.4 percent. It is important to note, however, that the individual segments vary considerably. Residential construction, a segment of little significance to our US subsidiary Turner, has been particularly affected, while non-residential construction, the segment served by Turner, grew by 4.3 percent. This segment is expected to shrink by 9.7 percent in 2009 as a result of the general state of the economy. In civil engineering, the market served by our US subsidiary Flatiron, investment requirements remain high. According to McGraw-Hill Construction, the market grew by 1.4 percent in 2008. A temporary decline of

Percentage growth in the regional construction markets served by HOCHTIEF

Region	2008 Non-residential construction	2008 Civil engineering	2008 Overall market	2009 Non-residential construction	2009 Civil engineering	2009 Overall market
Australia	2.1	8.7	5.5	–1.9	–0.8	0.3
Brazil	n.a.	n.a.	10.0	n.a.	n.a.	10.0
Germany	5.4	4.2	3.1	–0.3	0.5	–0.5
UK	2.6	9.3	–1.1	–2.8	5.8	–3.2
India	n.a.	n.a.	10.0	n.a.	n.a.	10.0
Indonesia	n.a.	n.a.	7.0	n.a.	n.a.	5.0
Austria	0.0	5.5	2.0	–1.7	1.8	0.0
Eastern Europe	4.7	5.9	6.2	2.5	13.3	4.8
Poland	10.3	14.3	12.4	5.2	21.4	8.0
Russia	n.a.	n.a.	17.0*	n.a.	n.a.	negative
Czech Republic	–1.1	4.9	2.2	2.0	5.5	3.6
Hungary	–5.0	–16.5	–6.5	–5.3	–3.8	–3.8
USA	4.3	1.4	–12.4	–9.7	–9.0	–7.4
Western Europe	1.1	1.5	–2.9	–4.0	–0.6	–4.8

*As of September 30, 2008

Sources:
Euroconstruct
BIS Shrapnel
McGraw-Hill
German Office for
Foreign Trade

nine percent is forecast for 2009. After entering office, US President Barack Obama promised government programs that involve heavy investment. Over the coming ten years, up to USD 60 billion could be spent on expanding transport routes alone. Investment in infrastructure and education projects has also been announced. The economic stimulus package amounts to some USD 800 billion in total.

Building to high environmental standards is of particular importance in the US market. For years, Turner has been the leader in green building. The trend toward green building is a market driver and, according to McGraw-Hill Construction, a source of numerous new orders. In November 2008, Turner's Green Building Market Barometer found that demand will remain high: The executives surveyed showed continued interest in sustainable buildings.

The previous year's positive forecasts for the **Australian construction market** were once again greatly exceeded. In 2008, all the segments served by HOCHTIEF saw significant market growth. In 2009, the civil engineering segment is expected to stagnate at a high level, contracting by 0.8 percent. For non-residential construction, research institute BIS Shrapnel is forecasting a decline of two percent.

Despite the current slowdown and the cancellation of a small number of projects, the medium-term outlook for the **Gulf region** is bright. Market researchers at Middle East Business Intelligence expect construction projects worth more than USD 1,500 billion over the next few years, which means the market remains attractive. HOCHTIEF is active in this region through the Leighton business portfolio and HOCHTIEF Construction.

According to industry experts at the Construction Industry Development Council (CIDC), the markets in **Asia** remain on a growth path. The Indian construction market will expand by ten percent a year in the period to 2012, mainly as a result of civil engineering projects. The planned road construction projects alone add up to 30,000 kilometers. Market watchers also expect the Indonesian market to see positive growth rates, driven by numerous infrastructure projects. HOCHTIEF has a firm foothold here through its subsidiary Leighton and the Leighton business portfolio.

Services

Facility management

The German market for facility management (FM) amounts to slightly more than EUR 63 billion. The renowned Lünendonk study 2008 estimates its annual rate of growth to be roughly five percent. Integrated FM services currently account for almost 13 percent of this overall market, a share equivalent to almost EUR 9 billion. In this segment, where HOCHTIEF Facility Management is a successful player, the rate of growth is over ten percent. The trend for clients to outsource mainly complex secondary processes to specialist service providers continues undiminished. HOCHTIEF Facility management is well positioned in this growth area. The balanced mix of industries it serves ranges from manufacturing through healthcare to long-term public-private partnership projects.

The Gulf states are one example of a growth region for FM solutions. These have seen rapid project development activity in recent years and are forecast to experience double-digit annual growth in facility management services in the future. HOCHTIEF Facility Management's presence in Bahrain enables it to respond flexibly and quickly to the growing needs in this region.

Sustainability is an issue of growing significance in the facility management market. Clients require end-to-end concepts that enable them to optimize processes and manage buildings in a cost-effective and environmentally sustainable manner. HOCHTIEF Facility Management can offer them added value through a combination of modern facility and energy management.

Energy contracting

Energy contracting provides clients with an efficient route to energy-saving solutions. In light of rising energy costs, it is now a recognized cost-efficient tool in Germany. Contracting allows businesses to reap the benefits of contractually agreed energy savings while relieving them of the need to make the necessary investment. A contractor refinances an investment in efficient technical installations through energy-cost savings, useful energy or a combination of the two.

According to a study by market research institute trend:research, the German contracting market is potentially worth some EUR 20 billion. Growth rates for the period to 2015 are far in excess of ten percent. So far, only seven percent of this has been tapped. As many businesses are now focusing on their site costs, energy contracting will continue to gain in significance. The fastest-growing segments are industry, the public sector and healthcare, all segments in which HOCHTIEF Energy Management is very well positioned. Environmental aspects are also becoming increasingly important. On projects implemented by HOCHTIEF Energy Management, CO_2 emissions are being sharply reduced. The combination of process-optimizing facility management and cost-efficient contracting models offered by HOCHTIEF is also meeting with interest in the market.

Property management

Especially in times of economic difficulty, professional property management plays an important role. Although in the past gains have been realized mainly through sales, active property management is now the only way to ensure a sustainable return. Industry experts therefore expect a clear trend toward professional management by specialists over the coming years. HOCHTIEF Property Management is best placed to cater to this trend.

There are already signs that relatively large property owners such as in the insurance industry will continue to outsource in 2009 and the years thereafter. Further growth is expected to come from the various insurance companies' plans to increase the percentage of their investments in real estate.

In **Australia**, the companies in the Leighton business portfolio provide a wide variety of services ranging from the maintenance of toll routes and tunnels through telecommunications services to innovative waste management. It is anticipated that these profitable segments will continue to see good rates of growth.

Concessions and operation

Public-private partnerships (PPP)

The PPP model—whereby the expansion and operation of public infrastructure is privately financed—is now being used in a number of **European** countries. In Germany, there were a total of 94 new projects last year at federal, state and municipal level, most of them in public building construction, with investment totaling some EUR 3.3 billion. Further projects are in the pipeline: At the end of 2008, the number of tendered or firmly planned projects stood at 98. It is estimated that investment in the public buildings segment alone will top EUR 20 billion in the period to 2011. The PPP task force at the Federal Ministry of Transport, Building and Urban Affairs has calculated that the current projects offer efficiency gains of between 5.9 and 28 percent.

In 2009, PPP contract awards in the **UK** are forecast to total just over EUR 5 billion. Although the financial crisis could hamper the availability of long-term project finance, other European countries are increasingly recognizing the advantages of PPP projects. In **Greece**, the government is planning to put out to tender contracts worth billions.

HOCHTIEF PPP Solutions is currently active in Germany, the UK, Ireland, Greece, Austria and the USA.

PPP is gaining in significance in the **USA**, where HOCHTIEF has had a presence through a subsidiary of HOCHTIEF PPP Solutions since early 2008. This young US market is expected to see high rates of growth: HOCHTIEF estimates that the US PPP market could be worth USD 300 billion over the next ten years. In addition, the government is likely to increase investment in infrastructure.

In **Canada** too, the PPP market continues to grow. Various toll road projects worth more than EUR 2.5 billion are currently at the preparation stage. Added to this are further school and hospital projects. With its focus on civil engineering, our subsidiary Flatiron is already operating successfully in this region.

The growth outlook is also bright in **Australia**, a mature PPP market. Operating as a PPP project developer here for many years, our subsidiary Leighton has secured a leading position.

Airports

Global passenger numbers were down by just 0.6 percent and therefore almost unchanged in 2008 thanks to a strong first half of the year. At airports in **Germany**, passenger numbers increased by 1.1 percent in the year under review. HOCHTIEF airports outperformed the average: Here, passenger numbers rose by a total of 1.5 percent to 90 million.

Due to the effects of the financial crisis, the Airports Council International (ACI) is expecting passenger numbers to fall by up to four percent in 2009. Over the long term, however, the ACI industry experts are forecasting average annual growth of more than four percent.

The airport privatization market will also remain dynamic. For HOCHTIEF, this trend offers long-term growth opportunities, as our international presence and expertise mean we are superbly positioned for future privatizations in Eastern Europe, Asia, South America and the USA.

Both lines of business—PPP and airports—require structured, long-term financing, which in turn calls for properly functioning financial markets. It is currently difficult to predict when such conditions will return.

Contract mining

Despite the difficult economic trend, global demand for commodities was high in 2008. This also benefited contract miners, for example, by generating new orders in areas such as **Australia** and **Asia**. Over the coming years, much will depend on economic growth in China. This is a key factor driving demand for ore and coal as mined by Leighton, which in turn matters to us. However, experts are currently anticipating continued, albeit temporarily slower growth.

The recent drop in the price of various commodities is not impacting directly on providers of contract mining services, as the mine owners bear the price risk and contracts run for long periods. Over the medium term, a deterioration in revenues could have a dampening effect. Currently, the market remains at a gratifyingly high level. Our Australian subsidiary Leighton, the world's largest contract miner, has been operating successfully in this segment for many years.

Geothermal energy
The geothermal market in **Germany** is steadily growing thanks to a favorable environment: Under the Renewable Energy Sources Act, payments for geothermal power are guaranteed over the long term. These feed-in tariffs support the aim of using renewable energies to generate a total of 30 percent of all power produced in Germany by 2020. Experts at the German Geothermal Union believe that, over the medium term, geothermal heat may become Germany's most important heating source.

A small number of projects have already been implemented and a large number begun, giving Germany clear approval procedures and its first practical experience of geothermal power plants. This makes Germany an attractive market and means further projects are likely: According to a market study by GeoThermal Engineering, the next five years will probably see 300,000 meters of drilling, the equivalent of around 75 drill holes. HOCHTIEF operates in this segment through Süddeutsche Geothermieprojekte and is currently carrying out the drilling for the company's second geothermal power plant. Here too, the availability of finance will have a decisive influence.

Legal and economic factors in Germany

Change in the law governing the awarding of public-private partnership contracts
In December 2008, the German Bundestag decided to revise the section of the Act against Restraints on Competition that governs the awarding of contracts. This will be extended to include a provision specifically requiring public-private partnership contracts to be subdivided into lots, by dividing the whole into parts and by splitting contracts based on product or service categories. Companies carrying out public-sector work as private-sector contractors will have to subdivide into lots all subcontracts which they award to third parties. The impact on future award procedures in the PPP sector cannot yet be reliably determined.

Orders and Work Done in 2008

Order backlog grows again despite financial crisis

- **Almost 90 percent of new orders come from international business**
- **Work done tops EUR 21 billion**
- **Order backlog reached almost EUR 31 billion**
- **Forward order book of almost one and a half years**

Orders and work done at the HOCHTIEF Group were again marked by record levels of new orders, work done and order backlog. This is the fifth year in a row that the prior-year figures have been exceeded—impressive proof of HOCHTIEF's ability to continuously perform at its best.

New orders: Up on 2007 despite considerable exchange rate effects

At an absolute total of EUR 25.28 billion (adjusted for exchange rate effects: EUR 26.62 billion), the Group's new orders surpassed the figure for 2007 (EUR 23.51 billion) by some way. The average increase was 12.8 percent.

This new record figure in 2008 was again driven by the expanding markets in the Asia-Pacific region. In the HOCHTIEF Asia Pacific division, new orders increased by a further AUD 5.07 billion (29.7 percent) compared with 2007 thanks to new large-scale projects.

The HOCHTIEF Americas division remained at the exceptional level of the previous year. The decline at our US subsidiary Turner was more than offset since, in contrast to 2007, our new US infrastructure company Flatiron was for the first time included for the full year.

The HOCHTIEF Europe division continued to consolidate the business in Germany in the reporting year (down EUR 0.26 billion or 16.6 percent). New orders fell substantially in Russia compared with 2007 (down EUR 0.39 billion or 77.5 percent). These decreases in Germany and Russia were more than offset by increased new orders in Western Europe (up EUR 0.70 billion). Of particular note here was the increase in Greece (up EUR 0.62 billion), due to the major Maliakos-Kleidi and Elefsina-Patras-Tsakona toll road projects.

At the end of 2008, the HOCHTIEF Real Estate division faced challenges in particular from the financial crisis. New orders dropped significantly in the property development business segment (down EUR 0.30 billion or 36.1 percent). In the current market environment, the start of new property development projects is checked with particular care in view of outstanding real estate sales.

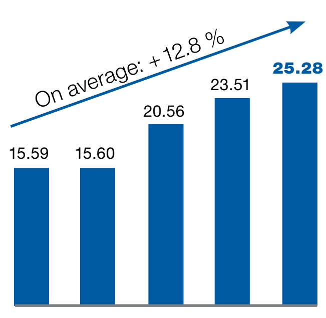
In the HOCHTIEF Services division, new orders in 2007 were shaped especially by an extremely large-scale project for schools in the UK. Since no comparable project was won in 2008, international business accordingly saw a decrease in new orders (down EUR 0.30 billion or 82.4 percent). Development was decidedly more positive in Ger-

For the detailed five-year summary, please see pages 195 and 196.

HOCHTIEF's order statistics are based on the definition by the Central Federation of the German Construction Industry.

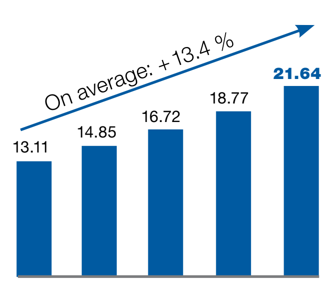
New orders

EUR billion



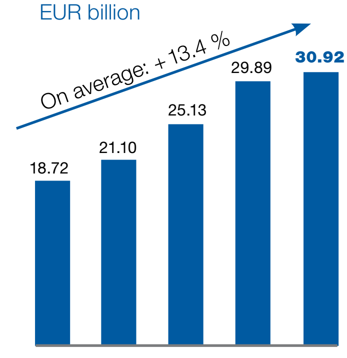
Work done

EUR billion



Order backlog

EUR billion



many (up EUR 0.16 billion or 29.9 percent), which noticeably cushioned the extraordinary effect from international business.

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

Overall, HOCHTIEF's new orders in Germany decreased as projected compared with 2007 (especially in building construction) (down EUR 0.64 billion or 20.1 percent). By contrast, the international segment recorded an increase of 11.9 percent. Internationally posted new orders now account for a total of 89.9 percent.

Clear rise in Group work done

Compared with 2007 (EUR 18.77 billion), work done increased by EUR 2.87 billion to EUR 21.64 billion—an increase of 15.3 percent. Adjusted for exchange rate effects—primarily against the US dollar and the Australian dollar—the increase was as much as 21.1 percent.

The rise resulted primarily from solid contributions from Leighton's infrastructure and contract mining projects in the Asia-Pacific region and building construction business in the USA, where Turner, as the leading provider, played a significant part in the increase.

Within Europe, work done increased again at HOCHTIEF Europe (up 12.9 percent), HOCHTIEF Real Estate (up 56.2 percent) and HOCHTIEF Services (up 21.8 percent). While HOCHTIEF Europe's growth was generated almost exclusively on international markets, work done at HOCHTIEF Real Estate and HOCHTIEF Services increased both in Germany and internationally in 2008.

This was the second year in a row that work done increased in Germany. The absolute figure of EUR 2.82 billion represents a rise of 17.2 percent (2007: EUR 2.41 billion). By way of long-term service and concession agreements, HOCHTIEF Concessions and HOCHTIEF Services contributed substantially to the increase. At EUR 1.58 billion, HOCHTIEF Construction maintained the high level of 2007 in Germany.

The share of Group work done attributable to international business, namely 87 percent, clearly illuminates once again the Group's international orientation.

Despite huge growth of 15.3 percent, Group work done in 2008 fell short of new orders by EUR 3.64 billion. Accordingly, the order backlog grew further.

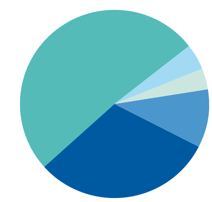
Order backlog: Up by more than EUR 4 billion after exchange rate adjustment

The order backlog reached almost EUR 31 billion. It increased by EUR 1.03 billion to an absolute value of EUR 30.92 billion, exceeding the figure for 2007 (EUR 29.89 billion) by 3.4 percent. However, the order backlog is highly distorted by considerable exchange rate effects against the Australian dollar: Adjusted for exchange rate effects, the order backlog now amounts to EUR 34.07 billion—which represents a year-on-year increase of EUR 4.18 billion or 14 percent.

Whereas the order backlog in Germany declined by 8.2 percent in 2008 compared with 2007, the order books for international business were much better filled (up 5.2 percent). The increase in the backlog was principally attributable to Leighton's extremely good business performance.

Based on the current annual work done figure, the Group has a forward order book of almost one and a half years.

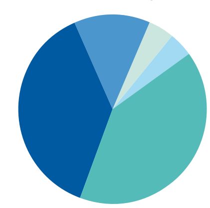
New orders by region



Asia/Pacific/Africa	51.0 %
Americas	30.8 %
Germany	10.1 %
Eastern Europe	3.4 %
Rest of Europe	4.7 %

100% = EUR 25.28 billion

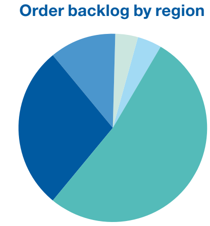
Work done by region



Asia/Pacific/Africa	40.6 %
Americas	37.8 %
Germany	13.0 %
Eastern Europe	4.7 %
Rest of Europe	3.9 %

100% = EUR 21.64 billion

Order backlog by region



Asia/Pacific/Africa	52.9 %
Americas	27.5 %
Germany	11.6 %
Eastern Europe	3.1 %
Rest of Europe	4.9 %

100% = EUR 30.92 billion

The power to create change lies in nature.

When you send a kite up into the air, you harness the power of the elements. Fall’s high-fliers show us how even little things can make things happen big time.

Off the coast of Borkum Island in the North Sea, HOCHTIEF Construction working with two partners has built the transformer station for the “alpha ventus” wind farm. The innovative HOCHTIEF jack-up platform “Odin” made construction at water depths of up to 30 meters possible. The pioneer alpha ventus project was the first German wind farm to be constructed offshore on the high seas.

Strategy

- **Accelerated implementation of corporate strategy breeds success**
- **Products and services systematically expanded**
- **Innovations make HOCHTIEF fit for future challenges**
- **Human resources management a high priority**

HOCHTIEF is a successful company—for more than 130 years, we have offered our clients construction solutions individually tailored to their needs. We have thus developed into an international provider of construction services. Today, our portfolio includes the development, construction, services and concessions and operation modules. We are therefore in a position to provide integrated solutions at every link in the life cycle of infrastructure projects, real estate and facilities.

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's development in the future.

In our Group strategy, the following initiatives set the tone:

Expansion in high-growth regions

The strategic acquisitions we have made in recent years have enabled us to reinforce our business considerably, for example, through the purchase of the US civil engineering company Flatiron, or the acquisitions of aurelis Real Estate and the stake in Budapest Airport in 2007. We have successfully integrated these companies into the Group.

On the whole, HOCHTIEF focuses on organic growth in all areas of the Group. We therefore expand our business continually, but concentrate exclusively on markets with high growth rates. Accordingly, our efforts are aimed at various regions: HOCHTIEF PPP Solutions is currently gaining a foothold in North America, where the public-private partnership market is growing due to factors including the Obama administration's economic stimulus program. We are also growing this business in existing markets: Germany, Greece, the UK and South America.

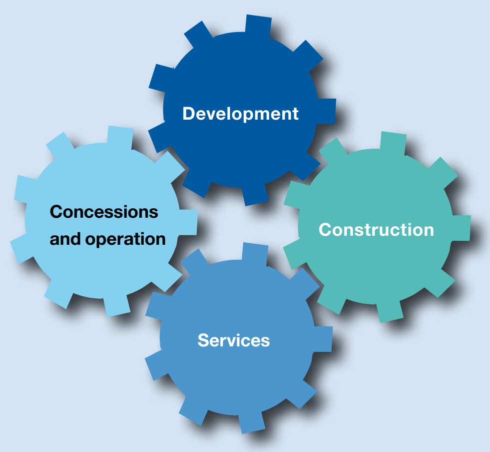
Our products and services

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.

Concessions and operation

Included here are all activities aimed chiefly at managing business processes. This notably covers the work of our airport segment as well as our public-private partnership business in the toll roads and public buildings segments as well as renewable energies. Contract mining, with its focus on operation, is also assigned to this module.

*See glossary on page 193.

**See glossary on page 193.

We are continually broadening our presence in Eastern Europe, where we are represented by the branches and representative offices of our subsidiaries. In Russia, we expanded HOCHTIEF's activities with a HOCHTIEF Projektentwicklung company in St. Petersburg in 2008.

In our successful contract mining business, we also tap into new regions, such as India and Mongolia in the year under review. We invest continuously in this lucrative and profitable segment, which requires special mining equipment.

Expansion of HOCHTIEF's products and services

In the future, we aim to continue to set ourselves apart from the competition by virtue of our technical skills and process expertise—and offer our clients customized solutions. This is how we succeed in standing out in the competitive pricing arena with the quality and innovative strength of our work, thus creating added value for our clients.

Our expertise in sophisticated technical fields also benefits us in new business segments such as the wind power and geothermal energy markets. We positioned HOCHTIEF in these segments at an early stage and will further build on our activities.

The multifaceted issue of energy efficiency is becoming increasingly important in the HOCHTIEF Group, particularly due to climate change. In many of our corporate units, we offer specific services aimed at sustainable building, improving the energy efficiency of buildings and resource-saving ways of doing business. We will continue to further expand on this commitment in the future. The basis for this effort is the comprehensive approach to sustainability to which HOCHTIEF is dedicated as a company.* Our subsidiaries are increasingly developing their sustainable products and services and thus setting themselves apart from the competition. Turner, for example, is a leader in the US green building segment.

*For further information, please see page 50.

We generate new services based on our special consulting expertise—for instance, at HOCHTIEF Construction, where we provide construction management consulting services.

Our technology lead is founded on innovations in the HOCHTIEF Group. In order to continue to successfully meet the requirements of our complex projects in the future, we promote the development of new products and services.

Solutions for the entire building life cycle

Our market success is based on our strategy of providing complete, all-around solutions throughout the entire life cycle of infrastructure projects, real estate and facilities. The advantages of integrated, sustainable products and services are understood and valued—by clients, investors and shareholders alike.

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

Stepping up the service business

In the coming years, we plan to further boost the share of our activities accounted for by the service business in the Group as a whole. Services provide secure income on an ongoing basis for the long term and are less affected by cyclical fluctuations than the traditional construction business. In particular, we emphasize sophisticated facility and energy management services in which we assume major responsibilities, allowing our clients to focus on their core business. We will expand our capabilities in the industrial sector.

The service business is growing at Leighton as well in areas such as recycling services.

Systematic leveraging of Group synergies

We develop new potential for our business from the cross-selling effects resulting from cooperation between closely linked HOCHTIEF companies.

In the PPP segment in particular, cooperative projects provide one-stop shopping for planning, financing, construction and operation services. In the future, we plan to further reinforce and expand cooperation within the Group, particularly in the USA, where our subsidiaries Turner, Flatiron and HOCHTIEF PPP Solutions together service the market.

In the strategically important HOCHTIEF airport business segment, we offer complete life cycle management from the master plan through financing and construction to operation and management.

Our life cycle approach enables us to develop solutions to address megatrends such as demographic developments and climate change. We accomplish this by providing varied service packages to suit a wide variety of environments and situations. Urban district development for which HOCHTIEF can offer complete services from planning and financing to administrative and related services are an example of this.

Increasingly, HOCHTIEF is providing facility management consulting in the early phases of planning and construction. This results in significant cost savings in electrical and mechanical installations and later operation.

Positioning as an attractive employer

Our human resources management efforts aim to ensure that well-qualified employees are available to the company in every area—today as well as in the future. For this reason, recruiting and retaining employees and staff development are top-level priorities throughout the HOCHTIEF Group. We continually work on maintaining our healthy corporate culture and the reputation of our Group.

Overcoming challenges in the crisis

Our strategy has allowed us to move into a robust position for overcoming challenges, even in the current crisis.

On the one hand, the company's business thrust is not based on one particular product or service, but instead on a varied portfolio. By covering the entire construction value chain and tightly networking our services, we benefit in all areas of our business involving infrastructure projects, real estate and facilities.

On the other hand, our high degree of internationalization—the highest in the industry—contributes to our broad business base and enables us to compensate for economic fluctuation in individual regions.

In the future, we will continue to pursue our successful strategy and are determined to systematically harness the opportunities arising from the crisis for HOCHTIEF as a construction services provider, such as those stemming from national economic stimulus packages.

Sustainability

- **Corporate social responsibility (CSR) established as an integral part of the corporate strategy**
- **Clear sustainability objectives defined in six areas**
- **HOCHTIEF again listed in Dow Jones Sustainability Indexes**
- **Compliance rigorously implemented throughout the Group**

Sustainability at HOCHTIEF

Our future will be shaped by issues such as climate and resource protection, energy conservation and energy efficiency. A focus on sustainability is therefore a hallmark of all our activities. Our commitment supports HOCHTIEF's sustainable development while at the same time allowing us to unlock new sales potential. As a forward-looking company, we accept responsibility for the environment and the society in which we operate. Our values, vision* and guiding principles are all geared to sustainability. Corporate social responsibility (CSR) is therefore an integral part of HOCHTIEF's corporate strategy. We underlined our convictions in November 2008 by joining the United Nations Global Compact, the world's largest corporate responsibility initiative.

**For further information, please see pages 52–55.

*For further information, please see pages 47–49.

CSR Committee keeps up the good work

The primary aim of the CSR Committee established in 2007 is to reinforce HOCHTIEF's commitment to economic, environmental and societal issues. The Committee identifies and assesses the areas in which the Group pursues sustainability and coordinates the various projects and Group-wide activities. In the period under review, it laid the foundations for turning strategic ideas into profitable, future-proof projects by networking with the sustainability excellence team, which includes representatives from the operational units.

***An example can be found in the picture caption on page 53.

HOCHTIEF's sustainability activities are acknowledged by the capital market. In November 2008, we were included in the prestigious Dow Jones Sustainability Indexes for the third time in a row. No other German construction company is listed in these.

Pursuing sustainability in a wide range of areas

HOCHTIEF primarily pursues sustainability in six areas. These are:

Sustainable products and services

Through our projects, we design the spaces where people live and shape the environment for a long time to come. This brings with it an enormous responsibility. We embrace this responsibility, for example, by aiming to offer more sustainable products and services. This requires forward-looking innovations**, the intensive acquisition and transfer of know-how between the divisions as well as our commitment to green building.
⇨ **Our objective:** We aim to become the global market leader in sustainable construction and construction-related services and to do so by extending our spectrum of offerings spanning the entire life cycle of infrastructure projects, real estate and facilities.

Active climate protection

Properties account for 40 percent of energy consumption worldwide. For several years, HOCHTIEF companies such as HOCHTIEF Construction and HOCHTIEF Facility Management have been contributing to a long-term reduction in this inordinate amount. Green building—or sustainable construction—has a long history at HOCHTIEF. Through innovative energy management and the promotion of renewable energies, we are helping to both cut greenhouse gas emissions and reduce our project operating costs. As a result of the Ideas Management project introduced in 2008, we have received numerous suggestions from our employees on how we can save energy.*** Many of these ideas have now been put into practice.
⇨ **Our objective:** We aim to save CO_2 emissions together with our clients.

An attractive working environment

HOCHTIEF employs almost 65,000 people worldwide and works with around 50,000 subcontractors every year. We aim not only to offer them the highest standard of occupational health and safety, but also to do all we can to create the best possible working conditions for them. In addition, we need to implement efficient measures to tackle demographic change and the shortage of specialist and managerial staff.*

*For further information, please see pages 57–59.

The cross-divisional competence center for occupational safety, health and environmental protection (OSHEP) ensures that these important issues are given high priority throughout HOCHTIEF. The OSHEP Center continually optimizes the Group's integrated environmental, health and safety management systems and ensures that related measures are implemented at the HOCHTIEF companies. We have succeeded, for example, in cutting the accident rate Group-wide by over 50 percent since 2003. In 2008, it stood at 7.2 accidents per thousand employees.

At the 18th World Congress on Safety and Health at Work in Seoul, in June 2008 HOCHTIEF signed the declaration adopted at the event. This declaration aims to motivate governments, organizations and business to systematically strive to reduce occupational accidents and diseases.
➩ **Our objective:** We aim to further extend our position as a sought-after employer and, over the long term, establish ourselves as the most attractive employer in the industry.

Corporate citizenship
HOCHTIEF is at work and therefore a local partner in all four corners of the globe. It is standard practice for us to employ mainly local people and subcontractors. We also promote a work-life balance and support social and cultural initiatives. Here, our focus is on promoting projects in education/the encouragement of young talent as well as modern/Bauhaus architecture-related projects.
➩ **Our objective:** We aim to get involved in the community wherever our company is at work.

Compliance and ethics management
HOCHTIEF operates in countries with different value and political systems. Compliance**—with all internal and external regulations—and ethics management therefore play a major role at HOCHTIEF. All employees are obliged to adhere to our high management standards and Code of Conduct. For subcontractors and suppliers, there is a separate Code of Conduct containing binding rules. As a member of Transparency International, we condemn any form of bribery and corruption. Employees with questions related to compliance or ethics can always turn to the HOCHTIEF compliance organization.

**For further information, please see page 16 and 17.

For anonymous reports, our employees and partners also have access to a confidential hotline if necessary. Through intensive training delivered locally and the use of e-learning programs, we ensure that employees are aware of and versed in our ethical standards. Compliance with these standards is reviewed on a regular basis. All this illustrates that we make compliance and ethics management a high priority.
➩ **Our objective:** We aim to set standards in business ethics and do our utmost to apply those standards.

Resource protection
Construction projects require a huge amount of materials; they use and largely seal off whole areas of land, and produce considerable amounts of waste. Resource protection is therefore of particular importance to us. At inner city sites, for example, HOCHTIEF endeavors to use derelict land and gaps between existing buildings or to refurbish older properties. Waste separation and recycling are standard practice worldwide, as is renaturation. Our Australian company Thiess, for example, is at pains to ensure that, once excavated, mines are partly filled and reforested.
➩ **Our objective:** We aim to conserve natural resources and optimize the use of resources.

Intensive communication
HOCHTIEF publishes a detailed sustainability report every two years. No other German construction company provides information on a similar scale. The next sustainability report will appear in November 2009. We report on the latest sustainability activities and events on our website.

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.

- **Excellence in project-specific R&D for unique contracts**
- **Joint innovation projects**
- **New ideas management system successfully implemented**
- **Numerous R&D projects transferred into practice**

Achieving the unique takes strong innovating capacity

Every construction contract we do is unique. And being among the market leaders, HOCHTIEF tackles some huge and challenging projects. This means almost every contract involves project-specific research and development (R&D). The focus in this R&D work is always on the contract in hand rather than on generating patentable ideas.

Innovation as a driver of growth

HOCHTIEF is an established trailblazer in the national and international construction sectors. Key to this leading position is systematic innovation management across the board. Innovation not only makes for advanced solutions, creates new business openings and differentiates the Group from its rivals. It also enables us to enhance business processes and hone our competitive edge.

Three levels of innovation

HOCHTIEF's innovation management operates at three levels:

The **first level**, central innovation management, addresses cross-cutting issues with impact on the operating business. Our global network and international knowledge transfer allow us to tackle joint innovation projects that show the way forward. Central Corporate Development coordinates integrated innovation management, picks out viable innovation projects and sees to it that they are implemented efficiently. Our Innovation Committee is made up of members from all divisions and the Executive Board. It is this committee which decides whether an R&D project goes ahead. Implementation is supported by Corporate Development and efficiency is ensured by continuous monitoring and control. More than EUR 5 million was spent on Group-wide R&D projects relating to central innovation management in the year under review. Notable thematic focuses included inHaus2 and green building certification. Some 65 employees worked on 43 Group-wide projects in 2008. Ten new projects commenced and 15 projects were completed.

The **second level** of innovation management at HOCHTIEF targets market-driven innovation financed by HOCHTIEF divisions and Group companies. Projects in fiscal 2008 centered among other things on geothermal energy and offshore wind energy*.

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

The **third level** consists of project-specific innovation—for the most part, R&D work done right on site or in design departments. Many of our complex, unique projects require us to develop custom solutions spanning many disciplines from technology to materials and logistics. Project-specific development expenditure is accounted for with the contract rather than as part of corporate R&D. Examples include the elaborate design and construction of Southern Cross Station in Melbourne and the innovative bridge building technique applied on the Washington Bypass. Project-specific innovation accounts for the majority of our R&D work.

Level 1: Central innovation management

Ideas management online

We launched a new ideas management system in 2008 to replace the in-house suggestion scheme in Germany. The new system features a virtual "Ideas Room" on the corporate intranet where any employee can post suggestions for improvement. Other users can add comments and take ideas further. "Idea mentors" rate the suggestions and see about putting them into practice if feasible. In only a few months, the Ideas Room has proven a highly effective and successful innovation and knowledge management tool. Employees entered 350 ideas from March to December in the year under review. HOCHTIEF implemented or began implementing 130 of these suggestions during 2008.

Broader base for sustainable construction

Sustainable construction has a long tradition at HOCHTIEF. We are working hard within the German Sustainable Building Council to promote adoption of a binding standard. We

The inHaus2 research project: At this commercial property in Duisburg, Germany, HOCHTIEF tests ideas for innovative building information and management systems (left).

Employee suggestion from our new Ideas Room: Use of a timer considerably shortens the operating time of the stirrer for the bentonite suspension used as a support medium in shield tunneling, cutting energy costs by some EUR 100,000 a year.

have also now launched an in-house innovation project to prepare for the coming certification requirements. HOCHTIEF is now systematically building consulting capacity for sustainable construction throughout the Group. At Turner, some 600 employees have qualified to carry out work in accordance with the Leadership in Energy and Environmental Design (LEED) Certification of the United States Green Building Council.

inHaus2 project update

The inHaus2* research building in Duisburg, Germany, was erected by HOCHTIEF and opened in 2008. We use the building alongside various partners to test innovative ideas for smart building systems. HOCHTIEF continued its inHaus2 R&D work during the year under review. State-of-the-art features include twelve geothermal probes extending 120 meters into the ground and thermoactive component systems. We also began taking care of facility management for the building in 2008. In a research project, HOCHTIEF Facility Management and three Fraunhofer institutes are developing and testing ideas for innovative building information and management systems. The outcomes are to be used in future facility management projects and will secure us a further competitive edge. We will continue participating in inHaus2 research projects into the future.

Level 2: Market-driven innovation

Expertise in offshore wind energy

HOCHTIEF further enhanced its position in the rapidly expanding offshore wind energy segment during the year under review. Our work focuses among other things on designing, building and anchoring the necessary concrete components: Offshore wind turbines need gravity foundations seated directly on the sea floor. HOCHTIEF has performed work of this kind for various projects, including Sweden's Lillgrund offshore wind farm with 49 bases each weighing some 1,450 metric tons.

We also conduct subsurface investigations and install, maintain and disassemble met masts and wind turbines. Taking an example from the year under review, September 2008 saw work commence on "alpha ventus," Germany's first open-sea offshore wind farm. R&D findings from this pilot project will go into the design, construction and operation of future offshore wind farms. HOCHTIEF aims to expand its activities in this segment and is appraising the possibilities and commercial viability of operating its own wind farms as a business model.

Progress in geothermal energy

HOCHTIEF is also in the growth market for geothermal energy. Work began in September 2008 on building a second geothermal power plant in Kirchstockach, Bavaria. We are able to profit during construction from experience gained on building the first geothermal power plant in nearby Dürrnhaar**. The new power plant in Kirchstockach is the first for which HOCHTIEF performs the drilling with its own equipment and its own team. The plant will supply electricity from the beginning of 2010. Electricity generation from geothermal energy is largely carbon-neutral.

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

**For further information, please see page 95.

Level 3: Project-specific innovation

Unique station roofscape

Our Australian subsidiary Leighton created a sensation with the undulating roof on Melbourne's Southern Cross Station. The structure is waterproof to the outside but "breathes" internally, filtering out smoke, diesel particulates and other pollutants. The project called for numerous innovations, and not just for fabrication and assembly of the many differently shaped roof parts. A requirement that the station should be naturally ventilated also confronted us with major challenges. The project was rendered more difficult still by the use of a wide range of materials and construction elements not previously deployed in Australia. Leighton took the challenges in its stride and won the Australian Construction Achievement Award for the project.

Innovative materials and products in action

Our US subsidiary Turner is No. 1 in the American green building segment by a comfortable margin. The company demonstrated this experience in construction of the new Experimental Media and Performing Arts Center in Troy, NY. The project has many innovative features. Special acoustic insulation, for example, allows all of the Center's two dozen performance spaces to be used at the same time. Turner fitted the building with the first of a special kind of glass curtain wall in the USA. The curtain wall incorporates steel mullions that carry heated water, insulating the interior from the winter. The virtually silent HVAC system uses displacement ventilation to push air through registers under the seats for enhanced audience comfort. In a fire safety innovation, we installed a fabric for the acoustic ceiling panels that is normally used in firefighters' clothing. Turner also worked on a compelling solution for the main structure of the building, providing a means of anchoring it into a 45-degree slope.

Minimally invasive bridge building

HOCHTIEF's US subsidiary Flatiron has developed a bridge building technique that causes minimum disturbance to the surrounding environment. The company's specially developed gantry allows all bridge construction tasks to be performed from the structure above as it is built, including pile driving, laying precast pier caps and erecting girders. When a span is complete, the gantry travels forward along the bridge to work on the next span. This eliminates the need for heavy construction cranes. The unique machine is capable of constructing the whole bridge in an assembly line process. Flatiron applied the method for the first time on the Highway 17 Bypass road building project near Washington, which traverses environmentally sensitive wetlands. We secured the contract in a competitive bidding procedure that took into account the environmental impact of proposed techniques as well as their cost.

Innovative planning method adopted

HOCHTIEF AirPort has introduced an innovative scenario planning method in airport management. The method charts realistic scenarios for a relatively distant future and subject to relatively large uncertainty in specific external variables. Our subsidiary has adapted the method to its specific needs and is now applying it for the first time on Budapest Airport. One early success is the new organizational structure, which HOCHTIEF AirPort developed by working together with local management to identify all events and developments important to the future of the airport. The organizational structure was then fine-tuned to the resulting range of scenarios. Adopted changes included the creation of an Aviation Unit with central oversight over the development and implementation of services for airlines. In conventionally managed airports these two areas are looked after separately, which is less customer-centric than the new approach.

Extending HOCHTIEF's lead in virtual planning

3D clash detection makes it possible to tell right back at the design stage if the various types of conduit laid through a building cross and obstruct each other. This is done by combining the plans for the different work packages in a digital model. Conflicts can thus be spotted early on and avoided, thus reducing costs. HOCHTIEF mainly uses 3D clash detection on large contracts such as the construction of Hamburg's Elbe Philharmonic Hall.

The new service is part of HOCHTIEF ViCon's capability portfolio. HOCHTIEF ViCon established its position during 2008 in the growing virtual design and construction (ViCon)* market. The virtual 3D clash detection system is the latest in a series of HOCHTIEF successes in translating R&D into

*For further information and visuals of the technique, please see www.hochtief-vicon.com.

Sustainable construction by HOCHTIEF subsidiary Flatiron: Bridge building with minimal disturbance of the environment—here seen on the Highway 17 Bypass (left).

Breathing roof: Among the sights of Melbourne, Southern Cross Station was built by Leighton, our Australian subsidiary.

practice. We have consequently been able to strengthen and extend our leading role in the ViCon segment. The technology is also deployed internationally by ViCon units at HOCHTIEF companies Turner and Thiess.

Deploying HOCHTIEF tunneling technology

In constructing the Neuer Schlüchterner Tunnel between Hanau and Fulda in Germany, HOCHTIEF used two innovations from its InTun (Innovative Modules for Tunneling) R&D activities. The hydraulic TBM launching rig method removes the previous need to provide an elaborate steel structure to guide the shield into the ground. Under the time and money-saving method developed by HOCHTIEF, the tunnel-boring machine (TBM) jacks itself in under its own power. We have since applied the method on a number of projects. The development cost has thus been quickly recouped through in-process savings.

To connect the new tunnel with the old and provide escape routes, we incorporated seven cross tunnels in the project. Here, too, HOCHTIEF made use of a method that was developed in-house and is significantly more cost-effective and simpler to apply than the conventional approach. The savings again soon exceeded the R&D costs.

Every project powered by R&D

The projects outlined above constitute only a small selection illustrating the importance of R&D. A major role is played in this connection by HOCHTIEF Consult, an ideas factory that ranks among Germany's largest engineering consultants. Technological or process innovations feature in every HOCHTIEF project, and it would be impossible to list them all. Many of our innovations are also subject to confidentiality.

Collaborative network boosts R&D

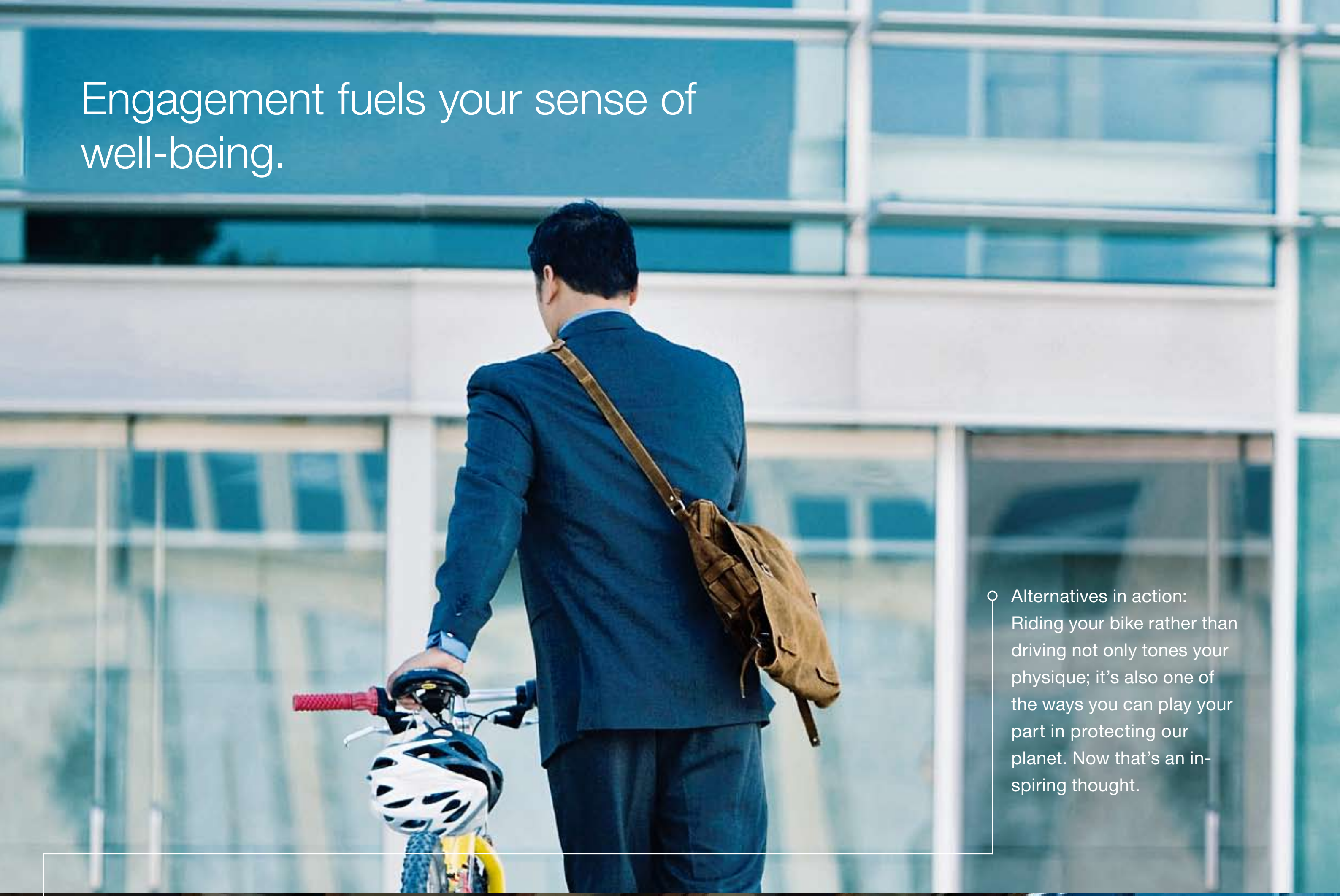
Close collaboration with universities, scientists and industry associations has a key role in the development and implementation of innovative ideas. Among other things, HOCHTIEF has launched a doctoral program allowing Group employees to be released while they complete a doctorate. The doctoral students represent an interface between the Group and the university concerned, further deepening our already close cooperation with institutes of higher education. Equal weight is thus given to advancing R&D in both theory and practice. The Group also cooperates closely with major universities at international level.

As a member of the European Construction Technology Platform (ECTP), we play our part in maintaining a high level of research in the European construction industry. HOCHTIEF is also in 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 statistics are not compiled on the cost of individual research done in HOCHTIEF projects.

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

Engagement fuels your sense of well-being.



Alternatives in action: Riding your bike rather than driving not only tones your physique; it's also one of the ways you can play your part in protecting our planet. Now that's an inspiring thought.

Water-conserving elements and eco-friendly construction materials play a vital role in Green Square, one of the largest office parks in Brisbane, built by Leighton. Facilities for cyclists and a direct link to public transport encourage the use of alternative modes of travel. Green Square has already been distinguished for outstanding sustainability.

Employees

- **Efficient measures for recruiting specialist staff**
- **Number of employees and trainees up**
- **Staff development tools optimized**
- **Diverse approaches for motivating staff**

Human resources strategy: Finding and retaining the best

Highly qualified employees with above-average motivation form the basis for HOCHTIEF Group's sustainable worldwide success. Hence, in this age of globalization, our human resources management activities aim to identify talented individuals in Germany and internationally at an early stage, to secure them for the company and to support their continuous development. A key aspect of these activities is comprehensive skills management, ranging from the training phase through to the development of new managers. Active knowledge management ensures that knowledge is transferred between all HOCHTIEF units, both nationally and across national borders. In this way, we set HOCHTIEF apart from its competitors and generate sustained growth. Our human resources strategy is thus an integral part of our overall corporate strategy.

Effective response to shortage of specialist staff

The companies in the international HOCHTIEF network—just like the construction industry as a whole—are facing an acute shortage of skilled and management personnel. This situation persists even in these times of financial crisis. In 2008, we were notably seeking employees for the technical facility management, electrical engineering and energy management sectors. It was still difficult to recruit construction engineers for international assignments. Nevertheless, we managed to fill 70 percent of vacant positions in the HOCHTIEF Group in the year under review through a range of activities.

This success was thanks in part to the Global Recruiting Initiative launched in 2008. Our international network makes it possible to advertise vacant positions across national borders and fill them in a targeted way. The HOCHTIEF companies HOCHTIEF Construction, Thiess, Flatiron and Turner are all part of the network and, with their brands which are well-known in their respective regions, help to establish HOCHTIEF as an attractive employer worldwide.

Our Group program "Employees Recruit Employees" has once again proven highly efficient. In 2008, 88 positions were filled in this way in Germany alone. Worldwide, several hundred employment contracts have been signed so far. Turner benefited from similar measures, taking on 196 new employees in the fiscal year.

Intern retention program launched

It is our goal for the company to retain the top ten percent of interns long-term. To this end, for instance, we offer them the opportunity to write their final thesis at HOCHTIEF. The intern retention program set up in the year under review offers above-average engineering and economics students the opportunity to discover the whole spectrum of the company. Experiences have been positive and the program has been very well received by students.

Potential future employees actively approached

In 2008, HOCHTIEF further increased its presence at university job fairs and graduate conventions. Also in the year under review, we began to hold "practical seminars" for particularly talented engineering students four times a year at a number of locations. These meetings not only offer the participants a chance to get to know HOCHTIEF better, they also give us a good idea about how qualified our candidates are. The seminars are already proving a success. The recruiting ad concept and the new Job opportunities section on the HOCHTIEF website also generated additional interest. The number of applications increased tangibly.

Schoolchildren enthused by technology

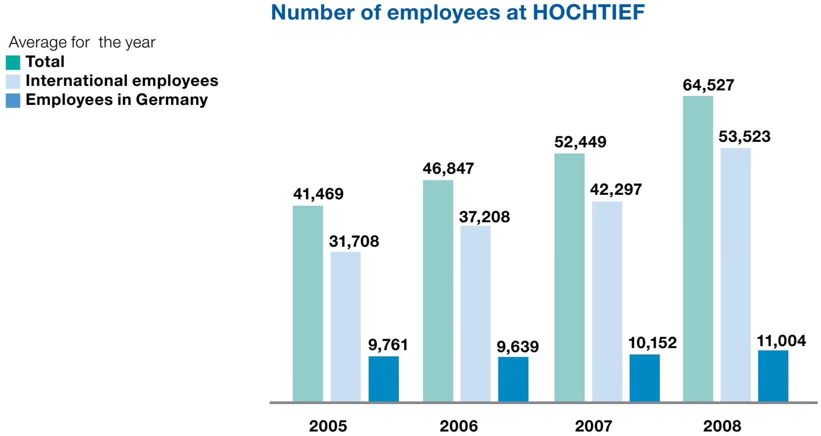
HOCHTIEF's efforts to ensure the next generation of engineers begin in schools. In the year under review, for instance, we again took part in "Girls' Day", where girls are introduced to technical professions. HOCHTIEF launched further initiatives in 2008 to get children excited about technology at an early age, and these will be intensified in 2009.

Further increase in staff numbers in 2008

In the year under review, the number of persons employed by HOCHTIEF increased by approximately 23 percent over the previous year. Two reasons for this continued rise

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.

Number of employees at HOCHTIEF



were major contracts in the Asia Pacific division and acquisitions within the Services division.

High level of trainee numbers

In the year under review, HOCHTIEF had a total of 521 trainees in 31 different professions in Germany, 187 of whom began their training in 2008. Thus, the number of trainees increased compared to the prior year and we continued to train young people beyond current demand in order to give more of them a better qualified start to their working lives. Following their traineeship, 72 percent of trainees were hired in the year under review and twelve trainees took up a course of study. We generally attach great importance to providing our future employees with sound training ourselves.

Staff development as key to success

In order to grow sustainably, a company needs highly qualified employees with a high level of personal development. We are well aware of this and act accordingly, working continuously to improve staff development. This benefits not just the company: It offers employees the opportunity for continuous development, both personally and professionally, and to make attractive career choices.

HOCHTIEF increased its expenditure on training and continuing education again in the year under review in order to go on motivating our employees to perform at their best and offer our clients groundbreaking solutions. Employees' willingness to take advantage of these offerings rose again in 2008, with the number of participants increasing by around 14.5 percent.

HOCHTIEF Academy program expanded

All of our measures and tools for employee and management development are consolidated under the auspices of the HOCHTIEF Academy in an end-to-end training program. This in-house facility provides in-service continuing education for industrial and technical employees as well as external students. In the year under review, for instance, eleven graduates were awarded the officially recognized title of "Bachelor of Engineering—Construction Site Management." In 2008, we expanded our offering to include the "Bachelor of Facility Management" degree program. The continuing education program is complemented by additional areas of cooperation with renowned universities. For example, our Australian subsidiary Leighton and its subsidiary Thiess work with the University of Queensland, thereby offering their employees comparable continuing education opportunities.

Our US subsidiary pursues similar goals with Turner University. Turner has, for example, set up an online learning platform with development and training programs specific to professional groups on areas such as quality management or financing. We plan to make this platform available to all Group employees worldwide.

Leadership program intensified

At the heart of staff development at HOCHTIEF lies the ongoing, Group-wide training of the management team. Above all, the aim here is to strengthen and consistently fine-tune the role of managerial staff. In 2008, we continued to forge ahead with the transfer of knowledge and experience between the corporate units by way of Group-wide management development initiatives. In this way, the content of the leadership program was given an even greater practical focus and continuous learning was promoted throughout the Group.

Talent management optimized

In response to calls by employees for improvements in the identification and development of talented junior staff, the Group came up with a whole range of activities. To this end, we refined all of our national and international programs for analyzing potential, such as our HOCHTIEF forums, thereby improving the parameters for early, personalized staff development.

Program set up for older employees

We do not just foster junior staff. The "50+" program aims to recruit seasoned, older employees in particular for international assignments, thereby benefiting from their expertise. Practice has shown that there is considerable interest in such opportunities among this age group, since these employees tend to be in a phase of life more amenable to international assignments. Our comprehensive healthcare management helps to keep our older employees fit.

Effective tools for motivating employees

Motivated staff perform particularly well. For this reason, HOCHTIEF does more than offer attractive career opportunities to keep its employees satisfied. Remuneration studies carried out in the year under review show that the compensation employees receive from the Group reflects performance and is fair and good. HOCHTIEF employees paid according to collectively agreed pay scales in Germany also receive performance-based compensation. Our subsidiaries Turner (USA) and Leighton (Australia) similarly apply bonus and incentive systems based on the company's performance.

For us, a positive corporate culture includes a healthy work-life balance. The "Work and Family" certificate demonstrates HOCHTIEF's intensified commitment to promoting a balance between work and family. This commitment applies throughout the Group and we have implemented a wide range of initiatives. In 2008, for instance, HOCHTIEF once again invited some 200 of our employees' children to the "HOCHTIEF Easter holiday action days" at the company's headquarters in Essen, where the children learned about HOCHTIEF.

HOCHTIEF is proud of its high level of employee satisfaction, which is also reflected in how long employees remain with the company. In Germany, for example, average length of service is 12.2 years, at Turner it is 7.6 years and at HOCHTIEF in the Czech Republic it is 10.8 years. We aim to improve on these good figures even further, for example, by acting on the findings of internal surveys which show us where action needs to be taken—like the specially designed employee survey carried out in 2008 at HOCHTIEF Property Management to review the success of the integration of the acquired companies.

New employees integrated successfully

We have good expertise in integrating new employees into the HOCHTIEF Group. Due to the acquisition of Flatiron, some 2,500 employees were integrated into the Group during the course of the year. Furthermore, HOCHTIEF Facility Management took on 40 employees from the Abbott pharmaceutical group. HOCHTIEF ensures success by calling on an integration team when it acquires companies. This team is among other things responsible for developing solutions for future organizational structures and cooperation based on best practice.

Intensive internal communications

A key component of HOCHTIEF's corporate culture is timely, open communications with employees in all areas of the Group. This is why we report those issues that are important to our employees in numerous employee publications and newsletters, on the HOCHTIEF intranet, at meetings as well as in many other ways. Moreover, every employee receives a comprehensive information pack about their new employer when they join the company.

Thanks to employees and employee representatives

HOCHTIEF's sustained growth and excellent reputation around the globe are down to our employees. We have them to thank for our outstanding results in fiscal year 2008. The above-average commitment, high level of qualification and loyalty of each and every employee make us strong.

Our solution-driven discussions in a spirit of partnership and close cooperation with employee representatives are also major factors contributing to the success of HOCHTIEF. We would like to thank them, too, for working so well with us.

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 2008 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 pages 121 and 122.

Procurement

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

- **Procurement volume reaches EUR 14.25 billion**
- **Procurement accounts for approximately 75 percent of Group sales**
- **Supplier management optimized further**
- **Shared procurement platform expanded**

Procurement as a key success factor

In the year under review, HOCHTIEF spent 74.6 percent of Group sales on the procurement of supplies and services, amounting to a procurement volume of EUR 14.25 billion. Our procurement strategy, which we pursue rigorously, is key to the success of HOCHTIEF. It gives us a competitive edge that goes far beyond mere price advantages. We focus on optimum procurement processes, professional supplier management and systematic bundling of demand by the lead buyers.*

*For further information, please see page 61.

This puts us in a position to react to changes and events on the procurement market quickly and comprehensively. This will be to our advantage in the current financial crisis: For example, we optimized the prequalification of subcontractors in good time and expanded our internal lead buyer organization. We also sustainably reduced our indirect costs with the KaufPilot project. Based on the model of our US subsidiary Turner, we have introduced safeguards in Europe against the consequences of the loss of subcontractors**.

**For further information, please see page 34.

Expansion of cross-divisional supplier management

HOCHTIEF places high demands on its suppliers and subcontractors. The careful selection of our partners is crucial to the success of our projects and the development of a reliable, trustworthy supplier base. This benefits all parties involved. Since 2005, we have been working hard on continuously expanding and improving Group-wide supplier management with the ProVis*** project. With ProVis, HOCHTIEF is seeking to increase transparency within the Group and to improve the relationship with our suppliers. Group-wide access to the supplier base creates security of supply and minimizes procurement risks. The main elements of HOCHTIEF's supplier management in 2008 were as follows:

***See glossary on page 194.

Prequalification via a supplier portal
Our Internet-based supplier portal, rolled out in 2007, is a crucial interface to HOCHTIEF for suppliers and subcontractors. Anyone wishing to offer their services to HOCHTIEF can access the portal and register. Over one thousand subcontractors and suppliers registered in the reporting year. For HOCHTIEF, the portal is a central component of risk management. Registered subcontractors and suppliers are regularly required to enter information such as financial indicators in the portal. This provides a basis for validated prequalification, which is a binding requirement if they are to be engaged.

HOCHTIEF observes a Code of Conduct. We also expect our subcontractors and suppliers to comply with these ethical, ecological and social standards. Suppliers and subcontractors must therefore acknowledge and agree to be bound by the Code of Conduct as a prerequisite for prequalification.

Cross-divisional supplier assessment
In addition to prequalification, another central element of our integrated supplier management system is supplier assessment. Since 2008, this has been based on standardized criteria. We used the results of the assessments to optimize the integration of suppliers' expertise and capabilities into our range of services. As a component of ProVis, the supplier assessments afford all buyers fast access to information about partner companies with which we have a good working relationship.

Cross-divisional contract management
In the reporting year, HOCHTIEF began to hold all master agreements negotiated by the lead buyers centrally, as with supplier assessments. In this way, we enable local buyers throughout the Group to obtain the best possible terms and give suppliers easier access to the relevant contact persons. In the period under review, utilization of master agreements intensified, resulting in a substantial increase in sales-related refunds.

Lead buyers
Our lead buyers are responsible for process-critical product categories, mostly with high volumes—for example, facades, electrical and mechanical installations, lifts or concrete. They coordinate their product categories and bundle orders to obtain better terms. In addition, they negotiate prices, conclude master agreements and closely follow the development of the market and prices. Thanks to their intimate knowledge of the market and long-term approach, they make a major contribution to HOCHTIEF's early warning system for risk management. HOCHTIEF successfully expanded the lead buyer organization in 2008 and extended it Group-wide to cover further item groups.

For example, HOCHTIEF is involved in the construction of a research facility in northern Germany. One of the special challenges this project poses is the integration of highly-specialized technical equipment that is suitable for use under the strictest biosafety conditions. The only manufacturer of this highly innovative technology is a US company. Our subsidiary Turner Logistics specializes in procuring medical and research equipment and already works with this manufacturer. Hence a lead buyer from Turner Logistics carried out the negotiations, achieving a saving of about 15 percent as well as much better contractual terms and a customized risk management plan with the manufacturer. As the project progresses, Turner will ensure that the equipment is installed on schedule and monitor all of the manufacturer's acceptance testing on site.

Supplier park
During the reporting year, the lead buyers at HOCHTIEF Construction expanded the supplier park for the key trades technical building systems, facades, steel and concrete. This means that suitable subcontractors can be involved at an early stage. Close cooperation with these strategic partners improves risk management and saves costs. Our efforts have certainly paid off: Integrated supplier management is an efficient way to secure HOCHTIEF against procurement risks.

KaufPilot makes a saving of EUR 3.1 million
In 2008, HOCHTIEF benefited from optimized procurement terms in 16 product categories over the electronic procurement platform KaufPilot. These categories included tools, health and safety equipment, office supplies and energy. In addition to Germany, Poland and the Czech Republic, the UK also has an electronic marketplace in local language and currency. In the reporting year, 1,800 users ordered 130,000 articles. The savings achieved through improved terms totaled some EUR 3.1 million.

Direct purchasing harnesses additional potential
Through our trading companies HOCHTIEF Global Trade and HOCHTIEF Procurement Asia, we are stepping up international procurement of favorably priced yet high-quality supplies direct from manufacturers. By purchasing directly in this way, HOCHTIEF is harnessing additional potential—for example, by eliminating premiums charged by wholesalers or subcontractors. It also reduces the risk of bottlenecks in the supply of materials because HOCHTIEF can order larger volumes in good time. In 2008, for instance, HOCHTIEF Procurement Asia purchased natural stone in China for a building construction project in Hamburg, making a saving of 30 percent.

Turner Logistics continues growth
Our US subsidiary specializes in innovative procurement management services, concentrating on specialist procurement, for example, in the field of medical equipment. Turner optimizes the value chain by purchasing directly from manufacturers, similarly to Global Trade and HOCHTIEF Procurement Asia. In the year under review, the procurement volume came to over EUR 320 million. This is mainly down to the economic situation in the USA putting an ever greater squeeze on the deadlines and budgets with which our clients have to comply. Turner Logistics offers the necessary procurement solutions to these problems. In 2008, the healthcare and education segments performed particularly well. For instance, Turner Logistics planned for and procured medical products to a value of EUR 150 million—an increase of 43 percent on 2007. Two examples: For the University of Kentucky Hospital, the company procured hospital equipment worth approximately EUR 16 million. Yale University commissioned Turner Logistics to purchase mechanical and electrical products for some EUR 12 million.

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.

- **HOCHTIEF delivering sustained value growth**
- **Group-wide transparency at all levels**
- **Strategic growth course successfully implemented**

Financial control system creates Group-wide transparency

The goal of continuous value growth is a key element of our strategy. To achieve it, we deploy a value-driven management system that allows us to keep the Group portfolio rigorously on target.

Our return on net assets (RONA) performance metric makes value growth measurable, ensuring transparency across the full range of reporting levels and throughout the Group. It is integrated into all planning and reporting systems and also feeds into portfolio and investment decisions pointing the way forward. Value-based performance measures are used alongside indicators focusing on earnings and cash flow as key components of a financial control system that creates Group-wide transparency and lays the foundations for profitable growth.

Value-driven management is fostered by making value created an integral parameter in the management compensation system. By building targets for value created directly into the components of performance-linked compensation, we keep management motivation closely aligned with Group and shareholder interests.

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

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 is useful for watching over operating activities as it highlights accounting parameters that operational managers must aim to optimize, such as trade accounts receivable, trade accounts payable and liquidity.

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. A number of parameters in the equation were reviewed in the year under review. Favorable effects of a German corporate tax reform resulting in a drop in cost of capital were canceled out by a higher figure for required return on equity. Following adjustments in various parameters, the Group's weighted average cost of capital (WACC) stands at ten percent before tax, which is identical in absolute terms to the prior year. The factors affecting cost of capital are regularly checked and revised in line with changes in the market environment.

HOCHTIEF Group performance

The HOCHTIEF Group generated 13.5 percent return on capital in fiscal 2008 (versus 14.9 percent in 2007). The cost of capital was once again significantly exceeded.

HOCHTIEF Group: Return on net assets (RONA)

(EUR million)	2008	2007
Operating earnings (EBITA)*	676.1	539.5
+ Interest income**	43.2	72.2
Return	**719.3**	**611.7**
Shareholders' equity (including minority interests)	2,861.4	3,000.8
+ Pension provisions	76.7	29.0
+ Financial liabilities	2,926.8	1,966.8
– Deferred tax assets	204.7	169.4
+ Deferred tax liabilities	93.8	82.1
Net assets at December 31	5,754.0	4,909.3
Average net assets	**5,331.6**	**4,107.2**
Return on net assets (RONA)	**13.5**	**14.9**
Value created (absolute)	**186.6**	**201.3**

The Group generated a **return** of EUR 719.3 million, nearly an 18 percent improvement on the prior year. Average net assets rose year on year from EUR 4.1 billion to EUR 5.3 billion. This represents growth of some 29 percent. The increase in net assets is due to the Group's strong capital expenditure in the last two years.

Value created by the HOCHTIEF Group was on a par with the solid level achieved in the prior year, at EUR 186.6 million. All divisions, with the exception of HOCHTIEF Europe, reported a positive figure for value created despite the difficult economic situation. This is a result of our sustained strategy geared to value growth.

Divisional value created

Division-specific figures are determined for the cost of capital to facilitate the measurement and comparison of divisional performance. 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 once again comfortably exceeded its cost of capital with RONA of 19 percent (2007: 21.8 percent). As a result of very healthy growth at our US subsidiaries Turner and Flatiron, the division generated a return of EUR 90.2 million, up some 15 percent on the prior year. The impact of adverse exchange rate effects on this figure was more than offset by higher operating earnings. The latter rise is not fully reflected in RONA because of a substantial year-on-year increase to net assets. This was due to Flatiron being included in full in average net assets for the first time.

HOCHTIEF Asia Pacific again kept well ahead of its cost of capital, generating RONA of 22.7 percent (2007: 32.2 percent). Operating earnings, at EUR 435.3 million, almost regained their high prior-year level. Most of the increase in net assets is accounted for by acquisitions of business interests for Al Habtoor, Devine Limited and MacMahon, the full amount of these acquisitions being included in net assets for the first time. At EUR 213 million, value created is down on the prior year due to the reduced return combined with the increase in net assets.

The **HOCHTIEF Concessions** division achieved RONA of 14 percent (2007: 20.7 percent), above its cost of capital.

Our airport holdings performed well above expectations in the year, producing a return of EUR 145.2 million. When looking at the comparative prior-year figures, it should be borne in mind that the EUR 186.9 million earnings record in 2007 included extraordinary income due to a German corporate tax reform, a special dividend from Sydney Airport and success fees for Budapest Airport. As a result of its strong earnings, **HOCHTIEF Airport** once again significantly exceeded its cost of capital with RONA of 14.2 percent (2007: 22.1 percent). Net assets grew mostly as a result of the purchase of the stake in Budapest Airport

* See page 67 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 2008 (EUR million)	Net assets 2008 (EUR million)	RONA 2008 (%)	WACC 2008 (%)	Value created 2008 (EUR million)	Value created 2007 (EUR million)
HOCHTIEF Americas	90.2	474.0	19.0	14.1	23.2	27.8
HOCHTIEF Asia Pacific	435.8	1,920.7	22.7	11.6	213.2	292.1
HOCHTIEF Concessions	174.5	1,250.9	14.0	10.1	48.8	110.2
Of which: HOCHTIEF Airport*	145.2	1,024.6	14.2	10.2	41.0	100.8
Of which: HOCHTIEF PPP Solutions	29.4	226.9	13.0	9.6	7.7	10.2
HOCHTIEF Europe	2.2	544.3	0.4	11.3	(59.3)	(172.5)
HOCHTIEF Real Estate	90.6	891.7	10.2	9.6	5.4	17.6
HOCHTIEF Services	28.4	177.8	16.0	9.6	11.4	9.6
Group	719.3	5,331.6	13.5	10.0	186.6	201.3

*Figures for HOCHTIEF Airport adjusted (for further information, please see page 68 of the Annual Report 2007 or www.hochtief.com).

and of additional shares in Sydney Airport. The EUR 41 million value created figure underscores the stable growth trend at our airports.

HOCHTIEF PPP Solutions likewise exceeds its required minimum return with RONA of 13 percent (2007: 14.9 percent). The return was up on the prior year. A larger number of projects also meant a year-on-year boost in net assets. At around EUR 8 million, value created was slightly down from the prior-year figure, as net assets grew proportionately faster than return.

HOCHTIEF Europe achieved RONA of 0.4 percent (2007: minus 21.2 percent). Although value created is still negative, it represents a marked improvement on the prior year. The upward trend in new orders and the initiated restructuring in German building construction delivered a sharp boost to earnings. Our international activities also contributed to stronger earnings growth. We expect to have value added back in positive figures by the medium term.

HOCHTIEF Real Estate significantly improved on its prior-year earnings with strong rentals on real estate developments in progress. At 10.2 percent (2007: 12.7 percent), its return was once again above its cost of capital. The slight drop compared with the prior year reflects substantial growth in net assets. The increase in net assets is due to a higher number of project starts and the acquisition of aurelis Real Estate.

The **HOCHTIEF Services** division likewise delivered a further stable contribution to the Group's successful results. It again exceeded its minimum return requirement, with RONA of 16.0 percent (2007: 16.6 percent). The division achieved a 25 percent year-on-year increase in return, primarily from the expansion of its international activities and earnings contributed by its energy management business. Value created came to EUR 11.4 million, above the prior-year figure as a result of the broadened asset base. Net assets increased as the average net assets figure now includes the business acquisition in energy management in full.

Outlook

The strong business performance in 2008 underscores our strategy geared to sustained value growth. All divisions aside from HOCHTIEF Europe achieved positive figures for value created.

We currently expect to generate stable value created for our shareholders, workforce and clients in fiscal 2009. However, the forward outlook depends substantially on the general economic environment.

Value Added

- **Significant growth in net value added**
- **Largest share distributed to employees**
- **New borrowing increases proportion distributed to lenders**

HOCHTIEF achieved further significant growth in value added in the year under review. Net value added rose in 2008 compared with 2007 by EUR 571.7 million to EUR 3,977.2 million. This represents an increase of some 17 percent.

The growth was mainly driven by the rising value contribution from corporate performance net of input costs: Although year-on-year sales growth was 16.1 percent, the corresponding material expense went up by a lesser increment of only 15.6 percent. This boosted value added by EUR 727.4 million. Value added was also pushed up by higher operating earnings, but this positive effect was completely cancelled out by an equal increase in operating expenses.

An increase in depreciation, amortization and impairments, especially in the HOCHTIEF Asia Pacific and HOCHTIEF Americas divisions, also reduced value added, as did a drop in net income from participating interests compared with the prior year. This was primarily attributable to positive extraordinary items in fiscal 2007, consisting of the special dividend at Sydney Airport and the remeasurement, required under the corporate tax reform in Germany, of deferred tax items recognized on accounting for Hamburg Airport using the equity method. In addition, impairments were recognized in the HOCHTIEF Asia Pacific division in 2008 on listed companies in the business portfolio.

As in previous years, the largest share of value added, some 82 percent, was distributed to employees. The share distributed to lenders increased in 2008 due to new borrowing to finance our substantially increased business volume and the high level of capital expenditure. In addition, we took the precaution of supplementing liquidity reserves by further drawing on our available credit facilities. The decrease in the share distributed to minority shareholders was primarily attributable to lower earnings contributions from the Leighton Group and airport holdings compared with 2007. The Executive Board proposal for the use of net profit provides for a further rise in the dividend for fiscal 2008 of EUR 1.40 per no-par-value share.

Despite this dividend increase of almost eight percent, the total dividend to shareholders remains at around the same level as in 2007, thanks to HOCHTIEF's repurchase of almost ten percent of its own shares concluded in 2008. The tax expense, constituting the proportion of value added distributed to public authorities, increased due to higher deferred tax items arising from temporary differences. Net value added distributed to HOCHTIEF represents the difference between consolidated net profit and dividends paid to shareholders.

Sources of value added	**2008**		2007	
	EUR million	%	EUR million	%
Sales	19,103.0	98.1	16,451.8	98.6
Changes in inventories	0.0	0.0	(0.2)	–
Other operating income	375.9	1.9	230.8	1.4
Corporate performance	**19,478.9**	**100.0**	**16,682.4**	**100.0**
Materials	(14,250.6)	73.2	(12,326.8)	73.9
Other operating expenses	(1,259.7)	6.5	(1,113.4)	6.7
Other investment expenses	(22.7)	0.1	(9.2)	0.0
Input costs	**(15,533.0)**	**79.8**	**(13,449.4)**	**80.6**
Investment and interest income	117.6	0.6	130.7	0.8
Net income from participating interests	306.0	1.6	354.3	2.1
Gross value added	**4,369.5**	**22.4**	**3,718.0**	**22.3**
Depreciation and amortization	(392.3)	2.0	(312.5)	1.9
Net value added	**3,977.2**	**20.4**	**3,405.5**	**20.4**

Sources of value added	**2008**		2007	
	EUR million	%	EUR million	%
Employees	3,261.8	82.0	2,798.7	82.2
Lenders	195.3	4.9	105.5	3.1
Minority shareholders	167.1	4.2	200.3	5.9
HOCHTIEF shareholders*	88.2	2.2	90.9	2.7
Public authorities	177.9	4.5	160.3	4.7
HOCHTIEF	86.9	2.2	49.8	1.4
Net value added	**3,977.2**	**100.0**	**3,405.5**	**100.0**

*The total dividend amount stated for 2008 is based on the dividend of EUR 1.40 per no-par-value share proposed by the Executive Board and the number of shares in circulation on December 31, 2008.

Happiness has the power to bridge any distance.

The best reunions: At the airport, they come in all shapes, signs and languages. This moment sparks the energy that gives a new lift to life.

The European Commission's GreenBuilding Award: Athens International Airport, a holding of HOCHTIEF AirPort, was honored in May 2008 for outstanding energy-saving measures implemented throughout the complex. As a partner in the GreenLight program by the European Commission, the airport voluntarily committed to reducing energy consumption for lighting. The result was an annual saving of 3,300 megawatt hours.

Financial Review

- **Strong operating performance produces substantial growth**
- **New sales record of EUR 19.1 billion**
- **Consolidated net profit up 24.4 percent on prior year**

Earnings

HOCHTIEF significantly expanded the volume of its business activities in the year under review, raising sales by EUR 2.65 billion to EUR 19.1 billion. This represents 16.1 percent growth on the prior-year sales of EUR 16.45 billion. Almost all divisions contributed to this result despite the economic slowdown that began to take hold in 2008. The growth was achieved both in international markets and in HOCHTIEF's home market of Germany.

On the international front, our HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions sustained their successful performance trend. HOCHTIEF Americas generated sales of EUR 8.05 billion (2007: EUR 6.95 billion). Most of this sales growth was accounted for by our subsidiary Flatiron, which was acquired late in 2007. Flatiron was only included in the 2007 consolidated financial statements for a short fiscal year consisting of a single month with sales of EUR 58.3 million. In 2008, Flatiron was included for the full year and contributed EUR 854.2 million toward Group sales. Our US subsidiary Turner likewise boosted sales, by 5.2 percent to EUR 7.1 billion (2007: EUR 6.75 billion). The falling US dollar once again diminished the subsidiary's sales growth after translation into euros by 6.3 percent over the year. In local currency, Turner broke the USD 10 billion barrier with total sales of USD 10.45 billion representing a 12.2 percent rise on the prior year (2007: EUR 9.31 billion). The upward trend also continued in the Asia-Pacific region. Sales at the HOCHTIEF Asia Pacific division were up 14.9 percent to EUR 6.88 billion (2007: EUR 5.99 billion). A falling exchange rate also made itself felt here, with a 6.4 percent drop in the year's average rate for the Australian dollar pulling down divisional sales by nearly half a billion euros. On the Eastern European market, which is becoming increasingly important to HOCHTIEF, the Group further expanded its activities and generated sales of almost EUR 1 billion.

Operational Statement of Earnings

(EUR million)	2008	2007
Profit from operating activities	**310.5**	**122.9**
+ Net income from participating interests	306.0	354.3
– Non-operating earnings	(+) 15.0	(+) 22.6
+ Interest credited	44.6	39.7
Operational earnings (EBITA)	**676.1**	**539.5**
Net investment and interest income	(141.0)	(15.6)
Non-operating earnings	(15.0)	(22.6)
Profit before taxes	**520.1**	**501.3**
Income taxes	(177.9)	(160.3)
Profit after taxes	**342.2**	**341.0**
Of which: Consolidated net profit	175.1	140.7
Of which: Minority interest	167.1	200.3

The international share of Group sales was held constant from the prior year at 86.5 percent, underscoring the strongly international character of the Group and the importance of foreign markets to HOCHTIEF.

Business was also very strong in our German home market in the past year. With sales of EUR 2.58 billion, HOCHTIEF achieved 16.2 percent sales growth in Germany compared with the prior year (2007: EUR 2.22 billion). In the process, we developed our activities away from the difficult German building construction market and toward project development, service and operating business focusing on infrastructure projects, real estate and facilities.

Major growth in HOCHTIEF Group earnings

The Group produced a very strong set of earnings figures for fiscal 2008 despite the global economic slowdown. **Operating earnings (EBITA)** improved by EUR 136.6 million, from EUR 539.5 million in the prior year to EUR 676.1 million in 2008. The 25.3 percent increase reflects successful progress on restructuring the HOCHTIEF Europe division, which heavily weighed down Group earnings in 2007 due to substantial losses in the German building construction business. In parallel, the HOCHTIEF

Americas division benefited from significant earnings growth at Turner and a healthy contribution to earnings from subsidiary Flatiron, which was included in the consolidated financial statements for a whole year for the first time. The successful business trend was also sustained at the HOCHTIEF Real Estate division with a 29.7 percent rise in operating earnings and at the HOCHTIEF Services division with a 21.8 percent increase. In 2007, the HOCHTIEF Concessions division achieved particularly strong earnings growth in the airport segment. A notable factor in this was an extraordinary income item resulting from the corporate tax reform in Germany and a special dividend from Sydney Airport. In the year under review, our airport business put in another strong performance on the operating side. Operating earnings at HOCHTIEF Concessions nonetheless fell short of the prior year as a result of the extraordinary item.

The HOCHTIEF Asia Pacific division made another particularly large contribution, adding EUR 427.5 million to the HOCHTIEF Group's operating earnings in the year under review. This was slightly down on the prior-year figure, however (2007: EUR 441.3 million). The main negative impact here was the precaution taken at Leighton of writing down all interests in listed infrastructure companies to their quoted prices as of December 31, 2008. A positive factor consisted of a deconsolidation gain on the transfer of Leighton subsidiary Gulf Leighton L.L.C. to associate Al Habtoor Engineering Enterprises Co. L.L.C. Leighton's very successful operating business meant that despite the adverse effect of the impairment charge, HOCHTIEF Asia Pacific operating earnings were only 3.1 percent down on the prior year.

Net income from participating interests came to EUR 306 million—as expected, below the prior-year figure, which was swelled by extraordinary items (2007: EUR 354.3 million). Notable positive factors in fiscal 2007 included a special dividend received from Sydney Airport and, occasioned by the German corporate tax reform, a remeasurement of deferred tax items recognized on accounting for Hamburg Airport using the equity method. Given the extraordinary items in the prior year and the impairment charges recognized for various project companies in the HOCHTIEF Asia Pacific division, the businesses in HOCHTIEF's portfolio once again generated very good earnings from operating activities. The HOCHTIEF Asia Pacific division was able to offset much of the effect of the impairment charges, largely by way of enhanced contributions to earnings from joint ventures. As a result, HOCHTIEF Asia Pacific's net income from participating interests was only EUR 11.8 million down on the prior-year figure, at EUR 159.2 million (2007: EUR 171 million). The business activities of our airport holdings continued to develop healthily and delivered another stable, large contribution to earnings of EUR 116.7 million in 2008 (2007: EUR 162.8 million), making 2008 the second-best year in the history of HOCHTIEF AirPort. The year-on-year decrease is wholly a result of extraordinary items in 2007.

As in the prior year, the negative amount shown for **non-operating earnings** (minus EUR 15 million, compared with minus EUR 22.6 million in 2007) related in its entirety to restructuring expenditure at the HOCHTIEF Europe division.

Net investment and interest income came to minus EUR 141 million in 2008 and was thus substantially deeper into negative figures than in the prior year (2007: minus EUR 15.6 million). This mostly reflected bank borrowing to finance the major expansion of our business activities and the high level of capital expenditure undertaken in the prior year. We also responded promptly to the increasing difficulties in obtaining funding on the capital market that arose in connection with the financial crisis. To secure the cash resources needed by the Group, we therefore made further utilization of the credit facilities we have available.

Further strong rise in consolidated net profit over prior year

The Group's success in 2008 was underscored by a further rise in **profit before taxes** from its already high prior-year level. HOCHTIEF boosted pretax profit by EUR 18.8 million to EUR 520.1 million—a gain of 3.8 percent on the prior year (2007: EUR 501.3 million). The key factor in this was the clear improvement in earnings at HOCHTIEF Europe as a result of the implemented restructuring program.

Tax expense increased in line with this earnings growth as expected, amounting to EUR 177.9 million in the year under review compared with EUR 160.3 million in the prior year. This is made up of EUR 147.3 million (2007: EUR 157.4 million) in current tax expense and EUR 30.6 million (2007: EUR 2.9 million) in deferred tax expense. The current tax expense is down because of the lower profit before tax in the HOCHTIEF Asia Pacific division. Deferred tax expense was higher, on the other hand, as a result of changes in temporary differences in 2008.

The effective tax rate was 34.2 percent and thus stayed at a low level. There was a moderate rise compared with the prior year (2007: 32 percent), the effective tax rate having been reduced in fiscal 2007 by extraordinary items in the airports segment.

Profit after taxes, at EUR 342.2 million, was slightly up on the high prior-year figure of EUR 341 million. The amount attributed to consolidated net profit grew even more strongly. **Consolidated net profit** rose by a significant 24.4 percent or EUR 34.4 million, from EUR 140.7 million in 2007 to EUR 175.1 million in 2008. In contrast, the minority interest dropped sharply. The minority interest was EUR 167.1 million, a fall of EUR 33.2 million or 16.6 percent from the prior-year figure (2007: EUR 200.3 million). This change was driven by a shift in divisional earnings contributions compared with the prior year. The minority interest was reduced by both an increase in earnings at Group companies with little or no minority share of equity and a decrease at Group companies in which minority stockholders hold a large share.

With the presented results, and despite the financial crisis, we have attained in full the increased forecast for the Group published in our interim report as of September 30, 2008. Group sales, profit before taxes and consolidated net profit are—as predicted—above the figures for 2007.

Cash flow

Consolidated statement of cash flows

HOCHTIEF's **operating activities** generated another strong positive cash flow of EUR 266.1 million in 2008. This was nonetheless down on the prior year (2007: EUR 609.3 million), mainly due to a further rise in net cash tied up in working capital. The main factor at play here was growth in the operating business and the resulting rise in trade receivables. Aside from the HOCHTIEF Real Estate division, the HOCHTIEF Asia Pacific division recorded a particularly large increase in receivables.

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

(EUR million)	2008	2007
Net cash provided by operating activities	266.1	609.3
Net cash used for investment activities	(901.3)	(1,554.6)
Net cash provided by financing activities	1,046.1	1,035.2
Net cash increase in cash and cash equivalents	**410.9**	**89.9**
Cash and cash equivalents of year-end	**1,787.7**	**1,402.5**

*The full Consolidated Statement of Cash Flows appears on page 129, in the Financial Statements and Notes section.

HOCHTIEF undertook very substantial capital expenditure on property, plant and equipment and financial assets in 2008, once again exceeding the EUR 1 billion mark. As expected, however, at EUR 1.16 billion, total **capital expenditure** fell short of the prior-year record (2007: EUR 1.77 billion). Purchases of intangible assets and property, plant and equipment accounted for EUR 645.5 million of the 2008 total (2007: EUR 703.2 million). The main focus of capital expenditure was once again on property, plant and equipment at Leighton. Carrying out large infrastructure projects and the asset-intensive contract mining business necessitated a capital outlay of EUR 538.7 million (2007: EUR 638.3 million) in the HOCHTIEF Asia Pacific division.

After a record level of investment spending on financial assets in the prior year, HOCHTIEF concentrated in the year under review on targeted additions and scaled back expenditure to a normalized level. At EUR 510.5 million, investment outlay on financial assets was therefore well down on the prior year (2007: EUR 1.07 billion). The lion's share was again accounted for by investment at Leighton in infrastructure project companies and in the interest acquired during 2007 in the Gulf construction company Al

Habtoor. All told, the HOCHTIEF Asia Pacific division spent EUR 466.5 million on financial assets in fiscal 2008. The higher prior-year figure of EUR 726.6 million included EUR 507.9 million for the purchase of a 45 percent stake in Al Habtoor. HOCHTIEF Concessions invested EUR 27.6 million in its business portfolio in the fiscal year (2007: EUR 130.7 million). The significantly larger prior-year figure related to the acquisition of additional shares in Sydney Airport and of the stake in Budapest Airport. The HOCHTIEF Americas division also reported substantially lower expenditure on financial assets in the year under review than in the prior year, at EUR 3 million (2007: EUR 191 million). In 2007, HOCHTIEF put its activities on the North American market on a broader footing and invested EUR 178.1 million in the acquisition of the Flatiron civil engineering group. The cash inflow from disposals of property, plant and equipment and financial assets in 2008 amounted to EUR 422.4 million (2007: EUR 328.9 million). In the opposite direction, changes in securities holdings and financial receivables produced a cash outflow of EUR 148.1 million (2007: EUR 187.3 million). This largely came in connection with the purchase of securities in our Luxembourg reinsurance companies in the year under review. The outflow of funds in the prior year reflected loans granted for the purchase of aurelis Real Estate and the stake in Budapest Airport, net of proceeds from sales of securities in HOCHTIEF Aktiengesellschaft. Factoring in a EUR 19.7 million reduction (2007: EUR 78 million increase) in cash and cash equivalents due to consolidation changes, net cash used in investing activities came to EUR 901.3 million (2007: EUR 1.55 billion).

At EUR 1.05 billion, net cash provided by **financing activities** showed scarcely any change compared with the prior year (2007: EUR 1.04 billion). There was substantial new borrowing—primarily at Leighton and HOCHTIEF Aktiengesellschaft—in the form of bank loans, promissory note loans, further drawings on syndicated revolving credit facilities and the issue of a US dollar private placement, amounting to a total of EUR 2.24 billion. Aside from borrowing to finance capital expenditure and the operating business, a major focus was on steps taken relating to impacts of the financial crisis. HOCHTIEF took out EUR 225.9 million in overnight borrowings to ensure sufficient liquidity in this connection. On the other side of the equation was a substantial EUR 1.09 billion in debt repayments (2007: EUR 298.7 million). The great majority of this, EUR 814.6 million, was accounted for by Leighton. In addition to the repayment of considerable sums owed to banks, the year under review saw Leighton redeem the 100-year AUD 200 million bond issued in 2003. We also made use of the low stock market prices in the wake of the financial crisis for purchases of the Company's own stock. These purchases resulted in a EUR 93.5 million cash outflow. In 2007, sales of treasury stock had produced a cash influx of EUR 336 million. Payments into equity by minority shareholders included in net cash provided by financing activities amounted to EUR 222.1 million in the year under review and related to a stock issue at Leighton and a shareholder contribution at Sydney Airport Invest. Net cash provided by financing activities also takes into account dividend payments—mostly to HOCHTIEF stockholders and Leighton minority stockholders—of EUR 234.6 million (2007: EUR 195.6 million).

HOCHTIEF's cash and cash equivalents stood at EUR 1.79 billion as of December 31, 2008, an increase of EUR 385.2 million compared with the prior year (2007: EUR 1.4 billion). Within the total, exchange rate changes had a negative impact of EUR 25.7 million (2007: EUR 81.9 million).

Free cash flow improved in fiscal 2008 compared with 2007 to minus EUR 635.2 million (2007: minus EUR 945.3 million). The figure consists of net cash provided by operating activities (EUR 266.1 million) less net cash used in investing activities (EUR 901.3 million).

Group financing remains secure—successful new promissory note loan issue
The Group's broadly diversified long-term financing remains secured. After the successful refinancing in the prior year of the large syndicated revolving guarantee facility that comprises one of the central pillars of the HOCHTEF Group's financing, two further issues of promissory note loans were successfully launched in the year under review.

Despite the continued difficulties on the finance and capital markets, which show no sign of settling down, we succeeded in July 2008 in issuing two new promissory note loans for a total of EUR 250 million. A notable feature of the loans is their tenors of five and seven years. Loan terms of this length are now scarcely attainable. The two loan tranches thus mean that a further major portion of the Group's financing is secure. Obtaining longer maturity periods continues to be very important in order to prevent debt bunching. The new issue allowed HOCHTIEF to further extend the maturity profile of key elements of its financing to the years 2013 and 2015.

Another key factor in opting for promissory note loans as a financing vehicle was lender diversification, which we further enhanced with these loans. The issue was marketed to gratifyingly strong demand outside of HOCHTIEF's core banks, which ultimately allowed the total amount to be increased to EUR 250 million. This again reduces our dependence on the mainstream banking sector, which still continues to be more than reticent as regards new lending. The documentation is largely based on that of the syndicated facilities. No new financial covenants needed to be accepted. The negotiated terms and conditions are highly attractive for loans with durations as long as five and seven years, reaffirming the immaculate long-term credit standing of the HOCHTIEF Group in the lending markets.

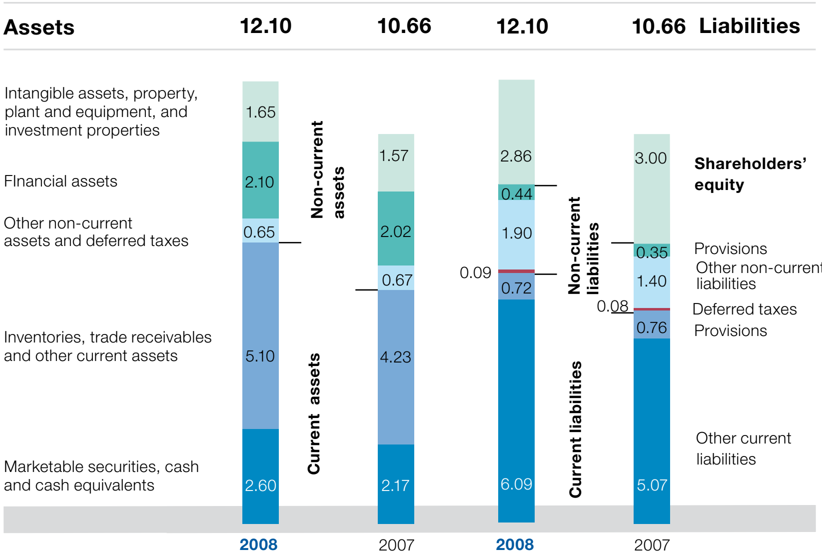
We were also able to extend our main bilateral revolving guarantee and credit facilities in the past year. These facilities are used to supply the Group with short-run liquidity and are mostly arranged for a term of one year. A particularly satisfying aspect with regard to these short-term facilities is that we were able to begin negotiations with new lenders toward the end of the year. Despite the persistently adverse situation on the global capital markets, we are confident of securing new lending for the HOCHTIEF Group on this front as well.

These central Group financing sources are supplemented on a case-by-case basis with project-specific facilities taken out exclusively for short-term finance on individual projects. These are each secured against the project in question and so avoid regular recourse to the Group. Individually negotiated project financing of this kind provides us with maximum flexibility, for example, regarding the terms of settlement if a project is sold early to the end investor.

The non-European divisions also have their own local financing. Turner and Flatiron, for example, have continued access in the USA to a USD 4.76 billion bonding facility that can be expanded to USD 5 billion at any time. This ensures that local bonding for construction contracts is available on a long-term basis—an important financing component especially in light of the infrastructure programs planned by the new US administration. Flatiron has additionally been able to obtain a bilateral short-term revolving credit facility to secure local financing.

The Leighton Group in Australia likewise has sufficient long-run finance through its own long-term loans and supplementary project borrowings. Leighton's financing base was further strengthened in the year under review by the very successful stock issue.

Consolidated Balance Sheet (EUR billion)



Balance sheet

Growth in operating assets adds substantially to balance sheet

HOCHTIEF significantly stepped up its operating business in fiscal 2008 and further strengthened the position of its units in their respective market segments in the process. The main focus was on integration, expanding the operating business and raising the profitability of activities and companies newly acquired in the previous year.

Total assets consequently showed a further marked increase in 2008 and amounted to EUR 12.1 billion at the December 31, 2008 balance sheet date. This represents growth of a significant EUR 1.44 billion or 13.5 percent compared with the comparative prior-year figure of EUR 10.66 billion.

Non-current assets totaled EUR 4.4 billion, a gain of EUR 140.5 million or 3.3 percent compared with the prior year (2007: EUR 4.26 billion). After swelling to EUR 505.1 million in 2007 due to goodwill recognized on acquisitions, intangible assets dropped back slightly to EUR 482.7 million as of the 2008 year-end. The decrease is mostly accounted for by future earnings implicit in the order backlog at the time of the Flatiron acquisition being amortized to income. Acquisition-related goodwill stood at EUR 407.8 million as of the balance sheet date (2007: EUR 406.5 million). The remainder of intangible assets mainly consisted of concessions and licenses. Property, plant and equipment increased in line with the higher level of output and the correspondingly higher capacity needed—above all in the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions—by EUR 92.8 million to EUR 1.12 billion. Investment properties, held for the most part in the HOCHTIEF Real Estate division, remained on a par with the prior year, at EUR 42.9 million (2007: EUR 41.2 million). Financial assets had already increased to EUR 2.02 billion at the end of 2007 following major expansion of the business portfolio, and grew slightly further by EUR 80.9 million to EUR 2.1 billion during 2008. Within this figure, equity-method investments were up EUR 206.5 million to EUR 1.67 billion, chiefly through acquisitions at Leighton. Other financial assets, on the other hand, dropped by EUR 125.6 million to EUR 430.1 million. This primarily reflected impairment charges recognized when marking to market listed project companies in the HOCHTIEF Asia Pacific division. Financial receivables more or less kept their prior-year level, at EUR 352.7 million (2007: EUR 365.2 million). This predominantly consisted of loans in the amount of EUR 309 million granted in connection with the acquisitions of stakes in Budapest Airport and Aurelis Asset GmbH. The pension fund balances included in non-current assets decreased due to the financial crisis and the ensuing reduction in plan assets, from EUR 89 million to EUR 46.1 million. Pension obligations thus continued to be substantially matched by plan assets as of the fiscal 2008 year-end. Other receivables and other assets fell overall by EUR 35.2 million to EUR 95.8 million. Deferred tax assets increased compared with the prior year by EUR 35.3 million to EUR 204.7 million (2007: EUR 169.4 million). The increment relates to amounts recognized in equity for changes in the fair value of securities and pension obligations and is attributable in the main to the HOCHTIEF Americas division.

The major EUR 1.3 billion or 20.3 percent surge in **current assets** to EUR 7.7 billion (2007: EUR 6.4 billion) tracks the expansion of the operating business pushed forward in 2008. Trade receivables increased as a result by EUR 952.1 million or 25.7 percent to EUR 4.64 billion (2007: EUR 3.69 billion). The rise in trade receivables was spread across all divisions. Other receivables and other assets sank by EUR 140.7 million to a year-end total of EUR 171 million (2007: EUR 311.7 million). Most of this decrease is connected to the receipt of payment for shares sold in 2007 in the Vespucio Norte Express infrastructure project. Holdings of marketable securities grew during fiscal 2008 by EUR 43 million to EUR 809.4 million. The bulk of this amount consists of fixed-interest securities and investments in bond funds. Cash and cash equivalents showed a balance of EUR 1.79 billion as of the year-end, representing a substantial EUR 385.2 million increase on the prior year (2007: EUR 1.4 billion). In the face of the worsening financial crisis over the course of 2008 and the consequent difficulties to be expected in obtaining liquidity on lending markets, HOCHTIEF responded in good time and exercised refinancing facilities that remain available.

Shareholders' equity came to EUR 2.86 billion as of December 31, 2008, down EUR 139.4 million from the prior-year figure (2007: EUR 3 billion). Profit after taxes boosted Group shareholders' equity by EUR 342.2 million. Other changes not recognized in the statement of earnings added a further EUR 124.8 million, mainly comprising the balance of purchases of the Company's own stock (a reduction of EUR 93.5 million) and payments into equity by minority shareholders at Leighton and the Sydney Airport holding company (an increase of EUR 222.1 million). Amounts recognized directly in equity for currency translation differences, changes in the fair value of financial instruments as well as changes in actuarial gains and losses reduced shareholders' equity by EUR 371.8 million. By far the largest part of this reduction comprised changes in the fair value of financial instruments, which had dropped sharply in price with the effects of the financial crisis. Dividend payments to HOCHTIEF's and other shareholders further decreased shareholders' equity by EUR 234.6 million.

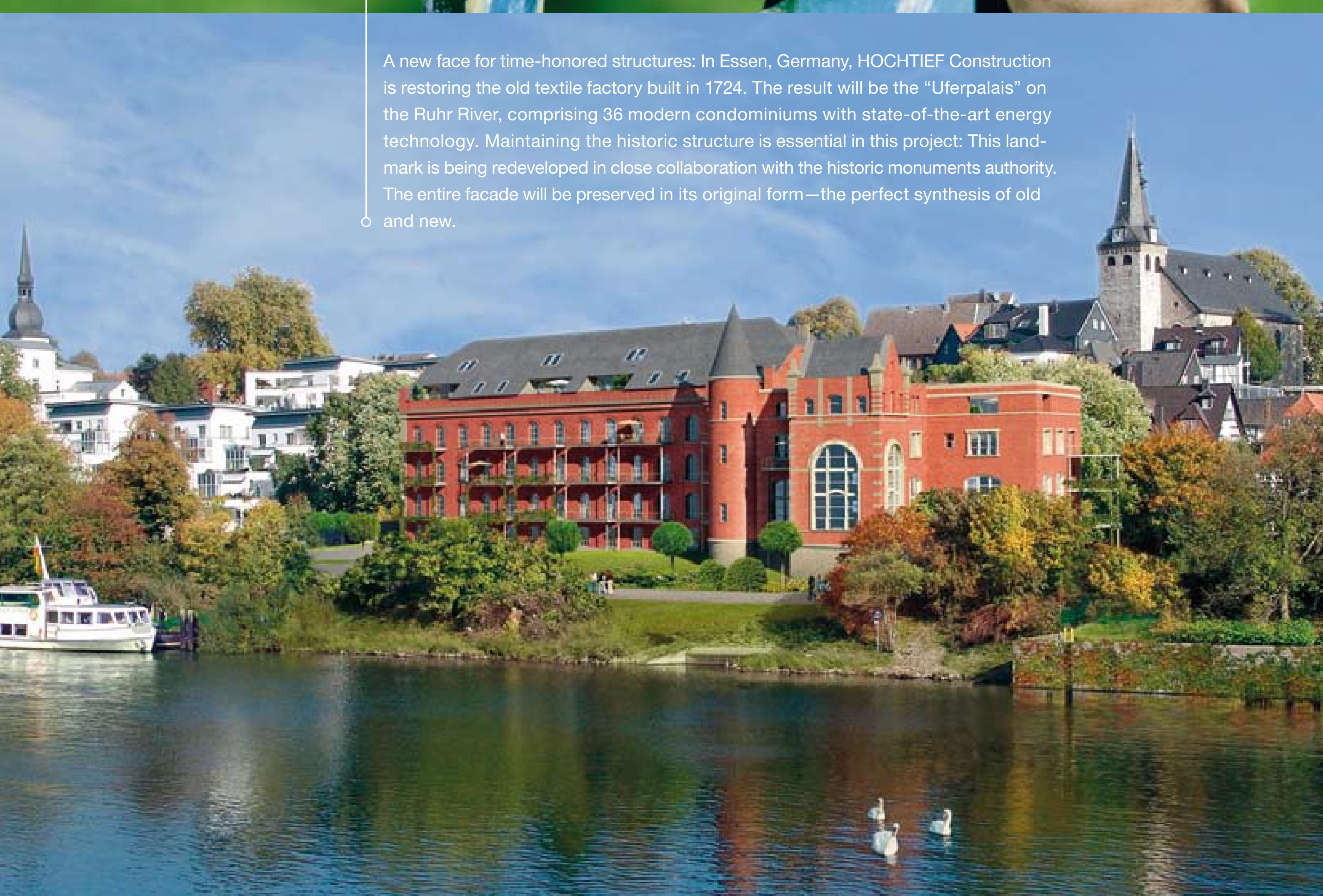
The expansion of the balance sheet reflecting the Group's growth combined with the slight drop in shareholders' equity brought about a fall in the equity ratio—shareholders' equity as a percentage of total assets—to 23.6 percent (2007: 28.2 percent).

Non-current liabilities increased by EUR 595.2 million to EUR 2.43 billion at the December 31, 2008 balance sheet date (2007: EUR 1.83 billion). Provisions for pensions and similar obligations rose—mainly at Turner—from EUR 29 million to EUR 76.7 million. HOCHTIEF has provided for most of its pension obligations in recent years by transferring assets to pension funds. Due to the dwindling of plan assets with the financial crisis, HOCHTIEF shows a correspondingly larger amount for pension obligations on its balance sheet as of December 31, 2008. Other non-current provisions were also raised by EUR 41.8 million to EUR 358.2 million. These primarily relate to personnel and insurance as in the prior year. Non-current financial liabilities grew by EUR 354.4 million to EUR 1.68 billion. Alongside notes issued by Leighton, this chiefly consists of bank borrowings together with drawings on promissory note loans and the syndicated revolving credit facility to secure the Group's long-term liquidity resources.

Current liabilities likewise climbed sharply, amounting to EUR 6.81 billion at the 2008 fiscal year-end—an increase of EUR 986.6 million on the prior-year balance sheet date (2007: EUR 5.83 billion). Much of this growth was in financial liabilities, which were up by EUR 605.6 million from EUR 642.7 million to EUR 1.25 billion. The growth mostly consisted of short-term borrowings by the HOCHTIEF Real Estate division to finance its project development business and overnight borrowing by Corporate Headquarters to secure Group liquidity. Trade payables also rose by EUR 418.4 million to EUR 4.56 billion (2007: EUR 4.14 billion). The larger volume of business resulted especially at the HOCHTIEF Americas and HOCHTIEF Europe divisions in a higher level of payables at the fiscal year-end.

A future for the past: As a company with a rich tradition, HOCHTIEF understands the importance of preserving history.

When you care for and maintain heirloom furniture, you keep a piece of history in your living room. Restoring antiques in every detail is painstaking work. The rewards are values that last. And new memories for tomorrow.



A new face for time-honored structures: In Essen, Germany, HOCHTIEF Construction is restoring the old textile factory built in 1724. The result will be the “Uferpalais” on the Ruhr River, comprising 36 modern condominiums with state-of-the-art energy technology. Maintaining the historic structure is essential in this project: This landmark is being redeveloped in close collaboration with the historic monuments authority. The entire facade will be preserved in its original form—the perfect synthesis of old and new.

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 by auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. The 2008 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, 2008	Dec. 31, 2007
Fixed assets		
Intangible assets and property, plant and equipment	42.7	45.9
Financial assets	1,853.9	1,515.0
	1,896.6	**1,560.9**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	908.7	985.3
Cash and cash equivalents, and marketable securities	905.0	648.2
	1,813.7	**1,633.5**
Total assets	**3,710.3**	**3,194.4**
Shareholders' equity	1,489.4	1,482.4
Provisions	388.7	438.5
Liabilities	1,832.2	1,273.5
Total liabilities	**3,710.3**	**3,194.4**

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2008	2007
Sales	195.0	150.4
Changes in the balance of construction work in progress	0.7	(0.4)
Other operating income	95.4	379.8
Materials	(116.9)	(96.7)
Personnel costs	(83.2)	(99.7)
Depreciation and amortization	(6.2)	(7.5)
Other operating expenses	(112.8)	(136.4)
Net income from financial assets	182.8	44.6
Net interest income	(17.5)	8.4
Writedowns on financial assets and marketable securities	(35.1)	(205.2)
Profit from ordinary activities	**102.2**	**37.3**
Income taxes	(4.3)	(1.9)
Net profit before changes in reserves	**97.9**	**35.4**
Net profit brought forward	32.6	4.6
Changes in revenue reserves	(32.5)	83.6
Unappropriated net profit	**98.0**	**123.6**

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 hoding 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 68.5 percent of total assets, compared with 71.9 percent in 2007.

HOCHTIEF Aktiengesellschaft's subscribed capital of EUR 179.2 million is divided, as in previous years, into 70,000,000 no-par-value shares. Following purchases of the Company's own shares, an amount of EUR 186.9 million—equal to the carrying amount of the treasury stock—was reclassified in accordance with statutory requirements from other revenue reserves to the reserve for own stock. Shareholders' equity equaled 40.1 percent of total assets, versus 46.4 percent in 2007.

Liabilities include EUR 200 million in promissory note loans (Schuldscheindarlehen) granted in 2004 with an original term of five years and a five percent coupon. Two further promissory note loans were taken out on July 4, 2008, 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. Also included 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 2008 was EUR 97.9 million. In accordance with the resolution of the General Shareholders' Meeting of May 8, 2008, EUR 32.5 million of the 2007 net profit before changes in reserves was transferred to revenue reserves. Including profit carried forward from the previous year (EUR 32.6 million), unappropriated net profit comes to EUR 98 million.

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

The unappropriated net profit of HOCHTIEF Aktiengesellschaft for fiscal 2008 in the amount of EUR 98,000,000.00 will be used to pay a dividend of EUR 1.40 per eligible no-par-value share, and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 9,799,584.20, 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 1.40 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 contains premiums received when new stock is issued by the Company.

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.

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 8, 2008 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 7, 2009. 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 third parties engaged by the Company 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 the issue to the shareholders of 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 8, 2008, 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 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.

On October 24, 2007, HOCHTIEF Aktiengesellschaft and a syndicate of international banks signed a long-term global revolving guarantee facility for a total of EUR 2 billion and renegotiated both 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. The three 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 two EUR 100 million promissory note loan agreements (Schuldscheindarlehen)—one each with two separate banks—on May 24, 2004. Each of the loan agreements and the loans extended under them can be terminated without notice by the respective creditor if at least 50 percent of HOCHTIEF Aktiengesellschaft's capital stock is taken over by, or control of HOCHTIEF Aktiengesellschaft is otherwise transferred to, one or more other business enterprises.

HOCHTIEF Aktiengesellschaft signed a EUR 50 million global revolving credit facility with a German bank on July 8, 2008. If there is a change of control, the credit facility can be terminated after 60 days unless agreement has been reached on its continuation. A change of control is defined in this context as any party, or group of parties acting in concert, acquiring control of the borrower, where the party or parties were not shareholders in the borrower when the facility was signed. Criteria to be considered in negotiations to continue the facility are the acquirer's credit standing, the risk of any change in corporate strategy and all other legitimate interests of the lender.

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. If there is a change of control, HOCHTIEF Aktiengesellschaft must repay the loan early unless lender and borrower reach agreement on its 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 committed before the third party gained 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 in office in the year concerned are entitled—under agreements entered into with them before 2008—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.

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.

Explanatory report by the Executive Board of HOCHTIEF Aktiengesellschaft pursuant to Section 175 (2) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289 (4) 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) and 315 (4) of the German Commercial Code:

Our disclosures for HOCHTIEF Aktiengesellschaft relate to the situation in fiscal 2008. 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. We refer in this connection to the Risk Report on page 115.

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:

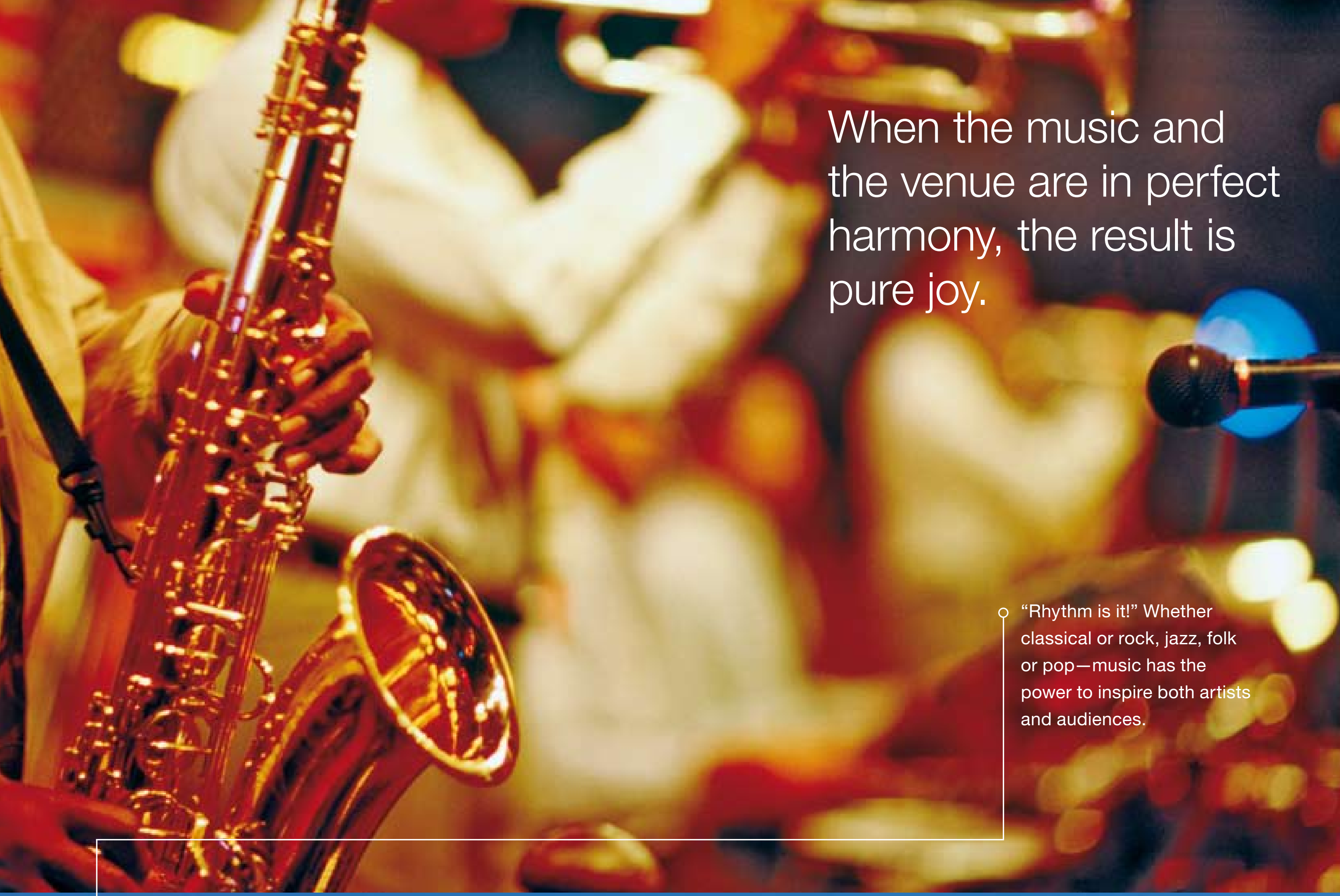
A change of control at HOCHTIEF AirPort GmbH would have various legal consequences. In particular, such a change of control may trigger sale or purchase obligations relating to ownership interests held by HOCHTIEF AirPort GmbH. In the PPP segment, project contracts frequently accord the client substantial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

Essen, February 16, 2009

Dr. Lütkestratkötter	Ehlers
Dr. Lohr	Dr. Noé
Dr. Rohr	



When the music and the venue are in perfect harmony, the result is pure joy.

"Rhythm is it!" Whether classical or rock, jazz, folk or pop—music has the power to inspire both artists and audiences.

Sound architecture: A groundbreaking culture center with 13 venues, including a concert hall and several studios, was built by our US subsidiary Turner in Troy, New York: the Experimental Media and Performing Arts Center. Thanks to leading-edge technology, each performance space is acoustically isolated from the rest. The sustainable project is set to receive LEED certification from the United States Green Building Council.

Segment Reporting

HOCHTIEF's divisions work together: Networking creates value added
Our services span the entire life cycle of infrastructure projects, real estate and facilities. To this end, we network our offerings and pool our services: The HOCHTIEF companies work in close cooperation with each other to offer our clients the best possible, customized solutions.

The experience we gain through our projects around the globe is a key element of knowledge transfer at HOCHTIEF. Our clients can be sure that our services are always provided based on our companies' latest findings.

As profit centers, all of the Group's divisions and companies are part of the HOCHTIEF network. They collaborate wherever possible and desired by the client. This boosts sales and earnings—and our clients, shareholders and employees benefit.

Examples of cooperation within the Group
HOCHTIEF PPP Solutions offers its services in collaboration with its sister companies HOCHTIEF Construction and HOCHTIEF Facility Management. HOCHTIEF Construction, for instance, is a construction partner on a number of public-private partnership (PPP) projects, for example, for implementing toll road projects in Greece, Austria and Germany. HOCHTIEF Construction is also responsible for new construction and refurbishment in school projects which HOCHTIEF has taken on for public authorities in Germany. Management of the schools is assumed by HOCHTIEF Facility Management—in Germany as well as in Ireland and the UK. Last but not least, the three companies are also collaborating on the first German PPP building construction project in the defense sector, the Fürst Wrede barracks in Munich. The HOCHTIEF Concessions and HOCHTIEF Europe divisions jointly realize projects with a contract volume of around EUR 1.4 billion. The Services division handles additional cooperation projects worth some EUR 500 million.

The companies of the HOCHTIEF Real Estate division—HOCHTIEF Projektentwicklung, aurelis Real Estate and HOCHTIEF Property Management—also work closely together. By way of example, in 2008, aurelis awarded HOCHTIEF Property Management a contract to manage the company's properties. The units are also closely networked with the sister companies from the service sector, HOCHTIEF Facility Management and HOCHTIEF Energy Management. For instance, HOCHTIEF Facility Management provides corresponding services for real estate developed by HOCHTIEF Projektentwicklung, such as the WestendDuo in Frankfurt and the Rondo office tower in Warsaw.

The HOCHTIEF Consult competence center, which is part of the HOCHTIEF Europe division, has specialist technical expertise and is involved in major projects within the Group. In 2008, HOCHTIEF Consult advised our units on building construction projects in the United Arab Emirates and assisted HOCHTIEF AirPort in preparing tenders for international airports.

Internal cooperation is also well established internationally: Together with Flatiron, the civil engineering company acquired by HOCHTIEF in 2007, Turner is handling the modernization of Sacramento International Airport. HOCHTIEF's US companies also aim to join forces on the market in future when projects require both building construction and civil engineering services. Cooperation also began with HOCHTIEF PPP Solutions in the year under review. For instance, the US unit of HOCHTIEF PPP Solutions has already been involved with Flatiron in invitations to tender for toll road projects. Collaboration with Turner is similarly underway on PPP building construction projects.

Also in the area of sustainable construction, our portfolio is comprehensive: With HOCHTIEF Projektentwicklung, HOCHTIEF Construction, HOCHTIEF Facility Management and HOCHTIEF Energy Management, as well as the services provided by HOCHTIEF Consult, we offer our clients the entire spectrum of expertise to build "green" buildings or implement measures to improve energy efficiency.

HOCHTIEF Americas Division

- **Business in North America extremely successful**
- **Green building again strong**
- **Turner remains market leader**
- **New subsidiary Flatiron fully integrated**

In the year under review, the division's companies secured new successes in North America. Turner was again recognized as the number one general builder in the United States, the world's largest construction market. Flatiron, which specializes in the civil engineering segment, was fully integrated into the HOCHTIEF Group in 2008. In addition, HOCHTIEF PPP Solutions' entry in the North American market was supported by our existing US subsidiaries.

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

Turner*

In 2008, Turner continued to retain its position as market leader in the high-growth educational and healthcare property segments. The industry publication Engineering News-Record again recognized Turner as the largest general builder during the year under review. Another industry publication, Building Design and Construction (BD+C), even named the HOCHTIEF subsidiary as one of the best places to work in the industry and as the top contractor of the year. Turner has ranked number one in the BD+C annual Giants survey for more than 20 years.

In the year under review, Turner secured its 15,000th large-scale contract in its more than 100-year history.

Project highlights

Education segment

In the education market segment, Turner is the number one established partner of schools and universities—a position the company further expanded in 2008. For example, we will be responsible for preconstruction planning and construction of a number of buildings for the Stanford University Graduate School of Business in California. Among the features of the Knight Management Center will be state-of-the-art solar technology, which will reduce the energy required by at least 40 percent. The sustainable green building is seeking to achieve Platinum certification, the highest level possible, for Leadership in Energy and Environmental Design (LEED) from the United States Green Building Council**.

**See glossary on page 194.

In the period under review, Turner was awarded contracts totaling EUR 150 million by the Los Angeles Unified School District. Our US subsidiary will construct several classroom, administrative and multi-use buildings as well as sports facilities for three schools.

Healthcare segment

In the healthcare segment, market leader Turner won new hospital contracts in 2008 amounting to a total of around EUR 1.3 billion. Currently, our subsidiary's projects include preconstruction, planning and building the Middle Tennessee Medical Center Replacement Hospital in Murfreesboro, Tennessee, a contract worth approximately EUR 135 million. The building complex will have space for 286 beds, ten operating rooms, a number of diagnostic imaging facilities, an emergency department and several intensive care units. Nationwide Children's Hospital in Columbus, Ohio, was also among Turner's clients in the reporting year: Turner was selected to manage the construction of its replacement hospital. The hospital, which will accommodate 460 beds, is slated for completion in spring 2012. Turner's business relationship with the hospital goes back 15 years.

Turner was also selected to provide construction management services for the EUR 62 million Health Services Center for Yale University in New Haven, Connecticut. Scheduled for completion in 2010, the 13,000-square-meter medical facility is being built sustainably. Yale is seeking LEED Silver certification for the Health Services Center. The university also sought the services of Turner Logistics. The procurement experts bought medical and technical products for the center. The project represents a continuation of Turner's more than 30-year relationship with Yale University.

Public building segment

Turner is also active in the public sector. The company will manage the construction of the Readiness Center for the Army National Guard in Arlington, Virginia. Covering more than 23,000 square meters, the approximately EUR 150 million US Army building complex will be built in two phases. The project is seeking LEED Silver certification.

Sports facilities segment

In the sports facilities market segment, Turner continued construction works at the new Yankee Stadium in the Bronx, New York. The stadium offers 52,325 seats. In addition, the company completed the Citizens Business Bank Arena in Ontario, California, in October of the year under review after a construction period lasting only 18 months. The 11,000-seat arena had an order volume of about EUR 94 million. It is situated on a roughly 21,000-square-meter parcel and includes training areas, locker rooms as well as 36 luxury suites, refreshments stands and merchandise kiosks.

Green building segment

Turner identified the trend toward green building in the United States early on and is a key player in propagating the use of sustainable construction practices.

More than 300 of Turner's environmentally friendly structures valued at a total of approximately EUR 9 billion have already been completed or are currently being constructed, with 80 of these projects receiving LEED certification. Approximately 600 Turner employees hold the title of "LEED Accredited Professional." There is no other construction company in the United States employing so many specialists in this field. Turner topped Engineering News-Record's list of the "Top 100 Green Contractors for 2008."

A building complex for Westinghouse Electric Company in Pittsburgh, Pennsylvania, is among those projects earmarked to receive LEED certification. Turner is building the headquarters campus for Westinghouse's nuclear power arm, due to be completed in 2010 and valued at a total of EUR 142 million. The contract comprises the construction of three office buildings covering more than 78,000 square meters.

Also in line for certification is the Great American Tower at Queen City Square in Cincinnati, Ohio. In the year under review, Eagle Realty Group awarded Turner the EUR 165 million contract to construct the property comprising over 74,000 square meters. Upon completion in 2011, the 41-story tower will become the tallest in Cincinnati and include offices, retail areas and a car park. Green features include floor-to-ceiling windows to allow for maximum daylighting, the use of specially-coated insulated glass and systems to automatically introduce fresh air into the building.

Turner was selected to serve as the general contractor for the prestigious EUR 81 million office building One Marina Park Drive on Boston's waterfront, which is similarly in line for LEED certification. The 18-story tower, scheduled for completion in late 2009, features more than 46,000 square meters of office space. The building represents the first phase of construction of the Fan Pier Master Plan, an LEED registered mixed-use community development.

Turner innovations

Turner's technical know-how is notably reflected in innovative projects. In October 2008, the Experimental Media and Performing Arts Center (EMPAC) opened its doors. Turner had spent four years building the approximately 20,500-square-meter center in Troy, New York. The project features a highly innovative design—for instance, in terms of its acoustics and architecture as well as its lighting and ventilation systems. Many of the systems in the building are groundbreaking. This innovative structure includes state-of-the-art performance and production facilities, including a 1,200-seat concert hall, a 400-seat theater, eight studios and a radio station.

Flatiron*

HOCHTIEF successfully provides civil engineering services to the North American market through Flatiron, the subsidiary acquired in 2007. Flatiron is one of the top ten service providers in the United States in the bridge, road and rail transit segments and also enjoys success in Canada in these fields. The company puts us in an ideal position to tap growth markets in North America.

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

Project highlights

Bridges segment

In September 2008, Flatiron completed the St. Anthony Falls Bridge three months earlier than contractually agreed after just eleven months of construction time. The previous bridge over the Mississippi River, used daily by more than 140,000 cars and trucks, had collapsed during rush hour traffic in 2007. Opened amid keen media and public interest, the new, ten-lane road stretches 370 meters over the river. Among other materials, high-performance concrete was used to ensure the superior stability of the structure built as part of a Flatiron-led joint venture, and a cutting-edge monitoring system was installed for added security. The contract was worth a total of EUR 158 million. The bridge has already received multiple awards.

In Canada, Flatiron won the contract to build a EUR 79 million steel girder bridge spanning the Athabasca River in the province of Alberta. The bridge in Fort McMurray will be completed by spring 2011, increasing the busy crossings capacity from four to nine lanes.

Currently, Flatiron is participating in a joint venture to construct a nearly eleven-kilometer stretch of the Highway 17 Bypass* around Washington, North Carolina. The project is valued at EUR 128 million. It includes construction of bridges for which Flatiron is utilizing a patent-pending variation of innovative top-down construction technique to ensure minimal disturbance to the surrounding environment.

*For further information, please see pages 54 and 55.

**For further information, please see pages 93–95.

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

Roads segment

In California, our subsidiary is reconstructing more than 16 kilometers of Interstate 15 near San Diego, adding new reversible lanes and direct access ramps for High Occupancy Vehicles, in a series of contracts totaling EUR 115 million. Flatiron successfully opened three new portions of the I-15 to traffic in 2008 and secured a seventh contract for I-15 improvements worth EUR 36 million for the project.

Public-private partnership segment

Flatiron is an active partner in public-private partnership projects in Canada. For example, the company is working with the NorthwestConnect PPP team to plan and build a new portion of Anthony Henday Drive. The contract for design and construction of the northwest section of the Edmonton Ring Road in Canada, in which Flatiron holds an interest of 66 percent, is valued at nearly EUR 624 million and is the largest contract in Flatiron's history. The two- and three-lane highway will circle around the provincial capital of Alberta and include 29 bridges and eight interchanges. This is the second PPP project for the government of Alberta in which Flatiron has been involved.

Cooperation between the US companies

Cooperation between our US subsidiaries, which also market their services jointly, holds considerable potential. Turner and Flatiron received their first joint contract in summer 2008. They are responsible for planning and constructing the new terminal at Sacramento Airport under a contract worth EUR 182 million. The building covering around 30,000 square meters will consist of a 19-gate passenger concourse with an international arrivals facility. The project's expected completion date is 2012, and LEED certification is anticipated.

Expanded PPP expertise

In the United States, HOCHTIEF combines civil engineering and building construction skills with PPP expertise. In 2008, we formed the company HOCHTIEF PPP Solutions North America, which specializes in public-sector building construction and transportation infrastructure.** As a skilled PPP service provider with international experience, HOCHTIEF is now optimally positioned through its subsidiaries also for this developing market in North America.

HOCHTIEF do Brasil***

In the year under review, the HOCHTIEF subsidiary HOCHTIEF do Brasil successfully completed a large-scale industrial construction project started in 2007. The company was involved in building a steel plant for ThyssenKrupp to the west of Rio de Janeiro. The HOCHTIEF subsidiary was responsible for the concrete work for the two blast furnaces.

Facility management activities initiated in 2007 continued during the year under review. HOCHTIEF FM do Brasil currently provides comprehensive facility management services to various shopping centers.

HOCHTIEF do Brasil saw earnings decline because of delays in the construction of small-scale hydropower plants in the first six months 2008. The projects are almost finished by now.

Americas division

(EUR million)	2008	2007
New orders	**7,743.3**	7,715.7
Work done	**8,117.6**	7,270.4
Order backlog	**8,397.9**	8,379.9
Divisional sales	**8,045.1**	6,953.3
External sales	**8,045.1**	6,953.2
Operating earnings (EBITA)	**102.8**	77.0
Profit before taxes	**76.9**	76.0
Capital expenditure	**37.0**	215.3
RONA (%)	**19.0**	21.8
Net assets (December 31)	**465.3**	482.7
Employees (average over the year)	**10,752**	9,778

The HOCHTIEF Americas division's key figures

Despite the general weakness in the economy, **new orders** in the HOCHTIEF Americas division remained at the same level as in 2007. **Work done** clearly exceeded the prior year. Compared with 2007, both of these order KPIs showed a negative exchange rate effect and a positive effect from the inclusion of Flatiron for the full year for the first time. The **order backlog** stabilized overall at the record level of the prior year.

The positive business performance in 2008 was particularly reflected in the **operating earnings**, which increased 33.5 percent. This increase compared with 2007 compensated the positive nonrecurring effect from the return of guarantees to Aecon in 2007. **Profit before taxes** stood at the prior-year level (up 1.2 percent), primarily due to the increased interest expense arising in connection with the acquisition of Flatiron.

Capital expenditure, which rose sharply in 2007 due to the acquisition of Flatiron, fell back to the level of prior years in 2008.

The increase in the average number of **employees** is attributable to two opposing effects: The inclusion of the Flatiron employees for the full year resulted in a significant increase. By contrast, in Brazil, temporary capacities that had been built up for the completion of major construction projects were shed again.

Outlook

Earnings in fiscal 2009 will be shaped by the general weak economy caused by the financial crisis and by uncertainties regarding the future exchange rate trend. Nevertheless, in view of the large order backlog, we are confident that the HOCHTIEF Americas division will again be able to generate the same level of profit before taxes in 2009 as in the prior year. This is assuming that no contracts are cancelled or other shortfalls occur as a result of the financial crisis.

HOCHTIEF Asia Pacific Division

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

- **2008 another successful year for Leighton***
- **Writedown on listed holdings**
- **Order backlog increased**
- **First 6 Star Green Star rating for green building**

HOCHTIEF has a presence in the Australian and Asian markets as well as the Gulf states due to its majority interest in the Leighton Group. HOCHTIEF Asia Pacific impressed again in 2008 with strong performance and new orders totaling EUR 12.65 billion. Contributing in particular to the positive performance were the activities in the Gulf states, where the Al Habtoor Leighton Group does business. Leighton holds a 45 percent interest in the company.

The financial crisis led to delays in major planned projects in the Gulf region, among them Trump Tower in Dubai, a project awarded to the Al Habtoor Leighton Group that has been delayed until further notice. However, jobs at the company have not been affected to date thanks to the continued robust order backlog at Al Habtoor Leighton and the award of new projects, among them the expansion of Dubai Airport. However, payment patterns have deteriorated, particularly in Dubai.

Weaker demand for raw materials—especially from China—resulted in the first production cuts, and even mine closures in Australia. However, this has only marginally impacted on Leighton's activities, since the mine closures have affected mines that extract different minerals or those with higher production costs than Leighton's.

HOCHTIEF participates in new stock offering

In August 2008, Leighton Holdings issued new stock in the amount of EUR 410 million. HOCHTIEF invested in proportion to its prior ownership interest in the company, purchasing shares in the amount of nearly EUR 226 million. We thus continue to be Leighton's biggest shareholder with a stake of approximately 55 percent. The stock issue serves mainly to finance Leighton's growing contract mining business in Australia and Indonesia, a business segment featuring long-term contracts.

Writedowns on listed commitments

In the fourth quarter, Leighton wrote down its interests in listed companies. This affected three concession companies for toll roads and two other holdings. The impairment losses were recognized against the backdrop of a marked decline in stock prices primarily of listed Group companies involved in concessions projects due to the financial crisis.

These include projects launched in recent years by the Australian government with private partners to improve transportation infrastructure. Some of these projects also involve Leighton. However, the business prospects of these ventures, some of which are still under construction, have not changed and therefore the stock prices at year-end did not reflect the true value of the infrastructure projects. We do not consider the original value of these holdings to be impaired. Nonetheless Leighton decided to take this step as a precaution. Further writedowns cannot be ruled out, depending on the performance of the stock markets.

Successful first year for newly acquired companies

The companies newly acquired or established in 2007 and 2008 were successfully integrated into the Leighton Group in 2008. In contract mining, this included Marshalls, in the telecommunications sector, Silk.

The acquisition of a 40 percent stake in leading Australian project developer Devine Limited in 2007 ensured Leighton's strategic positioning in the residential construction market and a stronger presence in the project development market. Devine is working with Leighton Properties to build a mixed-use property valued at around EUR 200 million in Brisbane. A second joint project involves developing a residential building in Townsville with a total of 1,800 residential units for an aggregate value of EUR 500 million.

The interest in mining services provider Macmahon is developing well: Several projects to be carried out in joint ventures are in the pipeline. Furthermore, the prospects are good for more joint projects in Australia and Asia.

Project highlights

Services

With its services, Leighton makes a considerable contribution to environmental protection. Thiess and John Holland provide services in the water, waste management, recycling, sewage disposal and energy sectors. In February 2009, Thiess Service and the Al Habtoor Leighton Group were awarded a 15-year contract for recycling in Abu Dhabi. Their responsibilities include planning and constructing a waste disposal center.

Infrastructure

The infrastructure sector again played a key role in the activities of the Leighton Group in 2008. A standout project during the year under review was the contract for the Airport Link in Brisbane: Leighton subsidiaries John Holland and Thiess have formed a consortium for designing, developing, constructing and operating the project. The total value of the seven-kilometer, multi-lane tunnel with a construction period of four years amounts to EUR 2.9 billion. This is the largest public-private partnership (PPP) project in Australia to date.

In Queensland, Leighton Contractors is working with a consortium to expand the Ipswich Motorway. Our share of the project totals more than EUR 120 million. Moreover, the company is participating in a joint venture to build the Ballina Bypass in the Australian state of New South Wales. The company's share of the project amounts to EUR 303 million. The Ballina Bypass is 12.4 kilometers long and part of a government program to expand the Pacific Highway. We are planning and constructing the four-lane road and building 19 bridges, among other structures, for this purpose. In addition, Leighton Contractors is part of a joint venture that was awarded the project to maintain streets in Auckland, New Zealand. The contract is worth EUR 121 million.

Apart from the Airport Link, John Holland won the EUR 141 million upgrade contract for Westgate Bridge and a EUR 90 million contract for sewer work. Both projects are in Melbourne.

Our subsidiary Leighton also secured new contracts in Asia. In the airport segment, Leighton Asia is working with a joint venture on a contract valued at approximately EUR 51 million to build a 16,000-square-meter airplane hangar at Chek Lap Kok International Airport in Hong Kong. Leighton Asia also won the EUR 83 million contract to expand the Ocean Park theme park.

In spring 2008, Leighton won the contract to plan and assemble 200 kilometers of offshore pipeline in India within three years. The pipeline will be installed 80 kilometers off the coast of Mumbai in a project valued at more than EUR 465 million.

Contract mining

Thiess has been operating the Samboja coal mine in Indonesia since June 2008. The contract is set to run for five years initially. At the mine, the HOCHTIEF subsidiary is responsible for mining coal, clearing waste and other mine operation services. Thiess secured another new contract in Indonesia from Bayan Resources: For a period of five years, the company will plan and operate several coal mines. This contract is valued at a total of EUR 481 million.

The Australian mining company Wesfarmers Curragh also extended its contract with Thiess. Thiess will expand the Curragh North coal mine in Australia for EUR 148 million and operate the mine for another three years.

In Australia, Leighton Contractors is developing the iron ore mine Mesa A for production. The contract is worth EUR 202 million. HWE Mining will set up the necessary equipment and mine infrastructure. HWE will also perform the preparatory work so that mining can begin before the end of 2009.

Leighton subsidiary John Holland also won contracts for raw materials projects. For instance, the company will build a ship coal loader with a capacity of 7,200 metric tons per hour under a contract worth EUR 168 million. In addition, John Holland will expand two alumina refineries in a contract totaling EUR 151 million.

*For further information, please see page 56.

Building construction

Completed in the year under review, Green Square North Tower* is part of one of the largest office parks in Brisbane. The approximately 24,000-square-meter tower is the only building in Queensland to date to receive a 6 Star Green Star rating from the Green Building Council of Australia. The south tower of the office complex, which was built by Leighton, had already received a 5 Star rating in 2007. For example, a new type of cogeneration was used in the project to enable gas to be converted to energy directly on-site. This system led to a reduction of 71 percent in daily greenhouse gas emissions by the North Tower compared with regular office buildings. Leighton Properties and Leighton Contractors worked closely during the Green Square project on developing and building the property. A childcare center, community center and residential building will be constructed on the site by 2009.

Another green building will be erected in the heart of Brisbane. Leighton Contractors was awarded the EUR 196 million contract to plan and construct the 44-story highrise for the project at 111 Eagle Street. The aim is for the building to obtain 6 Star Green Star certification from the Green Building Council of Australia, which is the premium-grade rating.

The government of New South Wales awarded Leighton Properties the contract to develop the first section of the new Green Square Town Centre in Sydney together with a partner. The value of the contract is EUR 870 million. Work is due to start in 2010. By 2031, 28,000 people are expected to be living and 22,000 people to be working on the 280-hectare area.

Leighton's subsidiary Thiess is also constructing a green building, the Ark office tower, worth EUR 60 million. The hallmark of the 21-story building in the north of Sydney is its up to 2,000-square-meter floors. It is anticipated that the sustainable design of the building, which is slated to be completed in spring 2010, will receive at least five stars in the Green Star rating system.

In addition, Thiess won a PPP hospital construction contract. The company will participate in a consortium to plan, build and operate the Royal North Shore Hospital and Community Health Services Project for 28 years. The share of the contract attributable to Thiess amounts to EUR 553 million.

New large-scale projects in the Gulf region

The Al Habtoor Leighton Group is part of a joint venture building Concourse 3, a new terminal with integrated hotels and a duty-free area at Dubai Airport. The Al Habtoor Leighton Group's share is worth nearly EUR 408 million.

In Abu Dhabi, Leighton is working with a joint venture to build several tourism-related projects valued at EUR 404 million. The projects include three hotels, a golf course, an office building and a complex with residential facilities for 20,000 workers.

A campus of Sorbonne University is also being built in Abu Dhabi for approximately EUR 211 million. The Al Habtoor Leighton Group is planning and constructing the educational building along with residential and sports facilities on a site measuring 90,000 square meters off the coast of Abu Dhabi.

At the same time, we are participating in building a second university project in the Emirate: Al Habtoor Leighton is planning and constructing the campus of Zayed University. The company's share of the contract amounts to EUR 319 million. All departments and student facilities on the 200,000-square-meter campus will be built in double because men and women there attend classes separately.

HOCHTIEF Asia Pacific division

(EUR million)	2008	2007
New orders	**12,651.0**	10,415.7
Work done	**8,638.9**	7,409.2
Order backlog	**16,194.2**	14,928.9
Divisional sales	**6,884.8**	5,989.8
External sales	**6,884.5**	5,989.4
Operating earnings (EBITA)	**427.5**	441.3
Profit before taxes	**327.2**	404.5
Capital expenditure	**1,005.2**	1,364.9
RONA (%)	**22.7**	32.2
Net assets (December 31)	**2,081.5**	1,759.8
Employees (average over the year)	**37,076**	27,940

The HOCHTIEF Asia Pacific division's key figures

In the HOCHTIEF Asia Pacific division, **new orders** set another new record, gaining 21.5 percent over the high prior-year figure to reach EUR 12.65 billion.

Work done and **external sales** rose correspondingly—work done by 16.6 percent to EUR 8.64 billion and external sales by 14.9 percent to EUR 6.88 billion.

At EUR 16.19 billion, the **order backlog** likewise set a new record, with an increase of 8.5 percent on the prior year.

Despite the excellent operating performance, both **operating earnings** (down 3.1 percent) and **profit before taxes** (down 19.1 percent) were below prior-year levels. The decrease mainly reflects impairment losses recognized by Leighton for stakes in listed concession companies and in other businesses as a result of the financial crisis, combined with a marked depreciation in the Australian dollar over the course of 2008.

Capital expenditure dropped by 26.4 percent to EUR 1 billion. The main factor in the large figure in 2007 was Leighton's acquisition of a 45 percent interest in Al Habtoor Engineering, Dubai.

The number of **employees** increased in line with work done, averaging 37,076 in the year under review.

Outlook

The HOCHTIEF Asia Pacific division expects performance to be positive in 2009 despite the financial crisis and the slowing market growth in Asian countries and the Gulf states.

Leighton has taken preventive action by reducing costs, restricting capital expenditure and refraining from financial investments. In addition, Leighton holds a strong position in its core markets along with a record order backlog. Sustained growth in Asia, continued strong demand for resources and persistently high demand for infrastructure services in Leighton's domestic market of Australia lead us to expect an increase in pretax operating earnings in 2009.

HOCHTIEF Concessions Division

- **New division created**
- **Earnings again contributed significantly to HOCHTIEF's business success**
- **PPP portfolio expanded further**
- **HOCHTIEF Concessions among the world's leading infrastructure providers**

In the first quarter of the year under review, HOCHTIEF Concessions GmbH was established as the new main company for the division of the same name combining the HOCHTIEF AirPort and HOCHTIEF PPP Solutions companies. This move is our reaction to the increasing importance of concessions and operation*. At the same time, the transparency and efficiency of these activities is being improved and synergies between the business segments reinforced.

*For further information, please see pages 27–31.

HOCHTIEF Concessions is already one of the world's leading infrastructure providers with operations in all key markets worldwide. The company is both an investor and a manager. HOCHTIEF Concessions offers one-stop shopping for project development, financing and capital raising, construction and project management as well as operation and asset management for airports, toll roads, PPP-based public building and renewable energy projects. Our comprehensive expertise and many years' experience in these areas are the key to our success. This is true in particular in the business segments in which competitive hurdles are very high owing to their complexity.

Positive fiscal year for HOCHTIEF AirPort**

**For further information, please see pages 27–31 or visit www.hochtief-airport.com.

The total number of passengers at our six airport holdings was 90 million, which represents an increase of 1.5 percent over 2007 (88.7 million passengers). However, the weakening economy curbed growth.

Once again, HOCHTIEF AirPort was successful in putting the airports in a position to handle the forecast growth in traffic volume as well as developing new business segments and sources of income. One of these is the non-aviation segment, which includes food outlets, shopping malls and car parking, for example.

Current HOCHTIEF AirPort projects

In August 2008, the company qualified for the privatization of the Pulkovo Airport in St. Petersburg and also took on several consulting projects. For instance, HOCHTIEF AirPort prepared master plans for Roschino Airport in Tyumen, Siberia, and Riga International Airport in Latvia. A feasibility study was also conducted on the expansion and upgrading of Henri Coandă Airport in Bucharest, Romania. Moreover, in 2008 we provided our services as a seasoned airport manager to Frederic Chopin Airport in Warsaw, Poland, to successfully begin operation of the new Terminal 2 on time.

The airport holdings

Athens International Airport

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

In the year under review, the airport's passenger volume was 16.5 million, a slight decrease of 0.4 percent from the previous year. In June 2008, the airport's management welcomed the hundred millionth passenger since the airport opened in 2001. Construction work on the 50,000-square-meter convention and exhibition center at the airport continued according to schedule and is slated for completion in 2009. In May 2008, Athens International Airport received the European Commission's GreenBuilding Award for exemplary energy conservation measures throughout the airport facility. In the run-up to the Olympic Summer Games in 2008, Beijing Airport benefited from the expertise of the former Olympic host city's airport managers. Subsequently, a partnership agreement was signed to ensure an extensive sharing of experience in the future.

Budapest Airport

HOCHTIEF AirPort stake: 37.25%

In 2008, the number of passengers declined compared with 2007, dropping 1.8 percent to 8.4 million. The "BUD Future" modernization program launched in 2007 with investments totaling EUR 261 million continued. HOCHTIEF AirPort is preparing the second largest airport in the new EU member states for future challenges and creating the conditions required for expansion of the non-aviation business. One of the elements of the investment program is the BUD Skycourt, a building connecting Terminals 2A and 2B and providing space for retail and catering units. A new logistics hangar will also be built for the Hungarian postal service. The plan additionally includes Airport City, a new business park.

Düsseldorf International

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

The airport boosted its passenger traffic to 18.1 million travelers (up 1.8 percent). Growth here is more robust than at other German airports, with Düsseldorf establishing itself as the third major hub in Germany. The airport company is putting the conditions in place for further growth and even better service with an investment program totaling EUR 300 million: EUR 200 million is earmarked for improved infrastructure and another EUR 100 million will be invested in expanding non-aviation business. During this project, the airport is taking into consideration environmental factors. For instance, a nearly 1,300-square-meter photovoltaic plant began operating in December 2008 and, in the next 20 years, up to 2.7 million kilowatt-hours of power will be fed into the public grid. This will also result in savings in excess of 2,000 metric tons of CO_2.

Hamburg Airport

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

At 12.8 million passengers, the airport recorded growth in passenger traffic of 0.5 percent in the past fiscal year. Catering and retail space more than doubled with the opening of the Airport Plaza in December 2008. This will significantly increase rental income from non-aviation sources. Airport Plaza, which was built by a consortium led by HOCHTIEF Construction, also features an energy-conserving, environmentally friendly air conditioning system. The airport has been accessible by commuter train since the end of 2008 and is therefore even more appealing to passengers. An additional attractive feature is the new Radisson Hotel Hamburg Airport, construction of which began in February 2008.

Sydney Airport

HOCHTIEF AirPort stake: 6.77% / HOCHTIEF AirPort Capital stake: 6.50%

Sydney Airport's performance continued to be strong with passenger traffic climbing 3.2 percent to 32.9 million travelers. On the occasion of the 23rd World Youth Day, the airport hit a new record on July 13, 2008: More than 20,000 passengers traveled through the international terminal of Sydney Airport on that date. The airport is investing EUR 300 million in the expansion and redevelopment of Terminal 1 for international flights so that it is even better prepared for additional growth in the future. In 2008, a new parking garage was opened, boasting a total of 2,800 parking spaces. This increased the total parking capacity to 4,300 parking spaces.

Tirana International Airport

HOCHTIEF AirPort stake: 47%

The strong growth in passenger numbers posted by the airport in Albania's capital held steady in the year under review: 1.3 million passengers traveled through the airport—14.6 percent more than in 2007. The airport's performance was therefore particularly healthy, and we foresee additional growth. For this reason, work began in July 2008 on enlarging the passenger terminal. The new building wing, which is expected to be operational in 2009, boosts the capacity of the terminal to a total of 1.5 million passengers per year. Non-aviation business will also be expanded. The total outlay is EUR 28 million. The airport company places great importance on minimizing harm to the environment resulting from the construction and expansion measures.

HOCHTIEF PPP Solutions*

At the end of fiscal 2008, HOCHTIEF PPP Solutions was involved in 25 projects worldwide with an aggregate investment volume totaling more than EUR 7 billion. We are one of Europe's leading PPP providers in the public buildings segment. The company works very closely with HOCHTIEF Construction and HOCHTIEF Facility Management as well as with external partners.

Since March 2008, the growing PPP markets in the USA and Canada have been served by a new company, HOCHTIEF PPP Solutions North America. The company's headquarters are in New York, and it has offices in Vancouver and Toronto. With a total of twelve employees, HOCHTIEF PPP Solutions North America provides services in the transportation infrastructure and public buildings segments in conjunction with Group companies Flatiron and Turner.

*For further information, please see pages 27–31 or visit www.hochtief-pppsolutions.com.

Project highlights

Toll roads

In March 2008, HOCHTIEF PPP Solutions along with partners reached financial close (i.e. finalization of financing agreements) on the Maliakos-Kleidi toll road project in Greece. With around 300 employees, the concession company in which HOCHTIEF PPP Solutions holds a stake of 35 percent will operate the freeway for 30 years and charge tolls. The project is worth approximately EUR 1.11 billion and will include a 25-kilometer stretch of road with three tunnels, 26 bridges and ten rest stops. The consortium will also widen and refurbish another 205 kilometers of road. As the lead partner in the consortium, HOCHTIEF Construction holds a stake of around 40 percent in the construction project.

The launch of another large-scale PPP toll road project in Greece was marked by the financial close for the Elefsina-Patras-Tsakona freeway in August 2008. The concession agreement runs for 30 years. HOCHTIEF PPP Solutions holds a stake of 25 percent in the operator consortium. The freeway stretching 365 kilometers is the most important traffic corridor from Athens to the Peloponnese. Eighty-two kilometers of this freeway already exist, 163 kilometers will be newly constructed, and 120 kilometers of road will be widened. Valued at roughly EUR 2.21 billion, the project is scheduled for completion in 2014. HOCHTIEF Construction holds a stake of 23 percent in the construction joint venture for this project.

In 2008, HOCHTIEF PPP Solutions' second PPP toll road project in Santiago de Chile was opened to traffic. Along with a partner, the company will operate the four-kilometer San Cristóbal tunnel connecting the business district of Chile's capital with the northern suburbs of the city until 2038. The private investments in the project totaling around EUR 108 million will be refinanced with tolls during the 30-year operating phase.

In May 2008, a subsidiary of HOCHTIEF PPP Solutions along with a partner began a 30-year operating period for an approximately 45-kilometer stretch of the A4 autobahn between Gotha and the border between the states of Hesse and Thuringia. Each partner holds a 50 percent stake in the concession company. The investments, which total in the region of EUR 259 million, will be refinanced with truck tolls. Moreover, the German government is providing a start-up loan. A 22.5-kilometer stretch of new road will replace an existing portion of the A4 autobahn. HOCHTIEF Construction holds a stake of 33 percent in the construction joint venture.

The Austrian A5 North Highway toll road project in which HOCHTIEF PPP Solutions has been involved since 2006 was named the "European Transport (Roads) Deal of the Year" during the reporting period.

Public buildings

In March 2008, the German federal government's first PPP building construction project began with the construction and refurbishment of the Fürst Wrede barracks in Munich. HOCHTIEF PPP Solutions is investing in the region of EUR 57 million in the project through a project company formed for this venture. The project will run for a total of 20 years and is valued at approximately EUR 161 million. Immediately after the contract was awarded, HOCHTIEF Facility Management assumed operation of the property with building space measuring nearly 70,000 square meters. HOCHTIEF Construction is refurbishing the barracks.

In June 2008, the foundation stone was laid together with the city of Cologne for the new comprehensive school in the city's Rodenkirchen neighborhood. HOCHTIEF PPP Solutions will design, finance, build and then operate the school for 25 years in a project worth roughly EUR 127 million. HOCHTIEF Construction will build the new school, while HOCHTIEF Facility Management will operate the facility until 2034.

Work on what is currently Germany's largest PPP public building project continued in the Offenbach district. HOCHTIEF is responsible here for financing and renovating a total of 50 schools and operating them until the end of 2019. Valued at approximately EUR 410 million in total, the project is being handled by HOCHTIEF PPP Schulpartner. It comprises 284 buildings measuring over 290,000 square meters. In August 2008, HOCHTIEF PPP Schulpartner announced excellent results in an annual energy report for the schools for which it is responsible in the Offenbach district: Energy consumption was reduced substantially by modernization work completed to date, although additional net floor space was added and many schools are now open all day.

The city hall in Gladbeck, which was designed, financed and built by HOCHTIEF PPP Solutions as part of a PPP project, was awarded the Prix Européen d'Architecture (European architecture award) by the Philippe Rotthier Foundation for the best public intervention.

HOCHTIEF PPP Solutions (UK) has handed over four schools in the East Ayrshire region of Scotland and in Salford, England, since April 2008. These include Grange Academy in Kilmarnock, which features a preschool and elementary school, secondary schools and a special needs wing. The project has gross floor space of around 18,000 square meters and houses up to 2,200 pupils. Our UK subsidiary will operate the Academy until 2037.

In 2008, HOCHTIEF PPP Solutions (UK) was also chosen as a preferred bidder for the community center project for the city of Wigan. Worth EUR 244 million, the project will run for 25 years. The financial close is planned for the first half of 2009.

Renewable energies*

HOCHTIEF PPP Solutions has been active in the geothermal energy market since 2007 in an effort to meet the growing demand for power plants in this segment. In September 2008, Süddeutsche Geothermie-Projekte, a company in which we hold a stake of 40 percent, began drilling work for its second geothermal power plant. The company is designing, financing and building a five-megawatt plant featuring heat recovery in Kirchstockach, Bavaria. The project is worth approximately EUR 35 million. The construction and drilling work is being completed by HOCHTIEF Construction. Electricity is scheduled to be fed into the grid for the first time in early 2010.

HOCHTIEF Concessions division

(EUR million)	2008	2007
New orders	**197.9**	415.3
Of which HOCHTIEF AirPort	**13.7**	28.0
Of which HOCHTIEF PPP Solutions	**184.2**	387.3
Work done	**167.5**	196.0
Of which HOCHTIEF AirPort	**13.7**	28.0
Of which HOCHTIEF PPP Solutions	**153.8**	168.0
Order backlog	**723.1**	692.7
Of which HOCHTIEF AirPort	**0.0**	0.0
Of which HOCHTIEF PPP Solutions	**723.1**	692.7
Divisional sales	**166.1**	198.6
Of which HOCHTIEF AirPort	**13.7**	28.0
Of which HOCHTIEF PPP Solutions	**152.4**	170.6
External sales	**162.9**	197.9
Of which HOCHTIEF AirPort	**12.4**	27.4
Of which HOCHTIEF PPP Solutions	**150.5**	170.5
Operating earnings (EBITA)	**145.7**	185.3
Of which HOCHTIEF AirPort	**123.1**	168.3
Of which HOCHTIEF PPP Solutions	**22.6**	17.0
Profit before taxes	**109.6**	155.3
Of which HOCHTIEF AirPort	**96.5**	142.4
Of which HOCHTIEF PPP Solutions	**13.1**	12.9
Capital expenditure	**27.7**	131.3
Of which HOCHTIEF AirPort	**17.4**	123.8
Of which HOCHTIEF PPP Solutions	**10.3**	7.5
RONA (%)	**14.0**	20.7
Of which HOCHTIEF AirPort	**14.2**	22.1
Of which HOCHTIEF PPP Solutions	**13.0**	14.9
Net assets (December 31)	**1,258.9**	1,242.9
Of which HOCHTIEF AirPort	**1,035.5**	1,013.5
Of which HOCHTIEF PPP Solutions	**224.4**	229.4
Employees (average over the year)	**219**	186
Of which HOCHTIEF AirPort	**80**	66
Of which HOCHTIEF PPP Solutions	**139**	120

The HOCHTIEF Concessions division's key figures

The decline in **new orders** in the HOCHTIEF Concessions division by EUR 217.4 million from the prior-year figure is due to the fact that more public building projects were acquired in 2007. In 2008, new orders concentrated on the two toll road projects in Greece, Elefsina-Patras-Tsakona and Maliakos-Kleidi. Due to accounting rules regarding consolidation, these projects are not reported in the Concessions division's new orders.

*Geothermal technologies which use heat from the earth to generate renewable, low-emissions energy are becoming increasingly popular. For further information, please see www.hochtief.com/sustainability and www.sgg-bayern.de.

Operating earnings in the 2008 fiscal year fell by EUR 39.6 million compared with the prior year to EUR 145.7 million.

However, the results from this reporting year are comparable with prior-year figures only to a limited extent because HOCHTIEF AirPort recognized nonrecurring effects of EUR 37.8 million in 2007—these stemmed from changes resulting from the German corporate tax reform—as well as a special dividend arising from the refinancing of Sydney Airport totaling EUR 47.1 million. In 2008, HOCHTIEF AirPort recognized nonrecurring effects of EUR 33.7 million from the payment of a final contingent purchase price from HOCHTIEF AirPort Capital and a special dividend from Sydney. Adjusted for these nonrecurring effects, HOCHTIEF AirPort's operating earnings amounted to EUR 89.4 million in the reporting year, an increase of seven percent over the previous year. At EUR 22.6 million, HOCHTIEF PPP Solutions' operating earnings exceeded the prior-year figure by EUR 5.6 million. Contributing to this result were success fees from the awarding of the Maliakos-Kleidi and Elefsina-Patras-Tsakona toll road projects and the improvement of the project result for the Offenbach schools project.

Profit before taxes amounted to EUR 109.6 million. At HOCHTIEF AirPort, sustainable operating profit before taxes adjusted for nonrecurring items rose by EUR 2.4 million over the prior-year figure. HOCHTIEF PPP Solutions generated a result slightly higher than in the previous year.

Capital expenditure in fiscal 2008 amounted to EUR 27.7 million, far below the prior-year figure of EUR 131.3 million which had included acquisition of the investment in Budapest Airport and raising the stake in Sydney Airport by HOCHTIEF AirPort.

Outlook

The division expects a year without notable growth. HOCHTIEF Concessions is continually analyzing and optimizing the cost structures of the airport holdings and PPP projects.

The aviation segment is under pressure due to the financial crisis. Since the airlines are trying to pass on the cost pressure they are experiencing to airports, at least in part, it is essential for HOCHTIEF AirPort to reinforce the competitiveness of its airport holdings for the long term and to develop additional growth potential.

HOCHTIEF PPP Solutions will concentrate on its existing competencies and expand these activities regionally, for example, in the USA where the market promises robust growth.

The key condition that must be in place for the projected further expansion of business activities is the availability of structured, long-term financing. The prerequisite here is that the financial markets begin functioning again—a development which is difficult to forecast.

On the whole, the HOCHTIEF Concessions division anticipates profit before taxes in 2009 to be far below the prior-year figure due to the nonrecurring items in 2008.

HOCHTIEF Europe Division

- **Restructuring continued systematically**
- **Clear improvement in German business in 2008**
- **Further boost for international business**
- **Growth potential tapped**

Under the leadership of HOCHTIEF Construction, the HOCHTIEF Europe division draws together the Group's portfolio of construction and construction-related services in Europe, focusing mainly on building construction, civil and structural engineering in selected countries in Western and Eastern Europe. Moreover, HOCHTIEF Construction also develops high-quality residential real estate. Outside of Europe, the company operates as a general contractor for large-scale projects. In addition, we offer numerous innovative business models and services along the entire construction value chain.

Additional restructuring measures introduced

In the year under review, the division continued to restructure its German building construction operations, a process begun in 2007, and launched additional measures to increase profitability. For instance, return targets for new projects were lifted, and pricing was adjusted strategically. The goal is to compensate HOCHTIEF Europe for the concrete value added created for its clients through innovative technologies and services. For this reason, service and solution packages of varying scope are now offered at different prices.

HOCHTIEF Europe's strategy of focusing our turnkey construction business on the partnership-based PreFair business model, optimizing risk management and boosting return on investment targets clearly increased the quality of earnings in the building construction business in Germany. Thanks to the "Subguard"* insurance model tried and tested at HOCHTIEF's subsidiary Turner, we are also protected from subcontractor default.

Boost for international business

The international business saw above-average growth rates, for example, thanks to projects in Greece, Eastern Europe and South Africa. Development in the civil engineering and infrastructure construction segments in particular was extraordinarily positive during the past fiscal year.

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

Enhanced cooperation throughout the Group

HOCHTIEF Construction is developing additional attractive sales and earnings potential through continually enhanced cooperation with other Group companies. For example, the company works in partnership with HOCHTIEF PPP Solutions on public-private partnership (PPP) projects. This is underscored by numerous orders received in 2008, such as the construction of the Maliakos-Kleidi and Elefsina-Patras-Tsakona freeways in Greece. HOCHTIEF Construction, HOCHTIEF PPP Solutions and HOCHTIEF Facility Management have also become firmly established as a seasoned team for public building construction projects based on the PPP model.

Further progress in real estate development business

HOCHTIEF Construction has become established as one of the leading residential real estate developers in Germany with the FormArt brand. This unit concentrates on first-rate residential properties in exclusive locations. During the year under review, a large number of projects were completed and the construction of new residential buildings begun.

Sustainable growth potential

As an innovative, profitability-focused company, HOCHTIEF Construction identifies new, high-growth segments at an early stage and establishes itself in these markets. Renewable energies and sustainable construction are among these segments. We therefore further expanded our operations in areas such as the market for offshore wind plants. Together with HOCHTIEF PPP Solutions, we are one of the top companies in the geothermal market. In addition, HOCHTIEF is already the market leader in sustainable construction.

*For further information, please see page 34.

Project highlights

Large-scale projects

In 2008, construction work continued on the Elbe Philharmonic Hall in the new Hafencity urban development zone in Hamburg. The project valued at EUR 394 million is scheduled to be completed in fall 2011, by which time the hanseatic city will boast three new concert halls and a luxury hotel, among other things. Furthermore, HOCHTIEF is developing more than 40 exclusive freehold apartments. HOCHTIEF Facility Management will handle all aspects of the building's management.

The new Eppendorf university hospital, Europe's most state-of-the-art hospital, was dedicated in Hamburg at the end of 2008. As general contractor, HOCHTIEF Construction was responsible for building the hospital complex with 86,000 square meters of usable space in a project valued at EUR 140 million.

Office and commercial buildings

The Weser Tower will be Bremen's tallest office building. Along with HOCHTIEF Construction, HOCHTIEF Consult is constructing the 82-meter-high building in a project worth approximately EUR 24.7 million.

In July 2008, our Polish subsidiary HOCHTIEF Polska was awarded the construction contract for the second building in the Adgar Plaza complex in Warsaw. The contract is worth EUR 27 million. Construction work on the first office building was wrapped up in October of the year under review. After all work is completed, the complex will be among the most cutting-edge office properties in Poland.

Industrial construction

HOCHTIEF Construction is operating solely as construction manager for the first time during the building of a new plant for plastics manufacturer Ticona. Its subsidiary Streif Baulogistik's role in the contract includes providing the complete electrical equipment for the site such as electric control boxes and power supply cables, plus ten cranes. The new plant in Frankfurt is slated to begin operating in 2011.

HOCHTIEF Russia is building a new production facility and air-conditioned warehouse in the Russian city of Vladimir scheduled for completion by the end of 2009 for confectionery manufacturer Ferrero, one of HOCHTIEF Construction's repeat clients. Support for the project, which is valued at roughly EUR 100 million, is being provided by HOCHTIEF Construction and HOCHTIEF Polska.

Public-private partnership projects

HOCHTIEF Construction is part of a joint venture building a 25-kilometer-long section of the Maliakos-Kleidi freeway in Greece for an operator consortium under the leadership of HOCHTIEF PPP Solutions. The project includes tunnels, bridges and rest stops. The construction work is due to be completed in 2012. HOCHTIEF Construction is also part of the construction joint venture building a second toll road project by HOCHTIEF PPP Solutions in Greece, the Elefsina-Patras-Tsakona road link. As part of this project, 163 kilometers of road are to be newly built and 120 kilometers widened. In addition, 360 bridges will be constructed. These two PPP contracts result in a total contract value of around EUR 636 million for HOCHTIEF Construction.

In the first PPP building construction project involving the German federal government, the Fürst Wrede barracks in Munich, HOCHTIEF Construction is also handling construction and refurbishment operations for HOCHTIEF PPP Solutions.

Real estate development projects

Among other real estate development projects, HOCHTIEF Construction is building 37 exclusive freehold apartments in Heidelberg under its FormArt brand, 23 of which are located in the city's former Schlosshotel. The EUR 26.4 million residential facility is expected to be ready for occupancy in spring 2010.

Infrastructure projects

A 160-megawatt hydroelectric power plant will be completed by 2010 south of Chile's capital of Santiago de Chile. HOCHTIEF Construction is the leader of a joint venture designing and building a turnkey powerhouse that will comprise two turbines, two river diversions and several tunnels with a total length of 19 kilometers.

HOCHTIEF Europe division

(EUR million)	2008	2007
New orders	**3,283.3**	3,176.1
Work done	**3,239.2**	2,868.5
Order backlog	**3,559.0**	3,545.6
Divisional sales	**2,569.4**	2,321.3
External sales	**2,414.9**	2,169.5
Operating earnings (EBITA)	**(29.6)**	(131.7)
Profit before taxes	**(34.2)**	(149.4)
Capital expenditure	**53.5**	29.5
RONA (%)	**0.4**	(21.2)
Net assets (December 31)	**513.5**	575.0
Employees (average over the year)	**9,380**	8,807

Near the South African city of Port Elizabeth, we will expand the deepwater port of Ngqura to include two berths for a container terminal by 2010. The contract is worth around EUR 77 million. The port had been built by HOCHTIEF Construction along with a partner in 2006.

The HOCHTIEF Europe division's key figures

The high levels of new orders and order backlog achieved in the previous year by the Europe division were topped once again.

New orders were up by EUR 107.2 million (plus 3.4 percent) over the previous year's figure. Due to the restructuring program implemented in the German building construction business, the foreseeable decline in Germany was more than offset by order taking of large-scale infrastructure projects abroad and in the Eastern European subsidiaries.

Work done also rose by EUR 370.7 million (up 12.9 percent), mostly as a result of our international activities.

At EUR 3.56 billion, the **order backlog** remained at last year's level, ensuring satisfactory capacity utilization for 2009.

Parallel to the development of work done, **external sales** climbed compared with the previous year by a total of EUR 245.4 million (plus 11.3 percent). This increase was mostly due to our companies in Russia, Poland and Chile, for example.

The restructuring measures launched in our German building construction operations in 2007 were continued in the year under review and still led to declines in **operating earnings** and **profit before taxes** after deduction of foreseeable expenses. However, the prior-year losses were reduced significantly.

The increase in **capital expenditure** was mainly attributable to technical equipment and machinery as well as other equipment and office equipment for the purpose of building large-scale infrastructure projects abroad.

Net assets declined compared with the previous year, mostly as a result of the disproportionate increase in liabilities.

The increase in the number of **employees** was principally due to the HOCHTIEF Europe division's international activities.

Outlook

Thanks to its presence in the world's growth regions, the division is favorably positioned to largely balance out regional fluctuations. Our capacity utilization is at a satisfactory level, which leads us to be cautiously optimistic about developments in the coming months. The measures instituted in the building construction business in Germany proved to be effective, particularly due to the quality of prices obtained for new contracts.

We continue to hold firm on our forecast and expect a return on sales of around one percent for the Europe division in 2009. For 2010, we are targeting a return of three percent.

Outside the box:
Constructive breaks energize your thinking.

Lean back and take a long, calm look at things: A fresh perspective can open up a whole new point of view. Or spark constructive ideas that set things in motion.

A prime waterfront location, the Strandkai in Hamburg, is the site of Unilever's new headquarters constructed by HOCHTIEF Projektentwicklung. This office building's green elements include a highly energy-efficient lighting system and the use of geothermal energy. The Unilever building is likely to receive the gold certificate for sustainable building awarded by Hamburg's Hafencity urban development zone.

HOCHTIEF Real Estate Division

- **High demand for premium real estate development**
- **aurelis successfully sold properties**
- **HOCHTIEF is Germany's largest property manager**
- **Profit before taxes drops year on year**

Formed as of January 1, 2008, the HOCHTIEF Real Estate division combines our real estate and real estate portfolio activities. It comprises the companies HOCHTIEF Projektentwicklung, aurelis Real Estate and HOCHTIEF Property Management. The division's capabilities are focused on the entire real estate life cycle, from development and construction to marketing and management. This integrated approach allows us to create lasting synergies.

HOCHTIEF Projektentwicklung

HOCHTIEF Projektentwicklung was able to underscore its leading position in the market for premium real estate which is still in demand. In Germany as well as in Central and Eastern Europe, construction began on 13 new projects with about 226,000 square meters of gross floor space. At December 31, 2008, 30 projects with an investment volume of EUR 1.28 billion and a total rentable space of 507,300 square meters were under construction. Of these, 87 percent were leased at the reporting date and 49 percent had already been sold to final investors prior to completion. Another increasingly important issue in this and in other areas is sustainability: Tenants and investors are interested above all in properties whose energy efficiency makes them cost-effective in the long term. One such property is the "smarthouse" in Munich. In January 2009, the planning for our office property was honored with the first-ever German sustainable building certificate in gold by the German Sustainable Building Council.

One of the priorities in the reporting year was expansion of the care segment. 2008 saw the start of construction on several care projects in Germany. Our real estate development subsidiary launched a long-term collaboration with partner BeneVit, an operator of care facilities driven by innovative residential and support concepts.

HOCHTIEF Projektentwicklung expanded internationally too. At the beginning of 2008, it established its seventh foreign subsidiary, HOCHTIEF Development Russland, based in St. Petersburg.

Further information is available on the Internet at www.hochtief-projectdevelopment.com.

Project highlights

Offices segment

The Lindley Carrée development is currently under construction in Hamburg. Some 38 percent of the 24,500-square-meter office complex (gross floor space) in Hamburg's City Süd is already leased to neue leben Lebensversicherung AG. The office building is being developed on ecological lines and thus meets the requirements of the internationally recognized certificate for sustainable building "Leadership in Energy and Environmental Design" (LEED).

In Düsseldorf, HOCHTIEF Projektentwicklung is building the Four Elements office building. Over 70 percent of the 14,700-square-meter property (gross floor space) has been pre-leased; the tenants include a law firm. The final investor is Rheinische Versorgungskassen.

In Munich, construction began in 2008 on the Altezza, an office property with a total of 22,000 square meters of gross floor space. The property was purchased in 2007 by ING Real Estate for an office property fund. More than 50 percent of the property has been pre-leased to BT Germany. In addition, a lease agreement was signed with Deutsche Apotheker- und Ärztebank at the end of the year. The project is therefore already sold and 77 percent pre-leased prior to completion.

In Essen, building work began in 2008 on the Rüttenscheider Tor, an office development with almost 9,800 square meters of gross floor space. Even before the start of construction, 62 percent of the office space had been leased to renowned law firms.

We also notched up international success in this segment: HOCHTIEF Development Schweiz, formed in 2007, is realizing its first project with the Portikon in Zurich: The seven-story office and business building comprises 19,500 square meters of gross floor space. Thirty-eight percent of the space is already leased to Baxter Healthcare SA.

In Warsaw, HOCHTIEF Development Poland signed that country's biggest single lease agreement to date: Pekao S.A., part of the UniCredit Group and the country's largest private bank, is moving its corporate headquarters to the 39,000-square-meter Lipowy Office Park. In November, the project won an award for the best office development in 2008 from Construction & Investment Journal, the leading real estate magazine in Central and Eastern Europe.

Retail segment

The KOMM shopping center, offering 15,700 square meters of retail, restaurant and service space, is being built in the center of Offenbach. Eleven thousand square meters, or 70 percent, of the space is already leased. The mall will be opened in fall 2009.

Urban district development segment

HOCHTIEF Projektentwicklung sold the new city center planned for Kelkheim to a Danish investor group in fiscal 2008. The urban district development with marketplace, retail units, restaurants, city library, facilities for assisted living as well as a retirement and nursing home offers a total of 16,800 square meters of rentable space and is almost fully leased.

Development work is underway on the so-called Quartier 21 in Hamburg-Barmbek where a modern, multi-generational district is taking shape over an area of 14 hectares. The Quartier 21 project company—a consortium including HOCHTIEF Projektentwicklung and a partner—has leased the first building with 2,800 square meters of rentable space to the Women's Medical Center.

Care segment

A care home with some 90 beds based on the "Living and Nursing" concept was completed and handed over in Dortmund in 2008. We are developing a further home with 80 places in Hagen. Together with the operator BeneVit, we are also building three nursing care facilities with a total of 215 places based on the "domestic community" model: Ground was broken in Schöllkrippen, Erlensee and Kippenheim in 2008.

Residential segment

The Marco Polo Tower project company, a consortium of HOCHTIEF Projektentwicklung and a partner, is building an upscale residential tower on Strandkai (beach quay) in Hamburg's Hafencity urban development zone. It will feature up to 58 freehold apartments configured to the future owners' individual wishes by renowned interior architects.

Logistics facility segment

The new Northern Europe spare parts logistics center of PSA Peugeot Citroën, which will be handed over to its user in spring 2009, is being built in the Niedersachsenpark. The site measures 83,000 square meters in total, with 45,000 square meters of rentable space for warehouses and administrative buildings.

Hotels segment

In the reporting year, HOCHTIEF Projektentwicklung sold the Adina Apartment Hotel in the Berlin-Mitte district to the Australian company Toga Hospitality before construction work had even begun. The boarding house, which will lease 139 furnished apartments, also offers conference rooms, a spa area and its own restaurant.

aurelis Real Estate*

*Further information is available on the Internet at www.aurelis-real-estate.com.

The company aurelis Real Estate, in which HOCHTIEF Projektentwicklung has held a 50-percent stake since December 2007, enjoyed a successful 2008.

Profitable real estate sales

In the reporting year, aurelis sold sites for proceeds of approximately EUR 302 million. The successes included the sale of the roughly 600,000-square-meter Bahnstadt property in Heidelberg to Entwicklungsgesellschaft Heidelberg. The development property comprises the former goods and marshaling yard to the southwest of Heidelberg central train station. Around 140,000 square meters were also bought by the city of Heidelberg.

In the Wuppertal district of Vohwinkel, aurelis sold a roughly 100,000-square-meter area of the former marshaling yard to the city of Wuppertal. A business park, Mittelstandspark VohRanG, is to be built on the land.

In Duisburg, our subsidiary sold an area of approximately 85,000 square meters at the former Hohenbudberg marshaling yard to Hafen Duisburg Rheinhausen GmbH. A logistics center is to be developed on the site.

In Munich-Freimann, roughly 108,000 square meters of land were sold to a major corporation. In the district of Pasing, aurelis also sold around 50,000 square meters on Paul-Gerhardt-Allee for commercial use. Plus, as part of the Am Hirschgarten quarter in the Munich district of Neuhausen-Nymphenburg, we sold around 18,000 square meters of residential lots to various property developers.

aurelis develops the land together with local authorities and supports the process until development rights have been secured and the land is ready for construction. The company responds to urban development requirements and supports the trend toward living in the city with modern urban districts, including the Europaviertel in Frankfurt, the Am Hirschgarten quarter in Munich and Le Quartier Central in Düsseldorf. Aspects of sustainable urban development are taken into account: Real estate revitalization, for example, helps reduce land consumption and integrate existing infrastructure.

Successful management of rentable space
aurelis achieved total rental income of approximately EUR 99 million in 2008. Roughly 50 percent of this came from around eight million square meters of open space and the other half from some 1.4 million square meters of building space. This meant we were significantly ahead of target.

Roughly 45 percent of aurelis' total real estate is assigned to the rental portfolio. Overall, the company has around 4,500 lease agreements. Some 60 percent of the properties are leased to small and medium-size enterprises, 30 percent to Deutsche Bahn AG and ten percent to various large corporations and public institutions—creating a broad spread of risk.

The rental successes in 2008 included the leasing of a roughly 8,500-square-meter warehouse to a forwarding company in the Bremen cargo transportation center. The lease has a term of ten years. In Wuppertal, 7,500 square meters of open space were leased for use as a material recycling facility. The term of the lease is similarly ten years.

In the area of refurbishment, aurelis is currently active in Freiburg: Around ten million euros is being invested in the revitalization of the former customs office building at the north freight yard. Phase one with 5,900 square meters will be completed in the first quarter of 2009, and 78 percent of it has already been leased over periods of ten and 15 years. Leasing of phase two with a further 2,400 square meters begins in spring 2009.

HOCHTIEF Property Management*
Launched with the formation of the HOCHTIEF Property Management company in 2007, the project to integrate the property management unit of Allianz Immobilien GmbH was successfully completed in the reporting year. One particularly important aspect was the full integration of all employees in HOCHTIEF Property Management. All the regional units of the company now follow a uniform organizational structure. The core elements of this structure are the teams responsible for client portfolios in the regions. In addition, regional service functions were set up—for example, for leasing as well as project and construction management.

*Further information is available on the Internet at www.hochtief-propertymanagement.de.

In 2008, HOCHTIEF Property Management enhanced its service portfolio with an Asset Management Services unit. Here we assist our clients in identifying opportunities to increase the value of property portfolios and individual assets. To this end, we prepare asset analyses and asset strategies.

Synergy potential exploited

The setup within the division opens up major synergy opportunities for HOCHTIEF Property Management. For example, the company manages a number of properties which were built by HOCHTIEF Projektentwicklung, including the Prisma office tower as well as parts of the OpernCarrée in Berlin and the WestendDuo in Frankfurt.

There are also synergies with aurelis Real Estate: In a competitive tendering process, HOCHTIEF Property Management won the contract to provide nationwide management of roughly 24 million square meters of land and almost two million square meters of building space belonging to the company. Starting in January 2009, the three-year contract covers commercial property management for around 4,500 leases with an annual volume of around EUR 100 million. Also included are coordination of facility management providers as well as space and building management for over 2,000 buildings and structures. Therefore, in terms of space, HOCHTIEF has advanced to become Germany's biggest independent property manager.

New projects acquired

In 2008, we took over the property management unit of RREEF in Germany with a total of 75 properties covering an area of some 500,000 square meters. Thirty-two employees were also transferred to HOCHTIEF.

Staff was similarly transferred to HOCHTIEF under another contract: Forty-three staff of Deka Immobilien are now part of HOCHTIEF. Together with them, we will manage around 75 percent of Deka Immobilien's real estate in Germany for an initial period of five years, assuming commercial and technical management for the properties of funds set up by Deka Immobilien Investment and Westinvest.

In the reporting year, the first step was taken toward developing the shopping center segment. The scope of an existing property management contract for Shaftesbury Asset Management was broadened: HOCHTIEF has also been responsible for center management for two shopping centers in the Shaftesbury portfolio since 2009.

The HOCHTIEF Real Estate division's key figures

New orders in the HOCHTIEF Real Estate division were 36 percent down on the previous year. At HOCHTIEF Projektentwicklung, new orders were lower due to the company's selectivity in taking on projects in 2008. As anticipated, HOCHTIEF Property Management also failed to match the high prior-year figure. In 2007, a substantial part of new orders was accounted for by the takeover of the property management activities of Allianz.

At more than EUR 800 million, **work done** was up by 56 percent to a very high level. At HOCHTIEF Projektentwicklung, work done increased as a result of the many projects currently being carried out, while at HOCHTIEF Property Management, it grew as the company performed the management contracts it received in 2007 and 2008. This high level of work done pushed the order backlog down to EUR 705.3 million in the year under review. On a similar scale to work done, external sales rose by EUR 310.7 million to EUR 791.1 million.

Operating earnings climbed 30 percent year on year to EUR 81.7 million, mainly because of the growth in earnings on HOCHTIEF Projektentwicklung's international projects. **Profit before taxes**, on the other hand, was slightly down on the prior-year figure, as net investment and interest income fell by EUR 22.4 million. This was due to the higher volume of financing for the development projects currently in progress and because the financing used to acquire shares in aurelis at the end of 2007 was for the first time included for the full fiscal year.

Capital expenditure changed only slightly compared with the previous year and in 2008 consisted mostly of expenditure on financial assets for affiliated companies.

RONA—the Group's main measure of value creation—failed to match the high prior-year figure of 12.7 percent due to the increase in net assets. This was due, in turn, to the interest in aurelis for the first time being included for the full fiscal year and to the larger volume of projects at HOCHTIEF Projektentwicklung.

HOCHTIEF Real Estate division

(EUR million)	2008	2007
New orders	**618.2**	965.0
Work done	**813.9**	521.0
Order backlog	**705.3**	1,042.0
Divisional sales	**811.6**	493.5
External sales	**791.1**	480.4
Operating earnings (EBITA)	**81.7**	63.0
Profit before taxes	**54.2**	58.6
Capital expenditure	**11.1**	12.6
RONA (%)	**10.2**	12.7
Net assets (December 31)	**1,047.7**	735.8
Employees (average over the year)	**874**	455

On an annual average, the number of **employees** was 419 up on the previous year, as HOCHTIEF Property Management took on staff assigned to specific contracts.

HOCHTIEF Real Estate outlook

The HOCHTIEF Real Estate division expects to continue operating successfully in 2009.

At HOCHTIEF Projektentwicklung, attention will focus on the following activities: Further selective business growth in Northern and Eastern Europe, project selection focused on high-profit projects, and marketing of projects currently being constructed. We will counter the current challenging market environment with a tight focus on very attractive project sites and high-quality, sustainable real estate.

Besides its ongoing projects—including the Europaviertel in Frankfurt, the Am Hirschgarten quarter in Munich and Le Quartier Central in Düsseldorf—aurelis Real Estate will step up its activities in Duisburg and Nuremburg. A further priority will be to expand activities related to the refurbishment of leased space and buildings.

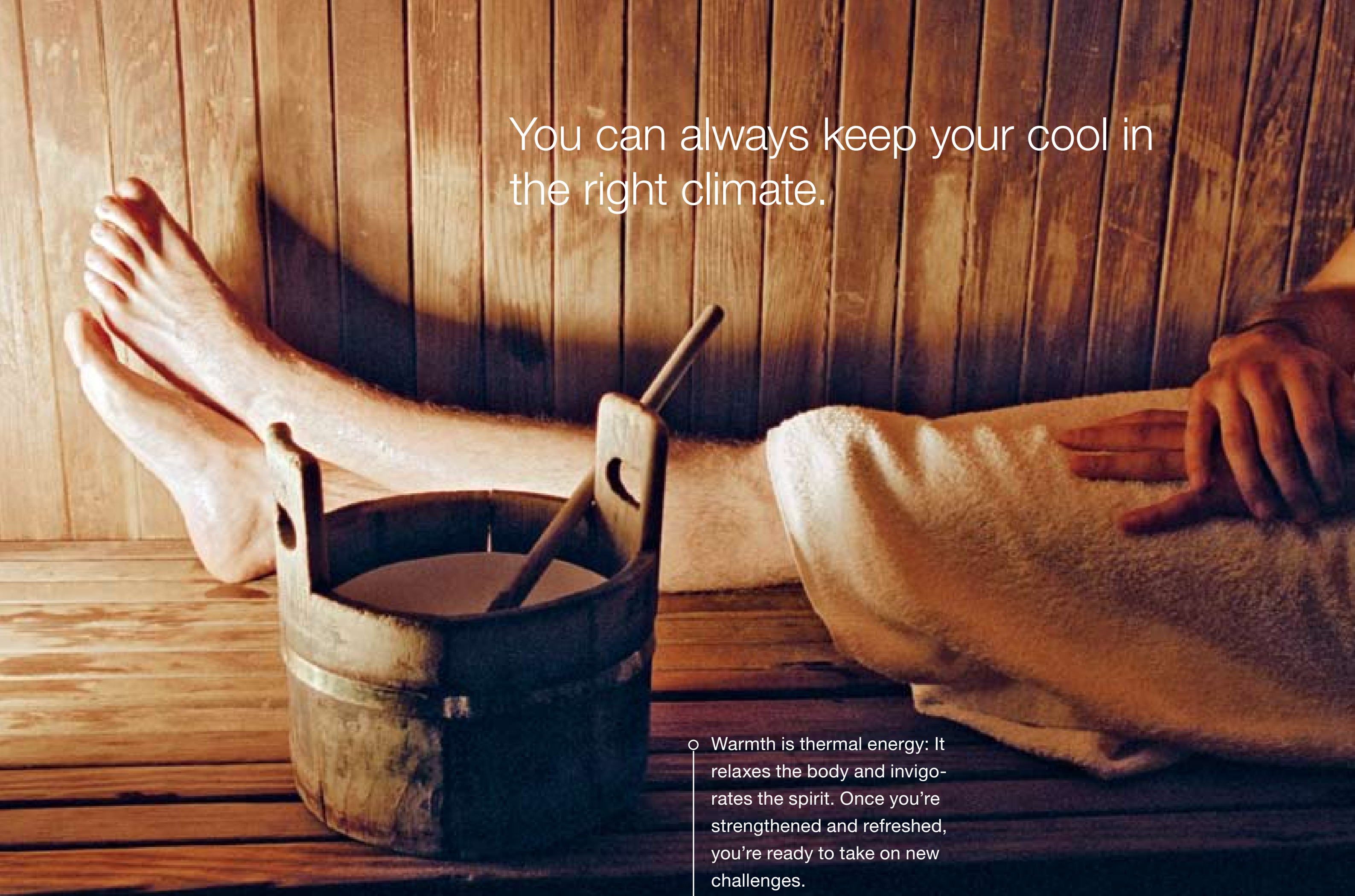
HOCHTIEF Property Management is continuing to focus on expansion in Germany as well as Eastern Europe, particularly through new outsourcing projects. The company is examining opportunities to extend its competencies into the shopping center and hotel property segments. In addition, services such as leasing management and asset management services are to be expanded.

Given corresponding demand, there are plans to sell developed properties to investors as in previous years. This said, the division is under no strong sales pressure in 2009 as a result of the high occupancy rate of 87 percent as well as the high pre-sales rate of 49 percent in the case of still incompleted projects attained by HOCHTIEF Projektentwicklung.

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 2009. This may, however, be below the prior-year level.

You can always keep your cool in the right climate.



Warmth is thermal energy: It relaxes the body and invigorates the spirit. Once you're strengthened and refreshed, you're ready to take on new challenges.

A good atmosphere all year round: At the headquarters of the DEVK insurance company in Cologne, HOCHTIEF Facility Management services the HVAC systems for the main building.

HOCHTIEF Services Division

- **Gratifying earnings trend in international business**
- **Contract with Siemens Real Estate extended early**
- **Energy costs and CO_2 emissions of many clients reduced**
- **HOCHTIEF is a renowned outsourcing partner**

The HOCHTIEF Services division, established on January 1, 2008, brings together HOCHTIEF Facility Management and its ten foreign subsidiaries with HOCHTIEF Energy Management. The division provides services directly related to the operation and maintenance of buildings and facilities. These services are offered for all phases of a project's life cycle.

HOCHTIEF Facility Management*

HOCHTIEF Facility Management is further expanding its business in the area of production-related industrial services. Siemens confirmed its faith in HOCHTIEF Facility Management with a follow-up contract. The HOCHTIEF subsidiary will continue to operate various Siemens sites in Germany for a further six years. The contract with Siemens Real Estate is worth a total of EUR 192 million. HOCHTIEF Facility Management began managing some of Siemens' facilities under an outsourcing agreement back in 2004 and has worked as a facility manager for the technology group since then. The Essen-based company ensures optimum production conditions and smooth operation of advanced production equipment in the Siemens sectors of Industry, Energy and Healthcare.

Project highlights

Automotive segment

In the reporting year, the HOCHTIEF subsidiary received from Daimler AG a contract to handle technical facility management in the production shops of the Mercedes-Benz plant in Bremen. Roughly 13,300 employees work in the plant that covers almost 1.4 million square meters. HOCHTIEF Facility Management will operate the sophisticated technical building systems. This is our third contract for the carmaker: We already manage parts of Mercedes-Benz production sites in Mettingen and Untertürkheim.

Chemical/pharmaceutical industry segment

At the Basel research site Biopark Rosental, HOCHTIEF Facility Management assumed technical and infrastructure facility management. The contract is worth around EUR 6.2 million. The Biopark is for the most part a research and development center for companies from the chemical, pharmaceutical and biotech industries. HOCHTIEF provides infrastructure and technical building services to ensure optimum research conditions. For example, the company operates technical equipment to ensure optimum research conditions in cleanrooms and climate cells. The contract also includes the production of demineralized water for laboratories and the operation of a data center. It underpins the market presence of the HOCHTIEF Facility Management subsidiary, formed in 2007, in Switzerland.

We secured a successful outsourcing project in Ludwigshafen in 2008 for the international pharmaceuticals manufacturer Abbott. There at their plant, HOCHTIEF Facility Management ensures optimum conditions for the production of medical products. This includes the provision of gas, steam or water. We are also responsible for the cleanroom technology at the plant, making sure Abbott has the ideal environment for research, development and production.

Airports/aviation segment

HOCHTIEF Facility Management's success in the airports/aviation segment continued. For example, the company is making available, among others, its years of facility management experience gathered at Athens Airport. The company will take charge of maintaining the technical building systems at Stuttgart Airport's four terminals for the next four years. Among other things, we are responsible for air-conditioning, sprinklers and control equipment. Special requirements have to be met as the technical equipment is located in the high-security zones of the arrivals and departures areas.

*For further information, please visit our website at www.hochtief-facilitymanagement.com.

Public-private partnership (PPP) segment

Joining forces with other Group companies, HOCHTIEF Facility Management won, among others, the PPP contract to refurbish, redevelop, expand and operate the Fürst Wrede barracks in Munich. The facility management share of the contract, which will run for 20 years, is EUR 1.5 million per year.

Internationally poised, internally networked

With its operations in Switzerland, Greece, the UK, Ireland, Poland, Hungary and the Gulf, HOCHTIEF Facility Management is represented internationally in markets which offer good business opportunities. Close cooperation with further HOCHTIEF units in Germany and abroad—in particular HOCHTIEF Construction, HOCHTIEF PPP Solutions, HOCHTIEF Property Management and HOCHTIEF Projektentwicklung—ensures that there is further potential for growth.

HOCHTIEF Energy Management*

*For further information, please visit our website at www.hochtief-energymanagement.com.

Following the acquisition of Vattenfall Europe Contracting in 2007, we combined this business with our existing energy management business in the fiscal year to form the HOCHTIEF Energy Management group. The newly created company is one of Germany's leading providers in the energy contracting sector.

Project highlights

Energy performance contracting segment

One important new order for HOCHTIEF Energy Management in 2008 was a contract with Gesellschaft für Bremer Immobilien: The company will carry out energy performance contracting for seven schools in Bremen for ten years and reduce energy costs by a total of EUR 319,000 per year. HOCHTIEF is guaranteeing a cost saving of 35 percent per year for the entire term of the contract. Among other things, we will refurbish central boiler units, install modern building control systems and optimize existing systems. Moreover, we will centrally monitor and control energy operations for heating and ventilation systems. In addition to the financial savings, HOCHTIEF will improve the schools' environmental performance: Their CO_2 emissions will be reduced by around 1,400 metric tons per year.

In summer 2008, HOCHTIEF Energy Management took on energy performance contracting for seven municipal properties in the city of Bergisch Gladbach. Under the five-year contract, the city's energy costs will be reduced by 35 percent per annum. The contracting covers, among other things, the city hall, school buildings with sports halls, and a library. Alongside a significant reduction in the city's budget, HOCHTIEF will also be reducing the CO_2 emissions of the public buildings by 800 metric tons a year. To this end, we will refurbish central boiler units, optimize lighting systems and install modern building control systems in the properties, among other things. In addition, HOCHTIEF will monitor, control and document energy operations for heating and ventilation systems.

Energy supply contracting segment

Also in summer 2008, we were contracted to supply the regional airport Allgäu Airport Memmingen with heat. In June, HOCHTIEF Energy Management concluded a 15-year energy supply contracting agreement with the company Allgäu Airport. HOCHTIEF Energy Management is responsible for heat supply to the airport buildings as well as to buildings of other companies on the 144-hectare site. We additionally service and maintain related equipment.

HOCHTIEF Energy Management secured a contract extension in HamburgHarburg where the company has already been supporting client ContiTech for more than ten years. It supplies steam, compressed air and service water for the production facilities of Continental and other clients. We also manage the electricity distribution network on the site. The economies of scale generated here through synergy effects are passed on to our clients. The new contract provides for several new modernization and energy-saving measures. Based on changes in consumption profiles in recent years, it will be possible to further reduce CO_2 emissions by more than 2,000 metric tons per year.

The HOCHTIEF Services division's key figures

The HOCHTIEF Services division continued its successful course, surpassing its prior-year work done and earnings.

At EUR 753.5 million, **new orders** were down 15.6 percent on the prior year. The 2007 figure had included a long-running public sector contract worth approximately EUR 320 million for school projects in the UK.

Work done was much higher than in the prior year at EUR 709.4 million (up 21.8 percent). This was due to the growing additional services in existing business and new orders acquired in the prior year, including sports facilities projects in Greece. Added to this were effects from the acquisition in the energy management segment.

Operating earnings were 21.8 percent higher than in 2007 at EUR 26.8 million. **Profit before taxes** was also well up on the prior year at EUR 22.9 million. Energy management and international business performed particularly positively. Profit was impacted by negative effects arising from acquisition activities, among others.

The average number of **employees** over the year rose to 5,651, due in particular to growth abroad and acquisitions.

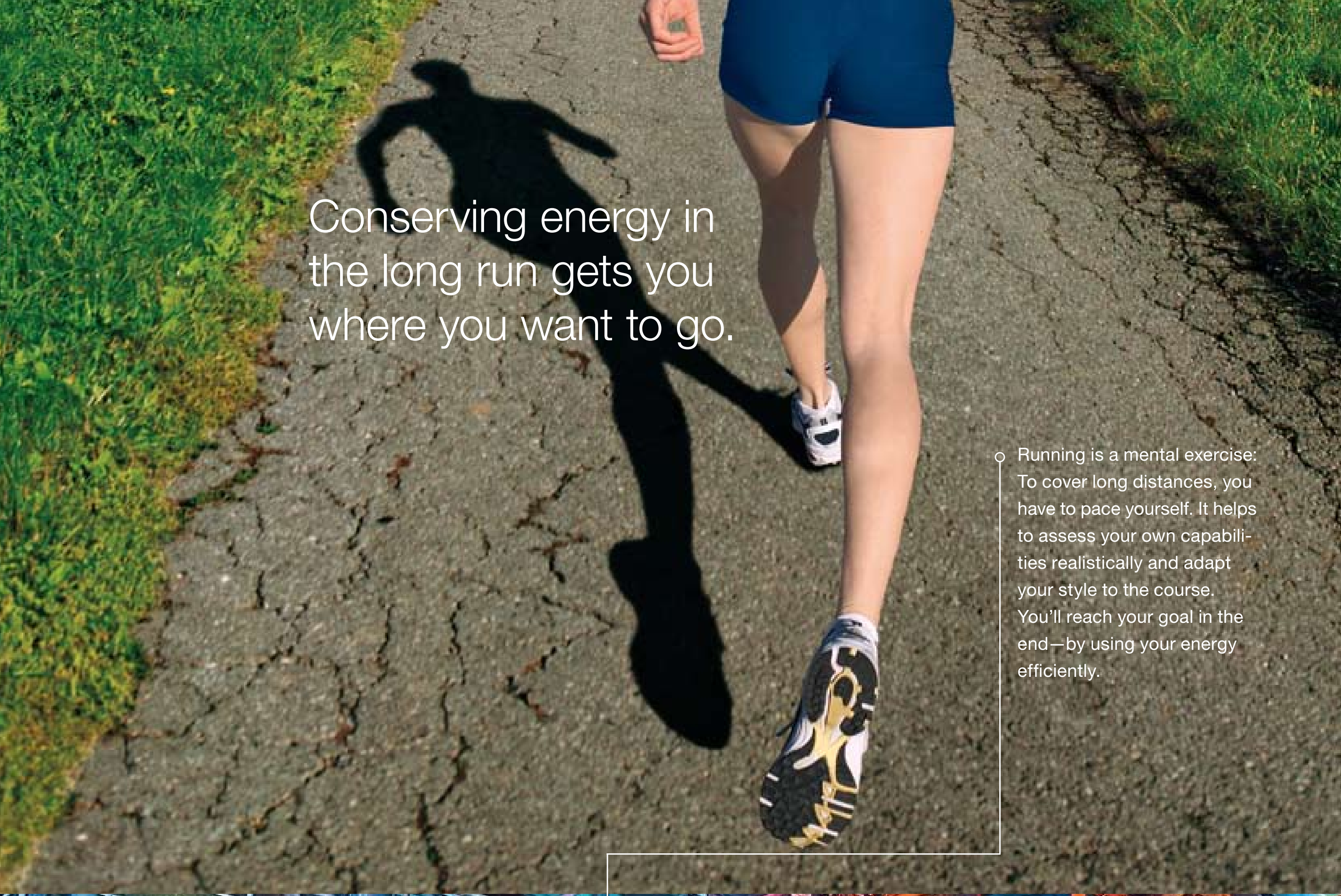
Outlook

As regards business in the HOCHTIEF Services division, it is also difficult to forecast the extent of the impact of the financial crisis on the economy as a whole and our industry segments. For this reason, we are concentrating on selected projects for now, so that we can maintain our high return-on-investment targets. The division is relying on organic growth and continuing to actively pursue outsourcing projects and strategic initiatives with low capital commitment because, in the facility management market, further opportunities could arise from the fact that clients are more willing to outsource.

HOCHTIEF Services division

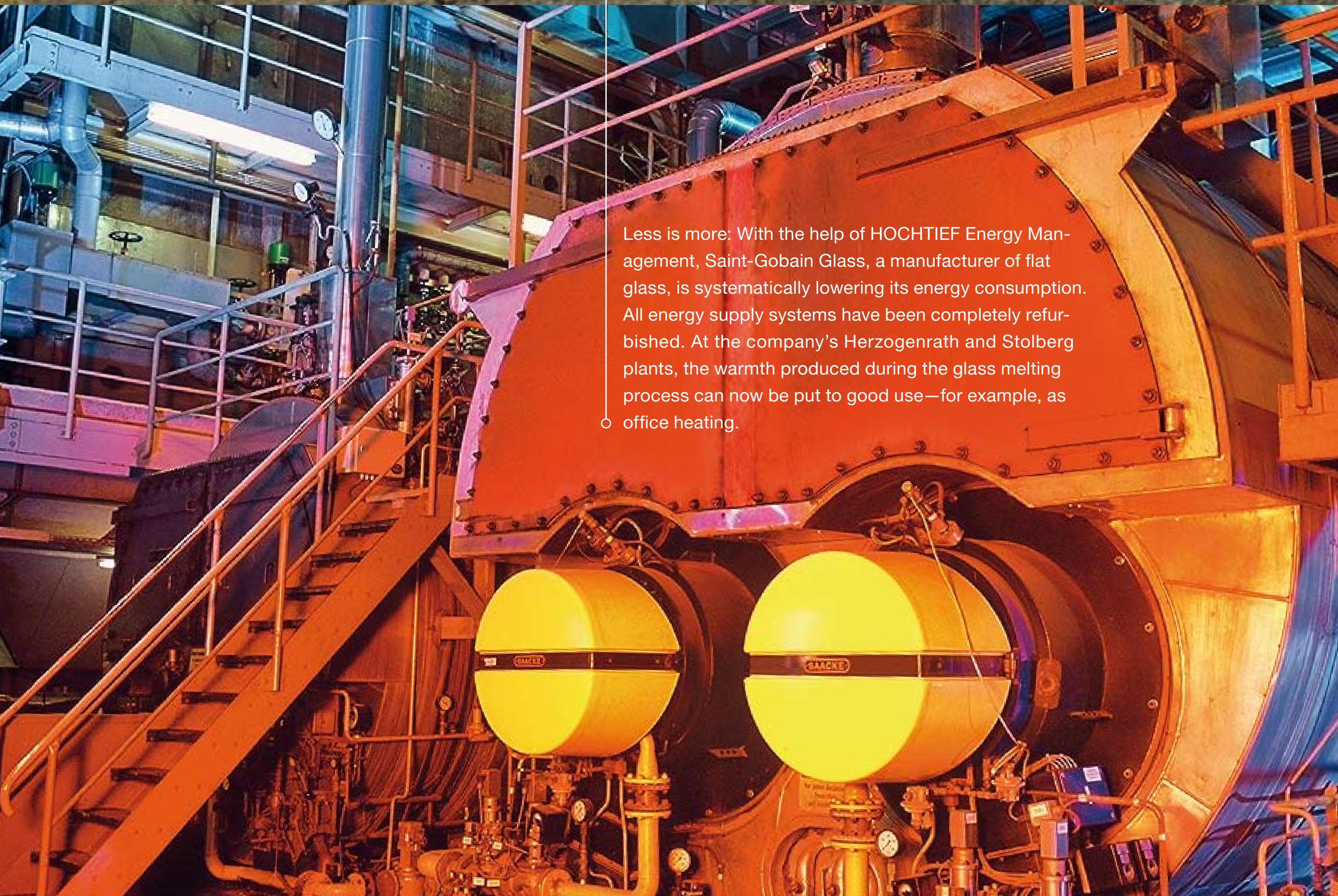
(EUR million)	2008	2007
New orders	**753.5**	892.6
Work done	**709.4**	582.3
Order backlog	**1,560.0**	1,602.2
Divisional sales	**709.5**	582.1
External sales	**683.1**	555.9
Operating earnings (EBITA)	**26.8**	22.0
Profit before taxes	**22.9**	20.4
Capital expenditure	**11.1**	16.5
RONA (%)	**16.0**	16.6
Net assets (December 31)	**176.7**	179.0
Employees (average over the year)	**5,651**	4,773

Assuming that the present economic situation does not cause our clients' ordering behavior to change more than is currently foreseeable, the division expects profit before taxes to be slightly higher than in 2008.



Conserving energy in the long run gets you where you want to go.

Running is a mental exercise: To cover long distances, you have to pace yourself. It helps to assess your own capabilities realistically and adapt your style to the course. You'll reach your goal in the end—by using your energy efficiently.



Less is more: With the help of HOCHTIEF Energy Management, Saint-Gobain Glass, a manufacturer of flat glass, is systematically lowering its energy consumption. All energy supply systems have been completely refurbished. At the company's Herzogenrath and Stolberg plants, the warmth produced during the glass melting process can now be put to good use—for example, as office heating.

Risk Report

- **Group-wide early warning system for active risk control**
- **Solid financial structure**
- **Conservative financing models leveraged**
- **No identifiable risks to HOCHTIEF's continued existence**

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.

HOCHTIEF deploys integrated planning, control and monitoring systems and fine-tunes them on an ongoing basis to ensure that risks are detected at a sufficiently early stage, assessed and appropriately managed.

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. This risk culture is sustained by organizational processes, IT systems and open communication.

HOCHTIEF Group early warning system

A Group-wide directive lays down standard procedures for risk management. The divisions supplement this directive with organizational instructions geared to their specific circumstances.

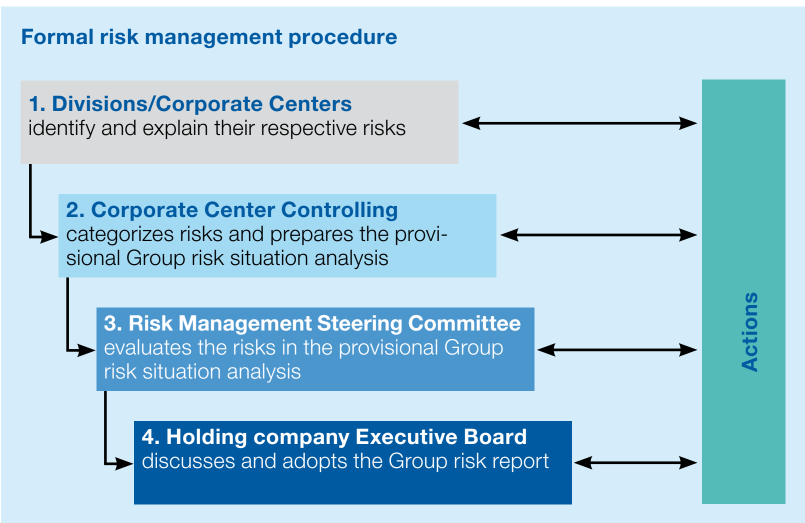
Risk inventories and forecasts are compiled at all operating locations three times a year and the resulting information is aggregated to Group level. This approach involves managers at all tiers of the corporate hierarchy, ensuring that risk awareness is all-pervasive—from project managers all the way through to divisional heads and holding company executives.

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 a dedicated 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, allowing all material risks to be evaluated in an integrated framework. The Steering Committee also coordinates and adopts binding countermeasures.

HOCHTIEF compiles the Steering Committee's findings in a risk situation analysis. This details all major risks in tabular form. The commented analysis forms an integral part of reporting and is finalized by the Executive Board.

In addition to the Risk Management Steering Committee, the Investment Committee is also a key part of our early warning system. As a rule, investments and equity stakes must be approved by the Investment Committee. The Committee ensures that all investment projects are assessed using uniform and recognized principles. Along with strict profitability standards, operational, financing and country risks are also material factors used by the Committee to make decisions.

Opportunities are inventoried simultaneously with risks Group-wide and are included in planning and forecasting reports submitted to the Executive Board. Opportunities are individually quantified and additionally weighted by probability of occurrence. 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. This makes it possible to state the share of forecast earnings that corresponds to overall Group risk exposure, for example, in relation to the current year. Expected risk exposures are also aggregated at Group level for each division and each risk category. Changes in risk structure are revealed by comparing current and previous risk reports. The company's quantifiable average overall risk stood at approximately ten percent of pretax profit in 2008. In light of this analysis, there is no identifiable risk to the future results of operations, cash flows and financial condition of the HOCHTIEF Group that might raise doubt about the entity's ability to continue as a going concern.

At just under 50 percent, project and contract risk accounts for the largest share of overall risk. This category is followed by market, financial and equity investment risks, which together make up about 45 percent of quantifiable overall risk. Personnel and internal risk jointly add up to less than a five percent share. In the sections that follow, risks are described by risk category.

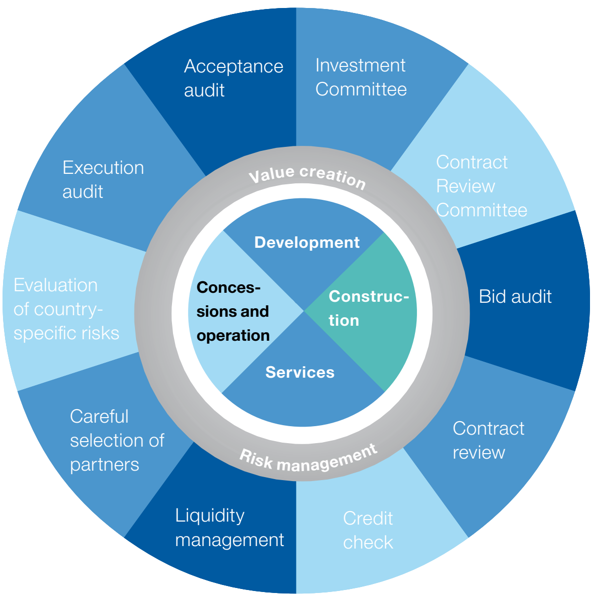
Project and contract risk

Most project and contract risks arise in the mainstream construction activities of HOCHTIEF Europe, HOCHTIEF Americas and HOCHTIEF Asia Pacific. HOCHTIEF Real Estate is also exposed to risk in its real estate development and marketing.

Alongside acquisitions, real estate investments, development projects and decisions to enter new business segments, all routine projects are systematically scrutinized once their volume or risk level touches a certain threshold. This allows potential contract and project risks to be detected and minimized at an early stage. 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 stipulates a wide range of project-specific requirements for processing and approving bids. A special committee analyzes all projects and their risk structure. The committee decides whether an implicit risk premium should be calculated or whether the project should be 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 and approved by a centralized Contract Review Committee made up of qualified specialists. The Risk Management department ensures that risks are identified, managed and reported according to uniform standards in the HOCHTIEF Europe division. Risk management was improved substantially in 2008 by introducing additional criteria for assessing the risks of projects. Risk auditors manage projects with identified risks from bid preparation through contract award to handover to the client. The Contract Administration depart-



Project risk management

ment, risk managers, the CIP team* and Legal corporate center support the project teams in all contracting matters under the auspices of the Risk Management department. In addition, the internal auditing function regularly analyzes domestic and international projects for technical, commercial and legal risk.

In 2008, earnings from German building construction contracts were negatively impacted by the completion of loss-making projects already underway and expenses for approved 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. Despite this approach, cost risk cannot be entirely eliminated now or in the future, particularly in large-scale projects spread out over several years.

We aim to further reduce risk in the mainstream construction business by using partnership-based contracting models. We work with clients to optimize all processes at an early stage. This helps us minimize risks and the provisioning needed to deal with those which materialize.

While HOCHTIEF generates a high volume of sales with individual trading partners, it does not depend directly 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.

We address warranty risks from the construction business by requiring subcontractors to post surety or guarantees and, where applicable, by entering into service contracts and setting up regular monitoring. In 2008, we also launched the new "Subguard" insurance product in order to cover liability risks and claims arising from the insolvency risk of subcontractors. Where HOCHTIEF is required to cover a certain contingent of risk itself—in other words, where use is made of captive insurance arrangements***—the Group's exposure is kept in check by enforcing appropriately scaled liability limits.

Earnings from a project can also be adversely affected in the execution phase, for instance, by geological difficulties encountered in tunneling. Under the terms of contract, these risks are generally agreed to lie with the client. The commercial success of such contracts often depends on the extent to which claims for supplementary work can be billed on to project owners. 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. This can result in penalties due to schedule overruns if the delay is down to HOCHTIEF.

**For further information on this topic, please see pages 60 and 61.

*See glossary on page 193.

***See glossary on page 193.

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 after carefully reviewing our litigation risks that adequate accounting provision has been made for all current cases such that no case is likely to negatively impact on earnings.

One major court case is the lawsuit pending since late 2003 in connection with the construction of the Sony Center in Berlin. A subcontractor employed in building the Center is suing us for payment for supplementary work. We petitioned to have the entire suit dismissed and also filed a counterclaim. Due to considerable delays in the proceedings, it is not possible to foresee how long the case will continue.

Other legal disputes relate to two projects by our US subsidiary Turner: a sports stadium near Washington, DC and a school building in Cincinnati. The cases involve enforcing claims against project owners and insurers through the courts.

Market risk*

*For detailed information on our sales markets, please see pages 38–43.

Overall economic risk is posed by the global financial crisis and the resulting turbulence on international markets. The effects on the real economy can already be felt strongly worldwide. In 2009, numerous goods and services industries are expected to be heavily impacted by the consequences of the crisis. If existing and future governmental economic and fiscal stimulus programs fail to contribute to returning confidence to the markets, there will be an increased risk of a sustained recession.

The profitability of our subsidiaries has not been adversely affected to date by the generally difficult economic situation in the United States. Numerous new orders ensure a stable order backlog for our US subsidiaries. Traditionally, Turner has not been involved to any significant extent in the residential construction market, which has declined precipitously due to the mortgage crisis. A drastic drop in building construction projects is not anticipated currently. 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 and various Asian markets. Future developments in Australia depend materially on demand for raw materials. In our contract mining operations, we cannot completely rule out a decrease in the number of new orders or a paring down of investments by mine operators. The cooling of the overheated construction market is being felt keenly in the Gulf region. Payment patterns have deteriorated, particulary in Dubai. Nonetheless, we expect the division's performance to be positive because of the large order backlog and the continued need for infrastructure investments in Australia and the Gulf region.

International air transport sustained its positive trend in 2008. Our airport holdings in Athens, Budapest, Düsseldorf, Hamburg, Sydney and Tirana reported passenger growth of 1.5 percent on average. HOCHTIEF AirPort's planning indicates stable passenger figures at these airports. In the long term, we anticipate sustained growth in this segment.

As a consequence of its broad regional positioning, HOCHTIEF Real Estate has been able to successfully balance out weaknesses in individual markets to date. 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 strained overall economic situation. In the project development segment, we will leverage market opportunities by selecting new projects with even more care and focusing on promising business segments. The financial crisis has had a negative effect on the real estate investment market. In 2008, the volume of transactions in European real estate markets has decreased considerably while profitability requirements have been rising simultaneously. Due to the dependence of the investment market on the smooth functioning of the credit markets, 2009 will again see risks because longer marketing periods and declining sales rates are expected.

The German construction market stabilized in 2008. The commercial and public-sector construction sectors saw marked growth in new orders and sales while the residential construction market continued to contract. The level of new orders received by HOCHTIEF Construction's German building construction operations was lower than in the previous year due to greater selectivity in order taking. HOCHTIEF Construction is also holding its strategic course of focused expansion in Central and Eastern Europe and by carefully choosing international projects. In addition, promising market segments will be developed further using profitable business models. These include renovating or refurbishing schools based on PPP contracts in conjunction with other Group units.

We cannot rule out that further turbulence on sales and procurement markets might adversely affect our business.

Financial risk*

In view of the current financial market situation, the collapse of certain investment and full-service banks and the risks buried in bank financial statements, banks are entering into very few loan commitments at this time. A credit crunch is evident particularly in longer-term project financing. The current financial market situation has not led to a significant increase in financial risks for the HOCHTIEF Group to date. We possess a solid financial structure and apply conservative financing models. Bank default risks and additional consolidation in the banking sector that could restrict the availability of credit lines were included in the risk report. HOCHTIEF's long-term financing consists of firm loan commitments repayable at maturity. The Group has no close financial relationships with the banks and insurance companies that have experienced difficulties recently.

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. The financial risk category consists of liquidity risk and financial market risk.

In the event that this unwillingness to lend continues for a longer period, a strained liquidity situation for our company cannot be ruled out altogether.

Liquidity risk

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.

HOCHTIEF Aktiengesellschaft's cash resources include adequate growth and liquidity reserves. We also have sufficient short-term revolving credit facilities available for daily drawing as part of our cash pooling arrangements. These credit facilities are broadly diversified. In July 2008, we augmented our long-term borrowing with the issuance of EUR 250 million in promissory note loans (Schuldscheindarlehen) with tenors of five and seven years. Furthermore, we also have a EUR 600 million revolving credit facility running until November 2012 and sufficiently large guarantee facilities for securing bank guarantees and other collateral. The most important of these arrangements is a long-term internationally syndicated guarantee facility in the amount of EUR 2 billion.

*For detailed information on financial risk management, please see pages 170–181.

On the whole, we have ensured that all Group companies in Germany and abroad possess sufficient credit and guarantee facilities to successfully finance both their operating activities and new projects. As a precaution, we have supplemented our liquidity reserves and are reviewing all investments very carefully, taking this into consideration. Our planning is based on the assumption that the credit and capital markets will normalize again starting in 2010.

Financial market 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. 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. Currency translation risks were not hedged in the year under review.

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. A sustained contraction of liquidity in the financial markets could lead to a widening of credit spreads. This could increase our refinancing costs when existing project and investment financing matures and thus raise our capital requirements. The resulting pressures could materially affect our earnings and liquidity situation.

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. To minimize intrayear fluctuations of derivatives, utmost care is taken to ensure that all hedging instruments qualify for hedge accounting*.

*See glossary on page 193.

Price risk also arises at HOCHTIEF from investments in stocks and funds. These investments are managed by ongoing monitoring. In the event of impairment of these investments, writedowns can impact earnings.

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 annual 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 2008.

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 access to the risk management system of the company concerned. Relevant information obtained through the equity holding control function is nonetheless compiled and reported. HOCHTIEF also works to bring about the installment of a properly functioning risk management system.

Risks from equity holdings relate primarily to our airport holdings, stakes in concession companies and other equity holdings in which HOCHTIEF companies hold less than 50 percent of the capital either directly or indirectly.

The possibility of airlines defaulting on amounts owed to HOCHTIEF's airport holdings cannot be ruled out.

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.

If unforeseen events were to occur, other subsidiaries and associates could also have an adverse effect on our earnings due to the need to recognize impairments.

In fiscal 2008, impairments were recognized for Australian companies in the Leighton business portfolio mainly due to a drop in share prices. This relates principally to three toll roads, the project development company Devine and the contract mining company Macmahon.

We cannot rule out the possibility that impairment losses may have to be recognized for our subsidiaries and associated companies in isolated cases in the future.

Personnel risk and internal risk

Competition for highly qualified personnel has intensified significantly due to the shortage of specialist and managerial talent. HOCHTIEF has long worked to counter this trend as far as possible and places central importance on workforce training and motivation. We have demonstrated HOCHTIEF's attractiveness as an employer: We invest a great deal in attracting well-qualified employees* as well as in integrating them and fostering their long-term loyalty to the Group.

Succession planning is a further key issue for HOCHTIEF. Integrated employee development activities ensure that managerial vacancies are largely filled from within the Group. 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. Focused safety management aims to reduce 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. Actuarial reports are prepared in order to ensure that all pension liabilities are covered. 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 and Turner follow the defined contribution model. Existing commitments from closed defined benefit pension funds at Turner, which are largely covered by other investments, will run out over the long term.

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.

HOCHTIEF works with first-rate service providers to counter potential IT-related risks. An IT security directive subject to ongoing independent review ensures that risk avoidance measures are efficiently implemented. Use of the latest hardware and software ensures data availability and fends off unauthorized access.

Opportunities

Despite the difficult situation on markets worldwide, we believe that 2009 will also bring numerous growth opportunities. Governmental economic stimulus and subsidy programs aimed at promoting infrastructure development, energy and climate protection raise the possibility of projects in market segments in which we are well positioned. This is particularly true in Germany, the United States and the Asia-Pacific region.***

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 fundamentally 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. Identified scope for improvement is presented in the Risk Management Steering Committee and incorporated in refinements to the risk management system.

*For further information, please see pages 57–59.

***For detailed information, please see the report on opportunities on pages 121–123.

**For further information, please see pages 140 and 163.

When nature sets its germinating power in motion, all manner of miracles unfold, great and small.

Light, water, good soil and the right location—when we put energy into the earth, it's happy to give it back.

Electricity from the earth: In the Bavarian town of Dürrnhaar, HOCHTIEF in association with partners is building the first entirely privately financed geothermal power plant in Germany. The company is designing, financing, building and operating the five-megawatt plant with an investment volume of some EUR 35 million. The hot water drawn from the earth's crust provides energy and can also be used for cogeneration of heat and power. Following the success of the first drillings at depths of up to 3,700 meters, the plant is scheduled for completion by mid-2009.

Looking Ahead: Outlook and Opportunities

- **Effects of financial crisis impossible to predict with sufficient certainty**
- **Strategic orientation key to long-term growth targets**
- **Wide-ranging opportunities harbor strong earnings potential**
- **Consistent, earnings-driven dividend policy**

Looking ahead

Competitive advantage of good strategic positioning

A realistic judgment of how the financial crisis will impact on the real economy is not currently possible. Uncertainty about the way forward and the scale of the global crisis has grown considerably in the last several months. Leading economic research institutes expect that the world economy will undergo a major slowdown in 2009, although with regional variation. The growth markets of the recent past will also be affected.

HOCHTIEF is outstandingly well placed with its strategy of spanning the whole infrastructure project, real estate and facility life cycle and of serving international markets. We can seize available opportunities and better make up for cyclical downturns. Our integrated capability portfolio and global presence lend HOCHTIEF considerable risk diversification and greater independence from fluctuations in specific industries and markets. By closely dovetailing the elements of that portfolio, we are also able to generate synergies and thus add value for customers. 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.

Group forecast subject to uncertainty

With the financial crisis dynamically unfolding, we are currently only able to provide a very limited forecast for the Group in 2009, burdened still by major uncertainty. As the year progresses, we will add further detail to our expectations regarding HOCHTIEF's performance in our quarterly reports.

Our planning is based on the assumptions that the international finance and capital markets will increasingly normalize from 2010 and that there will not be a sustained recessive setback in the world economy. We also work on the basis that the situation in areas of political tension will not lastingly deteriorate any further. We anticipate an increasing rise in the euro against the US dollar and the Australian dollar through fiscal 2009. We expect euro exchange rates in 2009 averaging about USD 1.30 and AUD 2.00.

New orders, order backlog and sales regain normal levels

HOCHTIEF once again achieved outstanding results in 2008 with new orders of EUR 25.28 billion, an order backlog of EUR 30.92 billion and sales of EUR 19.10 billion. On current perspectives, in light of the situation now on lending and goods markets, we expect that these figures will settle back to normal this year, below the levels attained in 2008.

Earnings at similar high level to prior year

HOCHTIEF further stepped up its earning power in fiscal 2008. Both profit before taxes (EUR 520.1 million) and consolidated net profit (EUR 175.1 million) for 2008 were above their prior-year levels. The earnings growth showed through particularly impressively in consolidated net profit, which climbed by more than 24 percent. Despite the difficult economic operating environment, we aim in the current fiscal year to attain similar strong earnings performance both on profit before taxes and on consolidated net profit. We consider these earnings targets to be attainable in particular with a view to our large order backlog and the currently available opportunities.

Dividend continuity
HOCHTIEF has a longstanding dividend policy geared to Group earnings and liquidity. Over recent years, we have delivered dividend continuity with steadily rising dividends and payout ratios above the average. The Executive Board's proposal for the use of net profit for fiscal 2008 provides for a further increase in dividends to EUR 1.40 per share. This represents just short of eight percent dividend growth on the prior year and a payout ratio at over 55 percent of consolidated net profit. It also implies an average 17 percent annual dividend increase through the last five years.

Value growth
Generating sustained value growth from the assets in our charge is integral to HOCHTIEF's vision. The Group and its divisions are rigorously managed for value creation. Aligned to capital market needs, our return on net assets (RONA) performance metric makes value growth measurable and transparent. It is integrated into all planning and control systems and also feeds into portfolio and investment decisions pointing the way forward. Based on our earnings expectations, we currently once again anticipate RONA exceeding our ten percent cost of capital in 2009. We are confident of achieving substantial value created and hence further increasing value.

Investing in sustained growth
Our capital expenditures serve to reinforce and continuously enhance HOCHTIEF's leading position in the international competitive arena. We systematically make additions to our integrated service portfolio based on our strategy of life cycle management. HOCHTIEF has some EUR 780 million in capital expenditure planned for the current 2009 fiscal year. Most of this expenditure, accounting for more than 85 percent of the total, will be undertaken at our Australian subsidiary Leighton. The majority of the outlay at Leighton is earmarked for our capital-intensive and profitable contract mining activities. Acquisitions may also be made to further expand our concessions and service business. Given the uncertain onward economic outlook, we—like the entire industry—will be subjecting every commitment of resources to more critical scrutiny than ever with regard to profitability and funding.

Liquidity further secured
The HOCHTIEF Group is assured adequate short and medium-term liquidity with strong reserves of cash on hand and at banks as reported, undiminished holdings of readily marketable securities, and revolving credit facilities still not fully utilized. As of the December 31, 2008 balance sheet date, HOCHTIEF Aktiengesellschaft had available a total of around EUR 300 million in bilateral credit facilities. As in previous years, such facilities are not collateralized. Despite developments on the international financial and lending markets, extensions were successfully negotiated for borrowings scheduled for repayment in 2008.

As in past years, our invested funds are held in capital-guaranteed products and remain unchanged in total amount at roughly EUR 240 million. These investments are scheduled to mature at the end of the third quarter of 2009. Our current intention is to reinvest the funds on a medium-term basis as a reserve. A guaranteed annual minimum return and capital guarantees provided by issuers with immaculate credit standing have avoided any writedowns to date. HOCHTIEF also collects a percentage of any outperformance over and above the minimum return.

The Group's long-term financing is founded on internationally syndicated revolving credit and guarantee facilities opened in 2004 and 2005. The credit facility now expires in November 2012 following our decision to exercise the second regular option to extend it by a further year in 2007. The syndicated guarantee facility was also refinanced in 2007 and increased to EUR 2 billion while extending its duration from initially three to five years. The price and attached conditions were significantly improved in HOCHTIEF's favor on refinancing, reflecting the Group's continued immaculate credit standing on international lending markets. The two facilities provide HOCHTIEF with sufficient scope and security for its long-term growth plans.

HOCHTIEF successfully issued two promissory note loans at the beginning of July 2008 to restructure interim initial borrowing for Group expansion and capital expenditure on a long-term basis. Notes were issued for a total amount of EUR 250 million and with tenors of five and seven years. Attractive long-term conditions were once again obtained for the issues, whose documentation is largely based on that of the syndicated facilities. The notes issue again extends the HOCHTIEF Group's circle of lenders beyond its traditional core banks, avoiding the need for the latter to increase their loan exposure. 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.

The EUR 200 million first promissory note loan issued in 2004 is due to run out in May 2009. At the current state of planning, we expect that we will be able to refinance it with similar debt instruments. Negotiations to this end have already started with banks with which a new issue may be placed. For future borrowing plans, we are working on the assumption that the international financial and capital markets will gradually settle down in the course of 2009—not least thanks to concerted support from central banks and governments. We expect that the markets will increasingly return to normal from 2010.

Innovation as a key success factor

HOCHTIEF will continue to forge ahead with its innovation management in 2009. Sustainability will be a key focus. In addition, we want to develop research and development results and shape them into new business ideas. By focusing on ideas management, we aim to tap into more of HOCHTIEF's innovation potential. The 2009 budget for central Group-wide innovation management activities will be around the same level as in previous years.

Ongoing optimization of procurement

In 2009, our procurement volume is expected to remain at around the same level as in 2008—approximately 75 percent of Group sales. A number of measures are planned to further boost procurement efficiency. As we continue to systematically standardize procurement processes, we will exploit economies of scale. In addition, we will develop further our integrated supplier management and systematically expand our internal lead buyer organization. We expect a considerable further reduction in procurement costs on the whole.

Targeted measures for the recruitment and retention of employees

In order to counter the acute shortage as well as meet future requirements for qualified skilled and management personnel, human resources management will focus again in 2009 on positioning HOCHTIEF as an attractive employer worldwide, despite the financial crisis. The regional importance of HOCHTIEF companies and their brands as well as our international Group will play key roles. HOCHTIEF's long-term projects require investment in future experts and management personnel. We will persist in using and continue to promote successful measures to recruit university graduates, train employees and advance management personnel.

Our Global Recruiting Initiative was set up to accommodate HOCHTIEF's international position: In the future, for example, certain projects will make use of a special intranet platform which will ensure that vacant, international positions can be more purposefully filled.

Opportunities

HOCHTIEF positioning opens up opportunities

Our tried and trusted life cycle management strategy and internationalization open up opportunities for HOCHTIEF to cope well with the current economic downturn and to continue growing profitably in the long term. For all services offered along the value chain of infrastructure projects, real estate and facilities, HOCHTIEF offers its clients both international expertise and value added through synergies and premium quality. This positioning enables us to be among the best in the competition, even in the increasingly difficult economic climate. Furthermore, the fact that we have focused intensively on fast-growing segments over the last few years is also paying off. Our order backlog reached a volume of almost EUR 31 billion in 2008—yet another excellent figure. This represents a forward order book of almost one and a half years.

State economic measures focus on infrastructure
In many industrial nations, but also in emerging economies, governments are pouring billions into economic stimulus plans to prevent a sustained recession taking hold. For example, the US administration is planning a total package of around USD 800 billion, China has announced a program of some USD 600 billion and the EU member states intend to invest a total of approximately EUR 200 billion to support the economy. Germany's federal government also wants to provide an additional EUR 50 billion for a second economic stimulus package to overcome the financial crisis. A key element of these programs are infrastructure projects, such as construction and refurbishment in the education, health, transportation, energy and telecommunications sectors. HOCHTIEF has international experience and success in managing complex projects and hence sees great opportunities for itself in these government stimulus programs. In the USA, for instance, HOCHTIEF is very well placed to exploit opportunities for growth in the building construction and civil engineering sectors with its subsidiaries Turner and Flatiron.

Public-private partnerships
In connection with efficient use of public resources, we believe there are plenty of opportunities for the public-private partnership (PPP) model to become more prevalent and thus for the private sector to play a greater role in public infrastructure projects. As a proficient company with international experience, HOCHTIEF PPP Solutions could not be better positioned for the growing PPP markets. The North American market presents ideal opportunities for HOCHTIEF PPP Solutions North America to employ our international PPP expertise. The company can also draw on the expertise of Flatiron and Turner.

Green building
Considerable opportunities for the expansion of HOCHTIEF's business also exist in the growing market for green building: In light of rising energy prices, there is increasing recognition that investment in resource-friendly and environmentally-friendly buildings pays off. This requires early, holistic planning for the entire life cycle of the property based on ecological factors. HOCHTIEF identified the trend toward sustainable construction early on and has played a decisive role in shaping this movement. We are driving forward the development of sustainable construction and management models and all modules in our product range cover this market segment. With this expertise, HOCHTIEF is excellently positioned to exploit opportunities in this market which is growing, particularly in the USA.

Energy efficiency and renewable energies
HOCHTIEF is well poised internationally to help realize climate protection targets. For example, we provide services that help in this aim for development, construction, revitalization and the management of projects. In this way, HOCHTIEF Energy Management improves the energy efficiency of buildings, for instance, with innovative offers for energy contracting. Through our commitment to geothermal energy and offshore wind energy, we are also active in the growth market for renewable energies. HOCHTIEF will

benefit in Germany and internationally from the measures taken to achieve international climate protection targets.

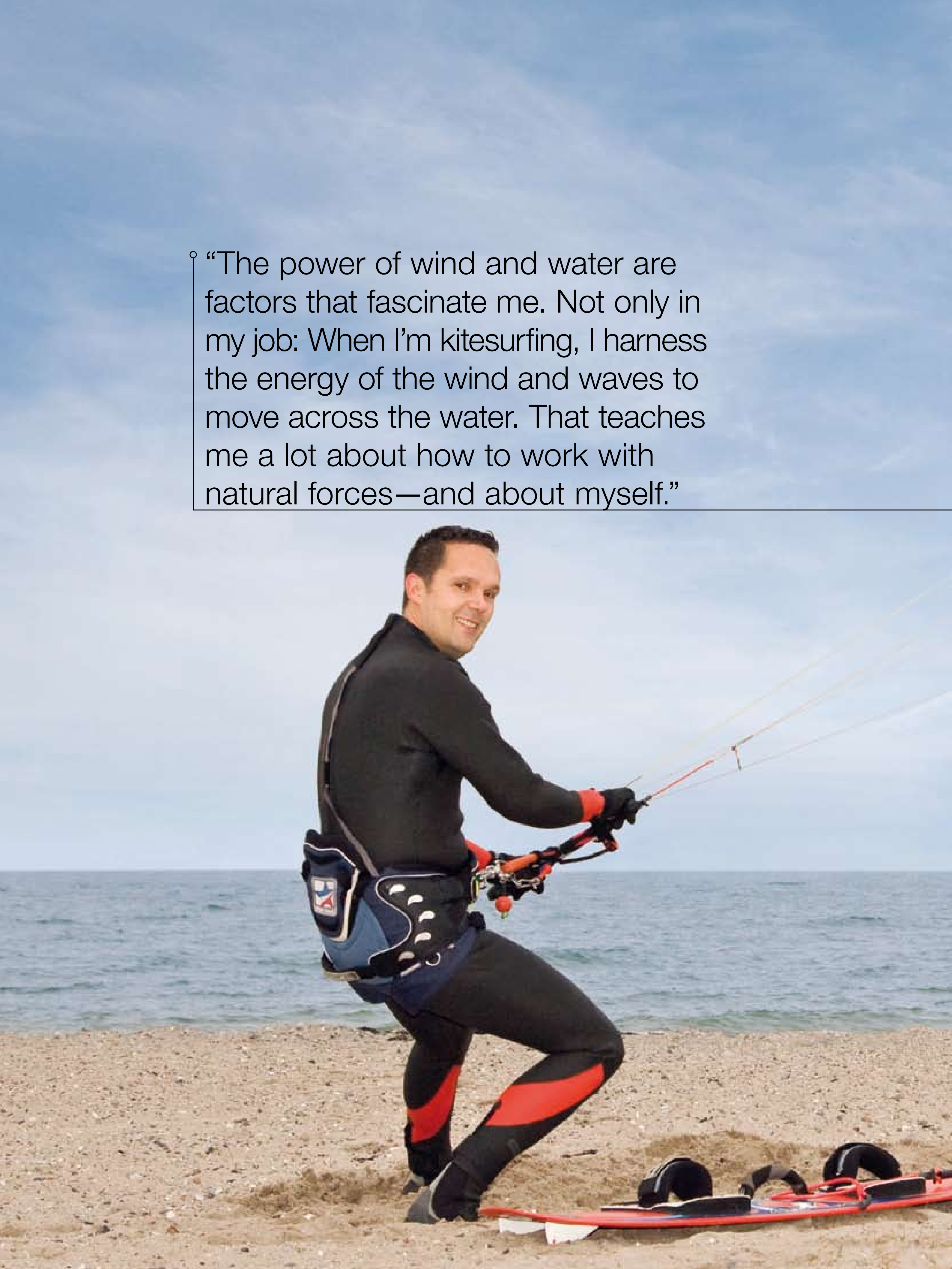
HOCHTIEF and its subsidiaries operate in markets brimming with opportunities. We will continuously identify and strategically exploit these opportunities at all levels of the Group.

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

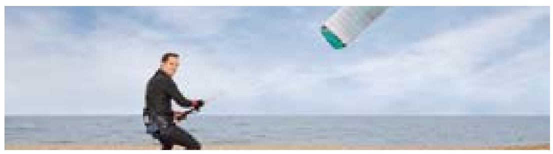
There were no material events to report between the close of fiscal 2008 and the editorial deadline for this annual report.

“The power of wind and water are factors that fascinate me. Not only in my job: When I’m kitesurfing, I harness the energy of the wind and waves to move across the water. That teaches me a lot about how to work with natural forces—and about myself.”



Knud Grimm, 44, is an engineer and project manager with the Civil Engineering and Marine Works business unit of HOCHTIEF Construction, our competence center for harbor construction and marine works. He and his HOCHTIEF colleagues implement offshore wind energy projects. In the North and Baltic Seas and the coastal waters surrounding the British Isles, more and more offshore wind farms are being built to convert wind energy into electricity.

HOCHTIEF Group Consolidated Financial Statements as of December 31, 2008



Consolidated Statement of Earnings

(EUR thousand)	Note	2008	2007
Sales	(1)	19,102,985	16,451,752
Changes in inventories		(22)	(176)
Other operating income	(2)	375,889	230,795
Materials	(3)	(14,250,593)	(12,326,831)
Personnel costs	(4)	(3,265,768)	(2,806,801)
Depreciation and amortization	(5)	(392,306)	(312,490)
Other operating expenses	(6)	(1,259,676)	(1,113,357)
Profit from operating activities		**310,509**	**122,892**
Share of profits and losses of equity-method associates and jointly controlled entities	(7)	317,001	265,883
Net income from other participating interests	(7)	(11,014)	88,420
Investment and interest income	(8)	117,704	130,608
Investment and interest expenses	(8)	(214,085)	(106,482)
Profit before taxes		**520,115**	**501,321**
Income taxes	(9)	(177,902)	(160,301)
Profit after taxes		**342,213**	**341,020**
Of which: Consolidated net profit		175,075	140,696
Of which: Minority interest	(10)	167,138	200,324
Diluted and undiluted earnings per share (EUR)	(32)	2.52	2.07

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2008	Dec. 31, 2007
Assets			
Non-current assets			
Intangible assets	(11)	482,660	505,145
Property, plant and equipment	(12)	1,120,393	1,027,641
Investment properties	(13)	42,896	41,199
Equity-method investments	(14)	1,668,942	1,462,459
Other financial assets	(15)	430,058	555,655
Financial receivables	(16)	352,668	365,175
Other receivables and other assets	(17)	95,806	130,958
Deferred tax assets	(18)	204,737	169,419
		4,398,160	**4,257,651**
Current assets			
Inventories	(19)	131,144	120,088
Financial receivables	(16)	93,313	81,294
Trade receivables	(20)	4,643,296	3,691,166
Other receivables and other assets	(17)	170,961	311,683
Current income tax assets	(21)	65,320	26,144
Marketable securities	(22)	809,396	766,384
Cash and cash equivalents	(23)	1,787,713	1,402,527
		7,701,143	**6,399,286**
		12,099,303	**10,656,937**
Liabilities and Shareholders' Equity			
Shareholders' equity	(24)		
Attributable to the Group			
Subscribed capital		179,200	179,200
Capital reserve		400,806	400,806
Revenue reserves*		1,666,150	1,661,300
Accumulated other comprehensive income		(377,905)	(67,141)
Unappropriated net profit		98,000	123,555
		1,966,251	**2,297,720**
Minority interest		**895,151**	**703,100**
		2,861,402	**3,000,820**
Non-current liabilities			
Provisions for pensions and similar obligations	(26)	76,701	29,010
Other provisions	(27)	358,199	316,382
Financial liabilities**	(28)	1,678,464	1,324,028
Other liabilities**	(29)	219,020	79,434
Deferred tax liabilities	(18)	93,805	82,103
		2,426,189	**1,830,957**
Current liabilities			
Other provisions	(27)	715,178	755,158
Financial liabilities	(28)	1,248,352	642,719
Trade payables	(30)	4,561,771	4,143,392
Other liabilities	(29)	267,108	273,902
Current income tax liabilities	(31)	19,303	9,989
		6,811,712	**5,825,160**
		12,099,303	**10,656,937**

*Treasury stock with a purchase cost of EUR 92,113,000 (2007: –) was accounted for as a deduction from revenue reserves.

**The EUR 1,897,484,000 (2007: EUR 1,403,462,000) total for financial liabilities and other liabilities in the non-current category (with residual terms greater than one year) includes EUR 1,673,768,000 (2007: EUR 1,322,380,000) in interest-bearing liabilities.

Consolidated Statement of Cash Flows

(EUR thousand) Note 36	2008	2007
Profit after taxes	342,213	341,020
Depreciation, amortization, impairments and impairment reversals	522,698	313,020
Changes in provisions	63,396	69,172
Changes in deferred taxes	30,590	2,891
Gains/(losses) from disposals of non-current assets and marketable securities	(43,230)	(96,365)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations	(191,325)	(65,076)
Changes in working capital (net current assets)	(483,902)	(46,693)
Changes in other balance sheet items	25,689	91,331
Net cash provided by operating activities	**266,129**	**609,300**
Intangible assets, property, plant and equipment, and investment properties		
Purchases	(645,492)	(703,174)
Proceeds from asset disposals	128,682	264,217
Acquisitions and participating interests		
Purchases	(510,504)	(1,071,029)
Proceeds from asset disposals/divestments	293,691	64,673
Changes in cash and cash equivalents due to consolidation changes	(19,660)	77,999
Changes in securities holdings and financial receivables	(148,057)	(187,283)
Net cash used in investing activities	**(901,340)**	**(1,554,597)**
Payments for repurchase of treasury stock	(93,512)	–
Payments received from sale of treasury stock	1,111	336,002
Payments into equity by minority shareholders	222,121	–
Dividends to HOCHTIEF's and minority shareholders	(234,615)	(195,603)
Proceeds from new borrowing	2,240,343	1,193,490
Service of debt	(1,089,334)	(298,722)
Net cash provided by financing activities	**1,046,114**	**1,035,167**
Net cash increase in cash and cash equivalents	**410,903**	**89,870**
Effect of exchange rate changes	(25,717)	(81,855)
Transfer to HOCHTIEF pension fund	–	(2,500)
Overall change in cash and cash equivalents	**385,186**	**5,515**
Cash and cash equivalents at the start of the year	1,402,527	1,397,012
Cash and cash equivalents at year-end	**1,787,713**	**1,402,527**

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			Unappro-priated net profit	Attributable to the Group	Attributable to minority interest	Total
				Currency translation differences	Changes in fair value of financial instruments	Actuarial gains and losses				
(EUR thousand)										
Balance as of Jan. 1, 2007	179,200	400,806	1,310,593	(77,050)	15,238	(98,112)	77,000	1,807,675	538,028	2,345,703
Dividends paid	–	–	–	–	–	–	(72,445)	(72,445)	(123,158)	(195,603)
Profit after taxes	–	–	–	–	–	–	140,696	140,696	200,324	341,020
Transfer to revenue reserves	–	–	21,696	–	–	–	(21,696)	–	–	–
Currency translation differences and changes in fair value of financial instruments	–	–	–	(54,851)	103,584	–	–	48,733	73,365	122,098
Changes in actuarial gains and losses	–	–	–	–	–	44,050	–	44,050	(24)	44,026
Other changes not recognized in the Statement of Earnings	–	–	329,011	–	–	–	–	329,011	14,565	343,576
Balance as of Dec. 31, 2007/ 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**
Dividends paid	–	–	–	–	–	–	(90,931)	(90,931)	(143,684)	(234,615)
Profit after taxes	–	–	–	–	–	–	175,075	175,075	167,138	342,213
Transfer to revenue reserves	–	–	109,699	–	–	–	(109,699)	–	–	–
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	–	–	(104,849)	–	–	–	–	(104,849)	229,668	124,819
Balance as of Dec. 31, 2008	**179,200**	**400,806**	**1,666,150**	**(167,301)**	**(102,225)**	**(108,379)**	**98,000**	**1,966,251**	**895,151**	**2,861,402**

* As of December 31, 2008, treasury stock with a purchase cost of EUR 92,113,000 (2007: –) was accounted for as a deduction from revenue reserves.

Consolidated Statement of Recognized Income and Expense

(EUR thousand)	2008	2007
Profit after taxes	**342,213**	**341,020**
Currency translation differences	(57,591)	(69,510)
Changes in fair value of financial instruments		
Primary	(103,770)	152,834
Derivative	(156,168)	38,774
Actuarial gains and losses*	(54,306)	44,026
Income and expense recognized directly in equity	**(371,835)**	**166,124**
Total income and expense recognized in the fiscal year	**(29,622)**	**507,144**
Of which: HOCHTIEF Group	(135,689)	233,479
Of which: Minority interest	106,067	273,665

* Including amount charged directly to equity due to asset limit under IAS 19.58

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 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, 2009

Dr. Lütkestratkötter

Ehlers

Dr. Lohr

Dr. Noé

Dr. Rohr

Auditors’ Report

We have audited the consolidated financial statements—comprising Group income statement, Group balance sheet, statement of cash flows, statement of changes in equity, Group statement of recognized income and expenses and notes to the consolidated financial statements, prepared by HOCHTIEF Aktiengesellschaft, Essen, as well as the Group management report for the financial year from January 1, to December 31, 2008. The preparation of the consolidated financial statements and the Group management report 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 Group management report 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 Group management report 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 Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of 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 Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the results of our audit, the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen, 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 Group management report is consistent with the consolidated financial statements, conveys, in the aggregate, a true and fair view of the Group’s position and suitably presents the risks and opportunities of future development.”

Düsseldorf, February 16, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Dr. Göttgens	Signed: Dr. Reichmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(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.

In addition to the Statement of Earnings, Balance Sheet and Statement of Cash Flows, the Consolidated Financial Statements also include a Statement of Changes in Equity and a Statement of Recognized Income and Expense. 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 2008 fiscal year, comprising the reporting period from January 1 to December 31, 2008. Corresponding prior-year figures are stated.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 16, 2009. They will be approved at the Supervisory Board meeting on March 18, 2009.

All monetary amounts in the text of these Notes are rounded to the nearest thousand euros unless specifically stated otherwise.

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 one subsidiary 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 188–189.

Some subsidiaries included in the Consolidated Financial Statements make use of the provision in Section 264 (3) of the German Commercial Code not to publish their annual financial statements in the electronic Bundesanzeiger. A list of the companies that make use of this exemption is included on page 187.

The Consolidated Financial Statements as of December 31, 2008 include HOCHTIEF Aktiengesellschaft and a total of 58 German and 340 foreign consolidated companies. The number of consolidated companies showed a net increase of 31 over the previous year. Thirteen German and 41 foreign companies were consolidated for the first time in 2008. These primarily relate to the Asia Pacific (19), Americas (10) and Real Estate (9) divisions. Most companies added in the Asia Pacific division are in the infrastructure sector. The additions in the Americas division mostly relate to joint ventures at Turner and those in the Real Estate division mostly to project companies.

As in the prior year, the Consolidated Financial Statements include a total of five special-purpose securities investment funds.

Five domestic and 18 foreign companies have been removed from the consolidated group. These include five domestic mergers. The foreign companies relate to seven removed on the transfer of Leighton subsidiary Gulf Leighton L.L.C. to associate Al Habtoor Engineering Enterprises Co. L.L.C. plus eight project companies in the Asia Pacific division. 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-two 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.

Fifteen domestic and 101 foreign associates were accounted for using the equity method. This number showed a net increase of three, with 25 companies added and 22 removed from the category. Most of the entities added and removed from the category were project companies in the Asia Pacific division. Due to their minor significance, a further 23 companies were not accounted for using the equity method.

A total of EUR 47,476,000 was paid out in cash in 2008 under asset deals, for purchases of companies consolidated for the first time and to increase existing shareholdings.

Acquisitions affected earnings and the balance sheet as follows:

(EUR thousand)	**2008**	2007
Non-current assets	23,703	321,819
Current assets excluding cash and cash equivalents	32,448	78,178
Cash and cash equivalents	758	78,532
Assets	**56,909**	**478,529**
Provisions	165	28,572
Other liabilities	27,950	186,054
Liabilities	**28,115**	**214,626**
Sales	**54,690**	**144,938**
Profit before taxes	**2,231**	**4,286**

Prior-year acquisitions mostly related to the purchase of 100 percent of Flatiron Construction Corp.

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 1,373,000 in the year under review, from EUR 406,474,000 to EUR 407,847,000.

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:

(All rates in EUR)	Annual average		Daily average at reporting date	
	2008	2007	**2008**	2007
1 US dollar (USD)	0.68	0.72	0.72	0.68
1 Australian dollar (AUD)	0.57	0.61	0.49	0.60
1 British pound (GBP)	1.25	1.46	1.05	1.36
100 Polish zloty (PLN)	28.35	26.49	24.08	27.83
100 Czech koruna (CZK)	3.99	3.61	3.72	3.76
100 Chilean pesos (CLP)	0.13	0.14	0.11	0.14

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. 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 43 and 84 months in accordance with the term of the arrangement. Estimated useful lives and amortization 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 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 from fiscal 2008 due to early application of the revised IAS 23. Items of property, plant and equipment are depreciated on a straight-line basis unless, in exceptional cases, another form of depreciation better reflects their commercial use over time.

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 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.

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 material evidence of impairment, the carrying amount of a financial asset is reduced and the impairment loss recognized as an expense. Such evidence includes an other-than-temporary material decrease 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 1.59, they are therefore included in current assets even though they are not expected to be realized within twelve months of the balance sheet date.

The percentage of completion 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 from fiscal 2008 due to early application of the revised IAS 23. 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 material evidence of impairment, the impairment loss is recognized as an expense. Such evidence includes an other-than-temporary material decrease 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 the transitional provisions of IFRS 2 in the case of options granted after November 7, 2002. Stock option plans implemented from this date 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 methods such as Monte Carlo simulation. 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 19.58—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 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.

The accounting policies for derivatives with a negative fair value accounted for under other liabilities are explained below.

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. In addition, if a fair value hedge is used (to hedge exposure to changes in the fair value of the hedged item), any change in the fair value of the hedging instrument or the hedged items is recognized as income or expense. Gains and losses from remeasuring a hedging instrument at fair value are recognized in the same items as gains and losses from remeasuring the hedged item. Fair value hedges are not currently used in the HOCHTIEF Group.

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.

At the time the Consolidated Financial Statements were prepared, there was no evidence of any need for significant change in their underlying estimates and assumptions. The reported amounts of assets and liabilities are therefore not expected to undergo significant adjustment in the coming fiscal year.

New accounting pronouncements

Adoption by the IASB of new and revised International Financial Reporting Standards whose application is mandatory from January 1, 2008 has resulted in **changes to accounting policies**. The HOCHTIEF Group applied the following International Financial Reporting Standards as adopted by the EU for the first time in the 2008 reporting year:

IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 14	IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Changes in International Financial Reporting Standards affecting the HOCHTIEF Group are as follows:

The IASB published **IFRIC 11—IFRS 2: Group and Treasury Share Transactions—**in November 2006. IFRIC 11 requires that share-based payment arrangements in which an entity receives goods or services as consideration for its own equity instruments must be accounted for as equity-settled. This applies regardless of how the entity obtains the instruments to satisfy its obligations under the arrangement. IFRIC 11 also addresses whether share-based payment arrangements where a subsidiary grants equity instruments of its parent should be accounted for as equity-settled or cash-settled. Where a parent grants rights to its equity instruments directly to employees of its subsidiary, the transaction must be accounted for as an equity-settled share-based payment arrangement both in the consolidated financial statements and in the separate financial statements of the subsidiary. Where a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary must account for the transaction as a cash-settled share-based payment arrangement. In the consolidated financial statements, on the other hand, the transaction is accounted for as an equity-settled share-based payment arrangement. Application of IFRIC 11 is mandatory for fiscal years beginning on or after March 1, 2007. The Long-term Incentive Plans, Top Executive Retention Plans and Retention Stock Award plan currently in force in the HOCHTIEF Group are not affected by the pronouncement as the arrangements are settled on exercise in cash and not in shares.

IFRIC 14—IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction— was published in July 2007. IFRIC 14 addresses the measurement of a defined benefit asset (plan surplus) in the context of post-retirement benefit plan. The measurement of a defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. IFRIC 14 stipulates that there is no limit to the length of time that a future economic benefit can be available. It suffices for the entity to be able to realize it at some point during the life of the plan or when the plan liabilities are settled. If the entity's right to a refund of a surplus depends on the occurrence or non-occurrence of one or more future events not within its control, then no asset may be recognized. Any minimum funding requirement—where the entity is required to make a minimum level of contributions to a pension plan each year—may limit the entity's ability to reduce future contributions. Minimum funding contributions therefore reduce the amount of the asset that is available as a reduction in future contributions. If the entity has an obligation to pay contributions to cover an existing shortfall on the minimum funding basis, a liability is recognized to the extent that the contributions payable are not available as a reduction in future contributions or as a refund. IFRIC 14 is applicable for fiscal years beginning on or after January 1, 2008. The pronouncement does not currently have any material impact on HOCHTIEF.

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 2008 fiscal year. Where HOCHTIEF has made use of options for early application of new pronouncements, this is stated under the pronouncements concerned.

Amendment to IAS 1 Presentation of Financial Statements: The amendment to IAS 1 provides that in future 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 in future be shown separately in the statement of changes in equity. Additionally, 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. While HOCHTIEF must comply with the amended standard in future, we do not currently expect any material consequences for the HOCHTIEF Consolidated Financial Statements.

Amendment to IAS 23 Borrowing Costs: Under the amendment to IAS 23, borrowing costs must be capitalized in future as part of the cost of qualifying assets. The new provision removes the option of recognizing borrowing costs for qualifying assets as an expense in the period incurred. The obligation to capitalize borrowing costs applies to all qualifying assets for which acquisition or production commences on or after January 1, 2009. The amended standard must therefore be applied prospectively. Voluntary early application of the new standard is permitted. Until December 31, 2007, HOCHTIEF had made use of the previously existing option to recognize borrowing costs for qualifying assets as an expense in the period incurred. HOCHTIEF has voluntarily applied the amended standard from January 1, 2008. This results in higher amounts being capitalized for qualifying assets for which acquisition or production commenced on or after that date.

Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements in Accordance with IFRS: 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) remeasured 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 applies prospectively for business combinations with an acquisition date in fiscal years beginning on or after July 1, 2009. Application of the amendments to IAS 27 is mandatory for fiscal years beginning on or after July 1, 2009. The described changes must be applied prospectively. Both sets of amendments are still pending endorsement by the European Union. 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 39 Financial Instruments: Recognition and Measurement: The IASB adopted two sets of amendments to IAS 39 in 2008. The first makes 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. EU endorsement is still pending. The new rules have no material consequences for HOCHTIEF.

The second set of amendments permits entities to reclassify non-derivative financial instruments out of the “fair value through profit or loss” category provided that they were not designated as at FVTPL on initial recognition under the fair value option. Financial instruments may likewise be reclassified from the “available for sale” to the “loans and receivables” category if they would have met the definition of that category at initial recognition. The amendments may be applied from July 1, 2008. HOCHTIEF is not currently affected.

IFRS 8 Operating Segments: IFRS 8 replaces the currently applicable 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 is already based on internal reporting and IFRS 8 is consequently not expected to result in material changes for the Group.

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 pronouncement has not been applied by the HOCHTIEF Group for fiscal 2008, however, as its endorsement by the European Union is still pending. 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 15 Agreements for the Construction of Real Estate: Published in July 2008, IFRIC 15 aims to standardize accounting practice for sales of real estate units (such as residential units or houses) 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. Application of the pronouncement is mandatory for fiscal years beginning on or after January 1, 2009. Endorsement by the European Union is still pending. The pronouncement must be applied by HOCHTIEF, and each project must be assessed separately to classify the contract for revenue realization purposes. Application of the new rules will merely change the allocation of earnings among reporting periods.

Explanatory Notes to the Consolidated Statement of Earnings

1. Sales

The EUR 19,102,985,000 (2007: EUR 16,451,752,000) 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.

Sales recognized under the percentage of completion method came to EUR 17,655,306,000 (2007: EUR 15,308,504,000).

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:

(EUR thousand)	2008	2007
HOCHTIEF Americas	8,117,634	7,270,355
HOCHTIEF Asia Pacific	8,638,870	7,409,192
HOCHTIEF Concessions	167,452	196,032
HOCHTIEF Europe	3,239,155	2,868,536
HOCHTIEF Real Estate	813,978	521,020
HOCHTIEF Services	709,486	582,336
Corporate Headquarters/ Consolidation	(43,259)	(74,581)
	21,643,316	**18,772,890**

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)
Y-Arge PPP in eastern Germany	Construction	846,622	50.0	423,311
Gotthard Base Tunnel	Construction	1,455,821	25.0	363,955
Maliakos-Kleidi	Construction	517,046	61.8	319,534
Elefsina-Patras-Tsakona	Construction	923,739	34.2	315,919
Wienerwald Tunnel	Construction	398,095	14.0	55,733

2. Other operating income

(EUR thousand)	2008	2007
Income from the disposal of intangible assets, property, plant and equipment, and investment properties, including proceeds from divestitures	178,900	108,406
Income from reversal of provisions	51,669	44,775
Foreign exchange gains	50,413	10,284
Sundry other operating income	94,907	67,330
	375,889	**230,795**

The income from the disposal of intangible assets, property, plant and equipment, and investment properties, including proceeds from divestitures mostly relates 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 insurance payments received for loss or damage and income from rental and lease agreements.

3. Materials

(EUR thousand)	2008	2007
Raw materials, supplies and purchased goods	2,662,432	1,725,495
Purchased services	11,588,161	10,601,336
	14,250,593	**12,326,831**

4. Personnel costs

(EUR thousand)	2008	2007
Wages and salaries	2,850,454	2,442,642
Social insurance, pensions and support	415,314	364,159
	3,265,768	**2,806,801**

Expenditure on pensions totaled EUR 180,081,000 (2007: EUR 160,855,000). 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)

	2008	2007
Waged/industrial employees	33,608	26,248
Salaried/office employees	30,919	26,201
	64,527	**52,449**

5. Depreciation and amortization

(EUR thousand)	2008	2007
Intangible assets	25,321	11,595
Property, plant and equipment	365,900	298,784
Investment properties	1,085	2,111
	392,306	**312,490**

Impairment charges in the fiscal year consisted of EUR 2,193,000 (2007: EUR 1,662,000) on intangible assets and EUR 676,000 (2007: EUR 70,000) on property, plant and equipment. There were no impairment charges on investment properties (2007: impairment charge of EUR 1,938,000).

6. Other operating expenses

(EUR thousand)	2008	2007
Rentals and lease rentals	330,029	292,420
Insurance expenses	186,927	187,590
Technical and business consulting	154,398	179,761
Travel expenses	95,808	74,406
Expenses from derivative financial instruments	78,295	1,690
Court costs, attorneys' and notaries' fees	42,217	40,360
External organization and programming	40,370	33,806
Office supplies	27,451	26,105
Restructuring and adjustment costs	21,710	25,190
Currency losses	19,611	9,726
Mail and funds transfer expenses	16,821	18,612
Marketing	16,152	13,915
Legal costs	10,092	10,862
Impairment losses and losses on disposal of current assets (except inventories)	9,644	7,075
Sundry other operating expenses	210,151	191,839
	1,259,676	**1,113,357**

Most of the increase in rentals and lease rentals is accounted for by a sale and leaseback arrangement at Leighton Holdings.

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 increase in expenses from derivative financial instruments mostly consists of changes in the fair value of derivative financial instruments in connection with obligations to make payments into the equity of infrastructure project companies, where the changes in fair value are 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 10,020,000 (2007: EUR 10,049,000).

Including personnel and material expenses, a total of EUR 5,212,000 was spent on Group-wide research and development projects by the central innovation management function in 2008 (2007: EUR 4,987,000).

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)	2008	2007
Share of profits and losses of equity-method associates and jointly controlled entities	**317,001**	**265,883**
Of which: Impairment	[(35,652)]	[–]
Net income from non-consolidated subsidiaries	(2,469)	(145)
Of which: Impairment	[(2,421)]	[(1,764)]
Net income from other participating interests	(34,570)	75,328
Of which: Impairment	[(92,421)]	[(122)]
Income from the disposal of participating interests	25,866	8,677
Expenses on disposal of participating interests	(13,236)	–
Income from long-term loans to participating interests	13,395	4,560
Other income from participating interests	**(11,014)**	**88,420**
	305,987	**354,303**

Of the share of profits and losses of equity-method associates and jointly controlled entities, EUR 48,832,000 (2007: EUR 105,522,000) relates to associates and EUR 268,169,000 (2007: EUR 160,361,000) to jointly controlled entities. Most of the profits were generated in the Asia Pacific division (EUR 219,537,000; 2007: EUR 161,931,000) and the Concessions division (EUR 72,886,000; 2007: EUR 88,843,000). The EUR 35,652,000 in impairments on shares of profits and losses of equity-method associates and jointly controlled entities relate to two listed associates of Leighton Holdings.

Net income from other participating interests includes EUR 37,354,000 (2007: EUR 66,925,000) in distributed profits of Southern Cross Airports Corporation Holdings Ltd. from the ownership interest in Sydney Airport. EUR 92,393,000 of the impairments on other participating interests relate to two participating interests of Leighton Holdings.

Participating interests measured at amortized cost and disposed of in the fiscal year had a carrying amount of EUR 32,513,000 (2007: EUR 985,000) and consisted for the most part of participating interests of Leighton Holdings. The disposals realized a gain on sale of EUR 7,545,000 (2007: EUR 4,121,000). 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)	2008	2007
Interest and similar income	87,860	111,946
Other investment income	29,844	18,662
Investment and interest income	**117,704**	**130,608**
Interest and similar expenses	(195,326)	(105,452)
Interest component of increases in pension obligations	3,970	8,100
Other investment expenses	(22,729)	(9,130)
Investment and interest expenses	**(214,085)**	**(106,482)**
	(96,381)	**24,126**

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 107,466,000 (2007: positive EUR 6,494,000).

Interest income of EUR 80,328,000 was recorded in the 2008 fiscal year for financial instruments not carried at fair value through profit or loss (2007: EUR 108,784,000). Interest expenses of EUR 195,326,000 were recorded for financial instruments not carried at fair value through profit or loss (2007: EUR 105,452,000).

The interest component of increases in pension obligations consists of EUR 42,756,000 (2007: EUR 40,254,000) in annual interest on the net present value of long-term pension obligations rolled over into the new fiscal year, minus EUR 46,726,000 (2007: EUR 48,354,000) 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)	2008	2007
Current income taxes	147,312	157,410
Deferred taxes	30,590	2,891
	177,902	**160,301**

Current income taxes for 2008 include EUR 202,000 (2007: EUR 458,000) in tax expenses from other periods, mostly made up of back income tax.

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 (2007: 39.28 percent).

(EUR thousand)	2008	2007
Profit before taxes	520,115	501,321
Theoretical tax charge, at 31.5 percent (2007: 39.28 percent)	163,836	196,919
Expense from adjusting recognized deferred taxes to the 31.5 percent tax rate applicable from 2008	–	12,035
Difference between the above and foreign tax rates	(6,850)	(44,720)
Tax effects on:		
Tax-exempt income	(42,971)	(52,181)
Non-tax-allowable expenditure	17,345	23,525
Equity accounting of associates and jointly controlled entities, including impairment of associates and jointly controlled entities	(9,224)	(22,189)
Unrecognized deferred tax assets for tax loss carryforwards	47,430	73,505
Other	8,336	(26,593)
Effective tax charges	**177,902**	**160,301**
Effective rate of tax (percent)	34.2	32.0

The prior-year expense from adjusting recognized deferred taxes to the tax rate applicable from 2008 relates to the German Corporate Tax Reform Act.

Tax-exempt income mostly consists of tax-exempt profit distributions and proceeds from disposals of participating interests.

For prudence reasons, as in the prior year, deferred tax assets were not recognized for tax losses incurred in Germany during the year under review.

10. Minority interest

The EUR 167,138,000 (2007: EUR 200,324,000) minority interest in consolidated net profit represents the balance of profits totaling EUR 170,437,000 (2007: EUR 201,715,000) and losses totaling EUR 3,299,000 (2007: EUR 1,391,000). The profits mainly comprise EUR 120,827,000 (2007: EUR 146,654,000) for minority shareholders in the Leighton Group and EUR 33,502,000 (2007: EUR 50,945,000) 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 2008 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, 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**
Cost of acquisition or production			
Jan. 1, 2007	149,058	299,823	448,881
Additions or disposals due to consolidation changes	20,766	126,551	147,317
Additions	6,013	–	6,013
Disposals	(17,242)	–	(17,242)
Reclassifications	1,928	–	1,928
Currency adjustments	(9,500)	(19,900)	(29,400)
Dec. 31, 2007	151,023	406,474	557,497
Cumulative amortization			
Jan. 1, 2007	51,923	–	51,923
Additions or disposals due to consolidation changes	(883)	–	(883)
Amortization	11,595	–	11,595
Disposals	(7,780)	–	(7,780)
Reclassifications	796	–	796
Currency adjustments	(3,299)	–	(3,299)
Impairment reversals	–	–	–
Dec. 31, 2007	52,352	–	52,352
Carrying amounts as of Dec. 31, 2007	**98,671**	**406,474**	**505,145**

Impairment losses of EUR 2,193,000 (2007: EUR 1,662,000) were recorded on intangible assets in the reporting year.

Intangible assets include EUR 23,560,000 (2007: EUR 22,273,000) 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 Americas division at EUR 2,659,000 (2007: EUR 2,513,000). 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. Initial consolidation of Flatiron Construction Corp. led in the previous year to recognition of future earnings from additions to the order backlog that are amortized over the period in which the corresponding work is billed. These future earnings total EUR 9,569,000 at the end of the fiscal year (2007: EUR 29,558,000). Intangible assets also include EUR 12,594,000 (2007: EUR 22,199,000) 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 decrease compared with the prior year is primarily attributable to the sale of further interests in a consortium company.

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 broadly constant in subsequent years. As in the prior year, the discount rates used for cash-generating units in business valuation are between 6.2 and 8.2 percent after taxes and between 9.6 and 14.1 percent before taxes.

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 2008 were as follows:

(EUR thousand)	Jan. 1, 2008	Currency adjustments	Consolidation changes	Impairment losses	Dec. 31, 2008
HOCHTIEF Americas	202,890	11,825	1,766	–	216,481
HOCHTIEF Asia Pacific	141,110	(23,941)	11,723	–	128,892
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
	406,474	**(12,116)**	**13,489**	**–**	**407,847**

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, 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**
Cost of acquisition or production					
Jan. 1, 2007	185,462	1,386,029	245,315	1,589	1,818,395
Additions or disposals due to consolidation changes	9,950	107,841	4,227	1,653	123,671
Additions	37,361	614,939	43,643	1,218	697,161
Disposals	(19,584)	(366,240)	(38,027)	(1,285)	(425,136)
Reclassifications	211	1,765	(2,736)	(1,168)	(1,928)
Currency adjustments	(2,167)	(41,937)	(11,762)	(20)	(55,886)
Dec. 31, 2007	211,233	1,702,397	240,660	1,987	2,156,277
Cumulative depreciation					
Jan. 1, 2007	80,524	808,978	177,083	16	1,066,601
Additions or disposals due to consolidation changes	1,528	32,639	2,992	–	37,159
Depreciation	9,701	259,994	29,089	–	298,784
Disposals	(12,409)	(199,460)	(34,104)	(16)	(245,989)
Reclassifications	–	1,250	(2,046)	–	(796)
Currency adjustments	(458)	(18,557)	(8,108)	–	(27,123)
Impairment reversals	–	–	–	–	–
Dec. 31, 2007	78,886	884,844	164,906	–	1,128,636
Carrying amounts as of Dec. 31, 2007	**132,347**	**817,553**	**75,754**	**1,987**	**1,027,641**

Impairment losses of EUR 676,000 (2007: EUR 70,000) were recorded on property, plant and equipment in the reporting year.

Property, plant and equipment includes lease-financed assets worth EUR 29,625,000 (2007: EUR 30,322,000); these mainly comprise vehicles at Turner and technical equipment and machinery at Flatiron.

Property, plant and equipment to the value of EUR 1,667,000 (2007: EUR 1,632,000) is subject to restrictions.

13. Investment properties

(EUR thousand)	
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**
Cost of acquisition or production	
Jan. 1, 2007	107,906
Additions or disposals due to consolidation changes	–
Additions	–
Disposals	(7,608)
Reclassifications	–
Currency adjustments	144
Dec. 31, 2007	100,442
Cumulative amortization	
Jan. 1, 2007	61,435
Additions or disposals due to consolidation changes	–
Amortization	2,111
Disposals	(4,336)
Reclassifications	–
Currency adjustments	33
Impairment reversals	–
Dec. 31, 2007	59,243
Carrying amounts as of Dec. 31, 2007	**41,199**

There were no impairment charges on investment properties in 2008 (2007: impairments of EUR 1,938,000).

The fair values of investment properties are measured using internationally accepted valuation procedures, such as taking comparable properties as a guide to current market prices or the discounted cash flow method, and came to EUR 63,281,000 (2007: EUR 60,354,000) as of December 31, 2008. EUR 30,655,000 (2007: EUR 27,492,000) 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 2,203,000 (2007: EUR 3,246,000). Direct operating expenses totaling EUR 3,977,000 (2007: EUR 4,941,000) consisted of EUR 931,000 (2007: EUR 2,110,000) in expenses for rented and EUR 3,046,000 (2007: EUR 2,831,000) in expenses for unrented investment properties.

Investment properties to the value of EUR 3,349,000 (2007: EUR 3,557,000) are subject to restrictions in the form of real estate liens.

14. Equity-method investments

(EUR thousand)	Dec. 31, 2008	Dec. 31, 2007
Equity-method jointly controlled entities	306,946	302,975
Equity-method associates	1,361,996	1,159,484
	1,668,942	**1,462,459**

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, 2008	Dec. 31, 2007
Non-current assets	1,855,002	1,770,452
Current assets	785,047	671,522
Non-current liabilities	(1,846,447)	(1,509,998)
Current liabilities	(486,656)	(629,001)
Net assets	**306,946**	**302,975**

(EUR thousand)	2008	2007
Income	3,035,678	1,821,062
Expenses	(2,767,509)	(1,660,701)
Profit	**268,169**	**160,361**

As in the prior year, profit from equity-method jointly controlled entities does not contain any impairment losses.

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
Süddeutsche Geothermie-Projekte GmbH & Co. KG	Haar near Munich	Development	40
Bonaventura Straßenerrichtungs-GmbH	Vienna/Austria	Development	44
Herrentunnel Lübeck GmbH & Co. KG	Lübeck	Development	50
HOCHTIEF Real Estate			
Aurelis Asset GmbH	Eschborn	Development	50
HOCHTIEF Asia Pacific			
Bac Devco Pty. Ltd.	Sydney/Australia	Development	33
Bayview Noosa Partnership	Sydney/Australia	Development	50
Hassal Street Trust	Sydney/Australia	Development	50
Leighton-Kumagai JV	North Point/Hong Kong	Construction	55
Section 63 Trust	St. Leonards / Australia	Development	50
Manukau Motorway	New Zealand	Construction	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, 2008	Dec. 31, 2007
Assets	4,375,994	4,038,970
Liabilities	(3,013,998)	(2,879,486)
Net assets	**1,361,996**	**1,159,484**

(EUR thousand)	2008	2007
Sales	1,504,848	696,697
Profit	**48,832**	**105,522**

The figure for profit from equity-method associates is after impairment losses of EUR 35,652,000 (2007: –).

The fair value of equity-method associates for which there are published prices was EUR 83,745,000 as of December 31, 2008 (2007: EUR 261,935,000).

Shares in one associate amounting to EUR 699,522,000 (2007: EUR 496,005,000) 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.	Athen/Greece	Airport	27
Budapest Airport Zrt.	Budapest/Hungary	Airport	50
Flughafen Hamburg GmbH	Hamburg	Airport	49
Inversiones de Infrastructura S.A.	Santiago de Chile/Chile	Development	45
Sociedad Concesionaria Autopista Vespuccio Norte Express S.A.	Santiago de Chile/Chile	Development	18
Sociedad Concesionaria Túnel San Cristobal 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	Springwood/Australia	Development	45
Sedgman Limited	Milton/Australia	Construction	38
Macmahon Holdings Limited	Perth/Australia	Construction/Mining	17

15. Other financial assets

(EUR thousand)	Dec. 31, 2008	Dec. 31, 2007
Non-consolidated subsidiaries	7,012	12,826
Other participating interests	422,687	542,482
Non-current securities	359	347
	430,058	**555,655**

An amount of EUR 2,421,000 was recognized in impairment losses on non-consolidated subsidiaries in the year under review (2007: EUR 1,764,000) and EUR 92,421,000 on other participating interests (2007: EUR 122,000).

EUR 351,220,000 (2007: EUR 350,124,000) of other participating interests relates to shares in Sydney Airport.

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, 2008		Dec. 31, 2007	
	Non-current	Current	Non-current	Current
Long-term loans to non-consolidated subsidiaries and to participating interests	309,596	19,401	309,674	16,448
Financial receivables from non-consolidated subsidiaries	208	15,303	320	23,356
Financial receivables from participating interests	32,840	49,146	39,806	29,906
Interest accruals	–	6,768	–	6,878
Other financial receivables	10,024	2,695	15,375	4,706
	352,668	**93,313**	**365,175**	**81,294**

EUR 141,063,000 (2007: EUR 130,274,000) 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 167,889,000 (2007: EUR 178,000,000) consists of loans in connection with the acquisition, likewise in 2007, of aurelis Real Estate.

Receivables from equity-method investments total EUR 403,840,000 (2007: EUR 389,097,000).

Other financial receivables include EUR 6,055,000 (2007: EUR 9,965,000) in finance lease receivables. These were made up as follows:

Finance lease receivables

	Dec. 31, 2008			Dec. 31, 2007		
(EUR thousand)	Minimum lease payments	Discount	Present value	Minimum lease payments	Discount	Present value
Due in up to 1 year	1,423	54	1,369	1,432	88	1,344
Due in 1–5 years	4,230	794	3,436	7,160	1,751	5,409
Due after 5 years	2,255	1,005	1,250	5,905	2,693	3,212

17. Other receivables and other assets

(EUR thousand)	Dec. 31, 2008		Dec. 31, 2007	
	Non-current	Current	Non-current	Current
Prepaid expenses	5,762	49,312	–	36,809
Pension fund credit balances	46,138	–	88,981	–
Entitlements from real estate sales	–	42,386	–	49,625
Entitlements from sales of participating interests	–	25,265	–	81,890
Derivative receivables	7,623	8,373	157	59,311
Tax receivables (excluding income taxes)	–	9,854	–	18,947
Insurance reimbursements	–	2,976	–	13,100
Sundry other assets	36,283	32,795	41,820	52,001
	95,806	**170,961**	**130,958**	**311,683**

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, 2008		Dec. 31, 2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liablities
Non-current assets	66,174	65,233	75,314	67,920
Current assets	19,810	123,784	18,083	129,356
Non-current liabilities				
Pension provisions	114,089	6,868	74,703	–
Other provisions	29,750	80,821	34,624	61,469
Sundry non-current liabilities	23,748	–	1,236	–
Current liabilities				
Other provisions	79,390	559	94,509	5,369
Sundry current liabilities	47,533	7,053	49,826	10,397
	380,494	**284,318**	**348,295**	**274,511**
Losses carried forward	14,756	–	13,532	–
Gross amount	**395,250**	**284,318**	**361,827**	**274,511**
Offsetting item	190,513	190,513	192,408	192,408
Reported amount	**204,737**	**93,805**	**169,419**	**82,103**

Deferred tax assets and deferred tax liabilities are offset within each company or group. The EUR 395,250,000 (2007: EUR 361,827,000) 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, 2008	Dec. 31, 2007
Corporate income tax	9,770	8,546
German municipal trade tax	4,986	4,986
	14,756	**13,532**

There is adequate assurance that the tax loss carryforwards will be realized. For reasons of accounting prudence, as in 2007, deferred tax assets were not recognized for tax losses incurred in Germany in 2008. Tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 857,704,000 (2007: EUR 695,961,000) in respect of corporate income tax and EUR 908,194,000 (2007: EUR 768,901,000) in respect of German municipal trade tax.

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 284,318,000 (2007: EUR 274,511,000) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS valuation principles.

EUR 26,388,000 was charged to equity (2007: EUR 4,555,000 credited to equity) for deferred tax relating to exchange differences from translation of foreign entity financial statements. EUR 54,292,000 was credited to equity (2007: EUR 9,001,000 charged to equity) for deferred tax on amounts recognized in equity for changes in the fair value of derivative and non-derivative financial instruments. EUR 30,865,000 was credited to equity (2007: EUR 19,487,000 charged to equity) for actuarial gains and losses and adjustments arising from the limit in IAS 19.58. As of the balance sheet date, deferred taxes from the measurement of financial instruments credited to equity amounted to EUR 35,440,000 (2007: EUR 18,852,000 charged to equity), while EUR 73,876,000 (2007: EUR 43,011,000) was credited to equity in connection with actuarial gains and losses and with adjustments arising from the limit in IAS 19.58.

19. Inventories

(EUR thousand)	**Dec. 31, 2008**	Dec. 31, 2007
Raw materials and supplies, spare parts	99,568	84,032
Work in progress	3,960	5,219
Finished goods	3,130	4,924
Prepayments	24,486	25,913
	131,144	**120,088**

The inventories are not subject to any restrictions.

20. Trade receivables

(EUR thousand)	**Dec. 31, 2008**	Dec. 31, 2007
Trade receivables		
Gross amount due from customers for contract work (POC)	3,417,050	2,510,041
Less: progress payments received	(1,284,661)	(1,029,170)
	2,132,389	**1,480,871**
From construction joint ventures	155,092	163,155
Other	2,335,628	2,011,956
	4,623,109	**3,655,982**
From non-consolidated subsidiaries	13,050	31,666
From participating interests	7,137	3,518
	4,643,296	**3,691,166**

The figure of EUR 2,132,389,000 (2007: EUR 1,480,871,000), 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 4,106,921,000 (2007: EUR 3,241,742,000). Borrowing costs of EUR 10,323,000 were capitalized in accordance with IAS 23 in 2008 (2007: –). This amount is included in the gross amount due from customers for contract work (POC). The borrowing costs were determined on the basis of interest rates of between 4.49 and 9.5 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 2,639,068,000 (2007: EUR 2,318,540,000).

Trade receivables include EUR 502,763,000 (2007: EUR 423,873,000) in contractual retention amounts.

Trade receivables also include properties under development that are subject to restrictions in the amount of EUR 672,130,000 (2007: EUR 196,135,000).

Receivables from equity-accounted companies total EUR 4,273,000 (2007: EUR 1,028,000).

21. Current income tax assets

The EUR 65,320,000 (2007: EUR 26,144,000) in current income tax assets comprises amounts receivable from domestic and foreign revenue authorities.

22. Marketable securities

The marketable securities totaling EUR 809,396,000 (2007: EUR 766,384,000) 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 2008 by EUR 91,577,000 (2007: increase by EUR 5,852,000).

Marketable securities valued at EUR 33,876,000 (2007: EUR 36,198,000) are pledged as performance bonds to ensure the proper execution of construction work in accordance with contract requirements, as collateral against progress payments received and as security for employee benefit entitlements under semiretirement programs.

23. Cash and cash equivalents

Cash and cash equivalents total EUR 1,787,713,000 (2007: EUR 1,402,527,000) 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 to the value of EUR 1,364,000 are subject to restrictions (2007: EUR 2,119,000).

24. Shareholders' equity

The Consolidated Statement of Changes in Equity is shown on page 130.

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 8, 2008 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 7, 2009. 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 third parties engaged by the Company 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 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 8, 2008, 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 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, 2008, HOCHTIEF Aktiengesellschaft held a total of 3,499,753 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 the year. The holdings of treasury stock represent EUR 8,959,368 (4.9996 percent) of the Company's capital stock.

Transactions relating to treasury stock:
53,000 of the Company's own shares were purchased in January 2008 for a total price of EUR 3,488,163 (an average of EUR 65.81 per share) in order to offer them for purchase by persons in the Company's employment or the employment of an affiliate. These shares represent EUR 135,680 (0.08 percent) of the Company's capital stock.

3,468,000 of the Company's own shares were purchased, under the stock buy-back program adopted on October 21, 2008, in the period October 23 to December 5, 2008 for a total price of EUR 90,023,514 (an average of EUR 25.96 per share) and for the purposes provided for in the authorizing resolution of the General Shareholders' Meeting of May 8, 2008. These shares represent EUR 8,878,080 (4.95 percent) of the Company's capital stock.

21,247 shares of treasury stock were sold in July 2008 to employees of HOCHTIEF or its affiliates. Of these shares, 11,754 were sold at a price of EUR 50.94 each and 9,493 at a price of EUR 53.94 each. The shares represent EUR 54,392 (0.03 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 available-for-sale financial instruments and of cash flow hedges, and exchange differences from translation of foreign entity financial statements. Accumulated other comprehensive income also includes all actuarial gains and losses relating to defined benefit pension plans and adjustments arising from the limit in IAS 19.58.

Changes in accumulated other comprehensive income during the year include a EUR 88,734,000 loss (2007: EUR 70,540,000 gain) from changes in the fair value of non-derivative financial instruments and a EUR 132,313,000 loss (2007: EUR 33,044,000 gain) from changes in the fair value of derivatives. Also included here are a EUR 35,400,000 loss (2007: EUR 54,851,000 loss) due to currency translation differences and a decrease of EUR 54,317,000 (2007: increase of EUR 44,050,000) for actuarial gains and losses and adjustments arising from the limit in IAS 19.58.

The balance as of December 31, 2008 shown under changes in the fair value of financial instruments comprises accumulated losses of EUR 2,251,000 (2007: accumulated gains of EUR 86,483,000) for non-derivatives and accumulated losses of EUR 99,974,000 (2007: accumulated gains of EUR 32,339,000) for derivatives.

Unappropriated net profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group.

EUR 90,931,000 (2007: EUR 72,445,000) in dividends were paid out in 2008.

The minority interest in the shareholders' equity of consolidated companies totaled EUR 895,151,000 (2007: EUR 703,100,000); 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 2008:

Long-term Incentive Plan 2003

The Long-term Incentive Plan 2003 (LTIP 2003) was launched by resolution of the Supervisory Board in 2003 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. LTIP 2003 is based on stock appreciation rights (SARs).

LTIP 2003 had a waiting time of two years followed by an exercise period of three years. The plan therefore ended in 2008.

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 CDAX Construction 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 could be exercised at any time after the waiting period except during a short period before any business results were published. The number of SARs that could be exercised depended on the size of the gain in the average price of HOCHTIEF stock over ten consecutive stock market trading days relative to the issue price, 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.

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. The conditions differ from those of LTIP 2003 only as regards the relative performance threshold described in the following.

The SARs can 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 is higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base.

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 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 three and five 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 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.

The conditions for granting SARs essentially differ from those of the preceding LTIP 2005 only in two points:

1. The relative performance threshold is waived if the average stock market price of HOCHTIEF stock exceeds 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 is capped at 50 percent of the issue price.

Provided that the targets are met, SARs can be exercised at any time after the waiting period except during certain barred periods.

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 Human Resources Committee 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.

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. Only the first tranche was granted in the year under review.

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 transfer 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 on the first tranche is set to EUR 160 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, 2007	Granted in 2008	Expired in 2008	Exercised in 2008	**Outstanding at Dec. 31, 2008**
LTIP 2003	1,010,900	6,600	–	6,600	–	–
LTIP 2004	1,055,900	10,000	–	–	–	10,000
TERP 2004	1,853,901	1,711,739	–	–	568,193	1,143,546
LTIP 2005	885,150	2,700	–	–	–	2,700
LTIP 2006 – SAR	445,774	434,307	–	2,233	432,074	–
LTIP 2006 – stock awards	165,243	158,451	–	2,992	–	155,459
LTIP 2007 – SAR	430,450	423,100	–	15,100	–	408,000
LTIP 2007 – stock awards	110,650	109,100	–	4,450	–	104,650
LTIP 2008 – SAR	41,250	41,250	263,325	8,180	–	296,395
LTIP 2008 – stock awards	26,950	26,950	75,035	2,425	–	99,560
RSA 2008/Tranche 1	122,012	–	122,012	–	–	122,012
TERP 2008/Tranche 1	130,900	–	130,900	4,800	–	126,100

Provisions recognized for the stated share-based payment arrangements totaled EUR 25,256,000 as of the balance sheet date (2007: EUR 54,513,000). The total gain recognized for the stated arrangements in 2008 was EUR 12,209,000 (2007: total expense of EUR 31,209,000). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 3,999,000 (2007: EUR 7,487,000).

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 2009 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 discontinued 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)	2008		2007	
	Domestic	Foreign	Domestic	Foreign
Discount factor*	6.25	6.34	5.5	6.28
Salary increases	2.75	–	2.75	–
Pension increases	2.25	–	1.5	–
Health cost increases	–	5.0	–	5.0
Anticipated return on plan assets*	4.58	8.0	4.8	8.0

* weighted average

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 Dr. K. 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)	2008			2007		
	Domestic	International	Total	Domestic	International	Total
Defined benefit obligations at start of year	**563,292**	**216,635**	**779,927**	**615,082**	**252,915**	**867,997**
Current service cost	8,281	1,039	9,320	11,024	1,086	12,110
Past service cost	–	–	–	–	–	–
Interest expense	29,629	13,127	42,756	26,864	13,390	40,254
Actuarial (gains)/losses	(11,244)	(8,579)	(19,823)	(70,558)	(11,107)	(81,665)
Benefits paid from Company assets	(17)	(1,985)	(2,002)	(338)	(1,810)	(2,148)
Benefits paid from fund assets	(32,458)	(10,788)	(43,246)	(30,563)	(11,883)	(42,446)
Employee contributions	3,935	–	3,935	7,181	–	7,181
Effect of transfers	1,445	–	1,445	1,784	–	1,784
Consolidation changes	–	–	–	2,816	–	2,816
Currency adjustments	–	12,069	12,069	–	(25,956)	(25,956)
Defined benefit obligations at end of year	**562,863**	**221,518**	**784,381**	**563,292**	**216,635**	**779,927**

Changes in the market value of plan assets

(EUR thousand)	2008 Domestic	2008 International	2008 Total	2007 Domestic	2007 International	2007 Total
Plan assets at start of year	**651,346**	**217,481**	**868,827**	**635,022**	**240,400**	**875,422**
Initial transfers to pension funds	–	–	–	2,500	–	2,500
Anticipated returns on plan assets	29,910	16,816	46,726	30,618	17,736	48,354
Difference between anticipated and actual returns	(57,635)	(80,035)	(137,670)	(3,573)	(3,282)	(6,855)
Employer contributions	6,983	–	6,983	10,161	–	10,161
Employee contributions	3,935	–	3,935	7,181	–	7,181
Benefits paid	(32,458)	(10,788)	(43,246)	(30,563)	(11,883)	(42,446)
Currency adjustments	–	8,263	8,263	–	(25,490)	(25,490)
Plan assets at end of year	**602,081**	**151,737**	**753,818**	**651,346**	**217,481**	**868,827**

Investing plan assets to cover future pension obligations generated actual losses of EUR 90,944,000 in 2008 (2007: returns of EUR 41,499,000). It is not possible to project employer contributions to plan assets in the next fiscal year due to the current uncertainty on the capital markets.

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

(EUR thousand)	Dec. 31, 2008 Defined benefit obligations	Dec. 31, 2008 Plan assets	Dec. 31, 2007 Defined benefit obligations	Dec. 31, 2007 Plan assets
Uncovered by plan assets	31,505	–	28,741	–
Partially covered by plan assets	461,418	416,222	23,633	23,364
Incompletely covered by plan assets	**492,923**	**416,222**	**52,374**	**23,364**
Fully covered by plan assets	291,458	337,596	727,553	845,463
Total	**784,381**	**753,818**	**779,927**	**868,827**

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2008	Dec. 31, 2007
Defined benefit obligations	784,381	779,927
Less plan assets	753,818	868,827
Funding status	**30,563**	**(88,900)**
Adjustments arising from the limit in IAS 19.58	–	28,929
Assets from overfunded pension plans	46,138	88,981
Provision for pensions and similar obligations	**76,701**	**29,010**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

(EUR thousand)	Dec. 31, 2008		Dec. 31, 2007	
	Market value	%	Market value	%
HOCHTIEF stock	125,088	16.59	–	–
Other stock	185,301	24.58	375,909	43.27
Fixed-interest securities	205,862	27.31	421,056	48.46
Insurance policies	49,794	6.61	44,016	5.07
Cash	187,773	24.91	27,846	3.20
Total	**753,818**	**100.00**	**868,827**	**100.00**

The substantial increase in cash as a proportion of the total is a result of the global financial crisis. Assets that could not be hedged with derivative financial instruments and that had changed in value beyond previously stipulated limits were sold and the proceeds added to cash for the time being.

As of December 31, 2008, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2009	48,308
Due in 2010	49,481
Due in 2011	50,447
Due in 2012	51,168
Due in 2013	51,976
Due in 2014 to 2018	275,097

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)	2008	2007	2006	2005
Defined benefit obligation at end of year	**784,381**	**779,927**	**867,997**	**954,954**
Effects of differences in fiscal year	1,030	(3,904)	(23,799)	11,992
Effects as percentage of defined benefit obligations	0.13	−0.50	−2.74	1.26
Plan assets at end of year	**753,818**	**868,827**	**875,422**	**790,095**
Effects of differences in fiscal year	(137,670)	(6,855)	1,216	(18,212)
Effects as percentage of plan assets	−18.26	−0.79	0.14	−2.31
Funding status at end of year	**30,563**	**(88,900)**	**(7,425)**	**164,859**

Pension expense under defined benefit plans is made up as follows:

(EUR thousand)	2008			2007		
	Domestic	Interna-tional	Total	Domestic	Interna-tional	Total
Current service cost	8,281	1,039	9,320	11,024	1,086	12,110
Past service cost	–	–	–	–	–	–
Total personnel expense	**8,281**	**1,039**	**9,320**	**11,024**	**1,086**	**12,110**
Interest expense for accrued benefit obligations	29,629	13,127	42,756	26,864	13,390	40,254
Anticipated return on plan assets	(29,910)	(16,816)	(46,726)	(30,618)	(17,736)	(48,354)
Total interest expense (net investment and interest income)	**(281)**	**(3,689)**	**(3,970)**	**(3,754)**	**(4,346)**	**(8,100)**
Total pension expense	**8,000**	**(2,650)**	**5,350**	**7,270**	**(3,260)**	**4,010**

EUR 170,761,000 was paid into defined contribution plans in 2008 (2007: EUR 148,745,000), mostly in the Leighton Group (EUR 142,385,000; 2007: EUR 125,507,000) and the Turner Group (EUR 23,767,000; 2007: EUR 22,518,000). An additional EUR 83,655,000 was paid into state pension schemes in 2008 (2007: EUR 80,871,000). 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, 2008 came to EUR 28,536,000 (2007: EUR 26,013,000). Healthcare costs accounted for EUR 972,000 (2007: EUR 1,055,000) of the current service cost and EUR 1,714,000 (2007: EUR 1,699,000) 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	22	(19)
Effect on defined benefit obligation	392	(348)

Before deferred taxes, EUR 117,847,000 in actuarial losses (2007: EUR 74,810,000 in actuarial gains) and an increase of EUR 32,676,000 (2007: decrease of EUR 11,297,000) due to adjustments arising from the limit in IAS 19.58 were recognized in the Statement of Recognized Income and Expense for fiscal 2008. Before deferred taxes, the cumulative amount of actuarial losses is EUR 182,268,000 (2007: EUR 64,421,000). The prior-year figures also included a cumulative decrease of EUR 32,676,000 due to adjustments arising from the limit in IAS 19.58.

27. Other provisions

(EUR thousand)	Dec. 31, 2008			Dec. 31, 2007		
	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	**–**	**31,820**	**31,820**	**–**	**60,354**	**60,354**
Personnel-related provisions	198,113	244,055	442,168	183,125	268,055	451,180
Provisions for insurance claims	152,149	–	152,149	124,271	–	124,271
Warranty obligations	–	64,902	64,902	–	46,533	46,533
Litigation risks	800	32,974	33,774	378	29,934	30,312
Restructuring costs	–	25,766	25,766	–	24,076	24,076
Anticipated losses relating to pending transactions	–	5,185	5,185	–	5,930	5,930
Sundry other provisions	7,137	310,476	317,613	8,608	320,276	328,884
Other provisions	**358,199**	**683,358**	**1,041,557**	**316,382**	**694,804**	**1,011,186**
	358,199	**715,178**	**1,073,377**	**316,382**	**755,158**	**1,071,540**

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, 2008	Allocations to provisions	Reversal of provisions	Consolidation changes, currency adjustments, reclassifications and transfer	Use of provisions	**Balance at Dec. 31, 2008**
Provisions for taxes	**60,354**	**10,151**	**(10)**	**(9,845)**	**(28,830)**	**31,820**
Personnel-related provisions	451,180	319,962	(20,258)	(38,188)	(270,528)	442,168
Provisions for insurance claims	124,271	21,712	–	8,318	(2,152)	152,149
Sundry other provisions	435,735	193,501	(31,411)	(1,236)	(149,349)	447,240
Other provisions	**1,011,186**	**535,175**	**(51,669)**	**(31,106)**	**(422,029)**	**1,041,557**
	1,071,540	**545,326**	**(51,679)**	**(40,951)**	**(450,859)**	**1,073,377**

28. Financial liabilities

(EUR thousand)	**Dec. 31, 2008**		Dec. 31, 2007	
	Non-current	Current	Non-current	Current
Bonds or notes issued	278,788	–	194,808	–
Amounts due to banks	1,363,832	1,064,555	1,103,688	491,175
Financial liabilities to non-consolidated subsidiaries	–	437	–	413
Financial liabilities to participating interests	–	159,888	–	107,234
Sundry other financial liabilities	35,844	23,472	25,532	43,897
	1,678,464	**1,248,352**	**1,324,028**	**642,719**

Bonds or notes issued include EUR 78,632,000 (2007: EUR 75,454,000) 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, 2008 is EUR 200,156,000. In the prior year, bonds or notes issued also included EUR 119,354,000 for 100-year Australian dollar notes issued by Leighton Holdings in 2003 for a total amount of AUD 200,000,000 and a coupon of 8.01 percent. These notes were redeemed in 2008.

Amounts due to banks include EUR 200,000,000 in promissory note loans issued in 2004 with an original term of five years and a five percent coupon. HOCHTIEF took out two further promissory note loans on July 4, 2008, 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 November 22, 2005, HOCHTIEF signed a EUR 600 million syndicated revolving credit facility with an international banking syndicate. The amount utilized was EUR 477,000,000 (2007: EUR 358,000,000). 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. EUR 509,082,000 (2007: EUR 614,369,000) 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 companies accounted for using the equity method total EUR 1,120,000 (2007: EUR 1,001,000).

The main item in sundry other financial liabilities comprises lease liabilities of EUR 32,108,000 (2007: EUR 34,392,000). Other items are short-term loans and other financial liabilities.

The minimum lease payments for liabilities under finance leases break down as follows:

Finance leases

(EUR thousand)	Dec. 31, 2008			Dec. 31, 2007		
	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due in up to 1 year	18,880	727	18,153	21,253	1,090	20,163
Due in 1–5 years	14,287	1,087	13,200	15,596	1,367	14,229
Due after 5 years	864	109	755	–	–	–

29. Other liabilities

(EUR thousand)	Dec. 31, 2008		Dec. 31, 2007	
	Non-current	Current	Non-current	Current
Liabilities under derivative financial instruments	170,444	17,366	37,452	1,939
Liabilities to employees	–	107,323	–	110,754
Deferred income	47,373	30,469	40,292	43,292
Tax liabilities (excluding income taxes)	–	58,242	–	55,558
Social insurance liabilities	–	6,236	–	6,145
Sundry other liabilities	1,203	47,472	1,690	56,214
	219,020	**267,108**	**79,434**	**273,902**

EUR 82,636,000 (2007: EUR 12,055,000) of the non-current liabilities under derivative financial instruments relates to obligations in the Leighton Group to make payments into the equity of infrastructure project companies and EUR 37,297,000 (2007: EUR 3,797,000) relates to interest-rate swaps held by HOCHTIEF Aktiengesellschaft.

After selling 12.5 percent of its indirect stake in the Vespucio Norte Express (VNE) project in Chile in 2007, HOCHTIEF PPP Solutions GmbH sold a further 3.75 percent of this stake to an investor at the end of 2008. As part of these two transactions, the investors received equity guarantees that expire on December 31, 2012. The equity guarantees had a fair value of EUR 25,600,000 (2007: EUR 21,600,000) as of the balance sheet date and are reported as part of 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, 2008	Dec. 31, 2007
Trade payables		
Gross amount due to customers from construction work (POC)	(689,871)	(731,701)
Progress payments received	1,354,407	1,289,370
	664,536	**557,669**
To construction joint ventures	132,530	111,010
Other	3,755,826	3,467,224
	4,552,892	**4,135,903**
Advance payments received	6,748	4,450
From non-consolidated subsidiaries	323	1,611
From participating interests	1,808	1,428
	4,561,771	**4,143,392**

The EUR 664,536,000 (2007: EUR 557,669,000) 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 1,786,000 (2007: EUR 1,186,000).

31. Current income tax liabilities

The EUR 19,303,000 (2007: EUR 9,989,000) 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.

	2008	2007
Consolidated net profit (EUR thousand)	175,075	140,696
Number of shares in circulation in thousands (weighted average)	69,353	67,868
Earnings per share (EUR)	2.52	2.07
Dividend per share (EUR)		1.30
Proposed dividend per share (EUR)	1.40	

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.

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 planned using a bottom-up process. Liquidity planning is supplemented by stress scenarios and incorporated in the active management of HOCHTIEF's securities holdings and loan portfolio.

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, forwards and interest rate swaps) are taken into account. Credit facilities granted but not yet drawn in their full amount are also included.

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, 2008

(EUR thousand)	2009	2010	2011–2012	After 2012	**Total**
Primary financial liabilities	5,909,200	353,928	1,155,175	516,096	7,934,399
Derivative financial liabilities	17,366	53,615	51,722	65,108	187,810
Loan commitments	8,902	4,093	22,438	–	35,433
	5,935,468	**411,635**	**1,229,335**	**581,204**	**8,157,642**

Maximum payments as of December 31, 2007

(EUR thousand)	2008	2009	2010–2011	After 2011	**Total**
Primary financial liabilities	4,921,118	449,508	540,224	525,616	6,436,466
Derivative financial liabilities	1,939	12,814	1,519	23,119	39,391
Loan commitments	15,629	–	29,081	–	44,710
	4,938,686	**462,322**	**570,824**	**548,735**	**6,520,567**

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, 2008**	Dec. 31, 2007
Cash in hand and on deposit	1,064,150	817,676
Marketable securities	1,497,719	1,312,918
Undrawn revolving credit facilities	1,335,660	1,191,619
	3,897,529	**3,322,213**

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, 2008) and EUR 260 million in short-term revolving money market facilities (87 percent drawn as of December 31, 2008). 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 9.13 billion (2007: EUR 8.58 billion) and are 72 percent drawn as of December 31, 2008.

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 concluded externally are banks with a top credit rating.

The following table shows the fair values of currency derivatives.

(EUR thousand)	**Dec. 31, 2008**	Dec. 31, 2007
Assets		
Forward exchange contracts/ currency swaps		
for hedging purposes (cash flow hedges)	5,514	8,661
for hedging purposes (but not hedge accounted)	2,685	–
	8,199	**8,661**
Liabilities and shareholders' equity		
Forward exchange contracts/ currency swaps		
for hedging purposes (cash flow hedges)	17,042	1,939
for hedging purposes (but not hedge accounted)	2,448	–
	19,490	**1,939**

The maximum residual term of currency derivatives in cash flow hedges as of December 31, 2008 is 22 months. As of December 31, 2008, the maximum residual term of currency derivatives for which hedge accounting is not applied is less than two 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. EUR 13,091,000 was charged to equity in fiscal 2008 (2007: EUR 6,838,000 credited to equity) and EUR 5,159,000 (2007: –) due to hedge ineffectiveness was charged to profit or loss 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 2008 this related to a net amount of EUR 237,000 (2007: –).

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, 2008** Exchange rate		Dec. 31, 2007 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)	6,511	(6,511)
– AUD	(5,842)	5,842	10,742	(10,742)
Change in profit due to unhedged currency exposures in primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)				
– USD	(2,100)	2,371	657	(657)
– AUD	2,399	(2,404)	2,753	(2,753)

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, 2008	Dec. 31, 2007
Assets		
Interest rate swaps		
for hedging purposes (cash flow hedges)	–	82
Interest rate futures		
not for hedging purposes (for asset management structuring)	175	–
	175	**82**
Liabilities and shareholders' equity		
Interest rate swaps		
for hedging purposes (cash flow hedges)	55,789	3,797
Interest rate futures		
not for hedging purposes (for asset management structuring)	250	–
	56,039	**3,797**

The maximum residual term of interest rate swaps in cash flow hedges as of December 31, 2008 is 180 months. The maximum residual term of interest rate futures as of December 31, 2008 is three months.

EUR 52,074,000 was charged to equity in fiscal 2008 (2007: EUR 5,168,000 credited to equity) for market value changes on the above derivatives in cash flow hedges. A net EUR 75,000 was charged to profit or loss (2007: –) 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, 2008		Dec. 31, 2007	
	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	24,965	(25,445)	19,569	(19,569)
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)	(9,464)	9,464	(3,492)	3,492

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, 2008**	Dec. 31, 2007
Price risk exposure on non-current assets	406,785	422,965
Price risk exposure on current assets	197,462	254,118

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 66 months as of December 31, 2008 were entered into for hedging purposes; these are presented according to the rules for cash flow hedge accounting. Stock/index-based derivatives were entered into to hedge our share-based compensation plans and marketable securities held in special-purpose investment funds. These derivatives had a maximum residual term as of December 31, 2008 of 54 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, 2008**	Dec. 31, 2007
Assets		
Forward purchase contracts for hedging purposes (cash flow hedges)	–	50,725
Forward contracts for hedging purposes (but not hedge accounted)	7,622	–
	7,622	**50,725**
Liabilities and shareholders' equity		
Forward purchase contracts for hedging purposes (cash flow hedges)	82,636	12,055
Forward contracts for hedging purposes (but not hedge accounted)	4,045	–
Options written, not for hedging purposes	25,600	21,600
	112,281	**33,655**

EUR 44,791,000 was charged to equity in fiscal 2008 (2007: EUR 13,598,000 credited to equity) and EUR 76,515,000 (2007: –) was charged to profit or loss for market value changes on the above derivatives in cash flow hedges. The latter relates to reductions in the fair value of infrastructure project companies for which there are future obligations in the Leighton Group to make payments into equity. A net EUR 423,000 (2007: EUR 21,600,000) was 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, 2008**		Dec. 31, 2007	
	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)	8,153	(8,153)	10,742	(10,742)
Change in profit or loss due to market value fluctuations of derivatives to which hedge accounting is not applied	358	(358)	2,160	(2,160)
Change in equity due to changes in market price of unimpaired securities	19,745	(19,745)	25,447	(25,447)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	37,190	(37,190)	42,262	(42,262)
Change in equity due to increases in the market price of impaired securities	37	–	–	–
Change in equity due to increases in the value of impaired participating interests measured at fair value	3,453	–	–	–
Change in profit or loss due to reductions in the market price of impaired securities	–	(37)	–	–
Change in profit or loss due to decreases in the value of impaired participating interests measured at fair value	–	(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.

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 credit risk for loan commitments is the amount of the commitment. The maximum credit risk from loan commitments amounted to EUR 35,433,000 as of December 31, 2008 (2007: EUR 44,710,000).

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 governed 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, 2008				Dec. 31, 2007			
	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	124,587	27,149	24,446	67,997	174,729	41,774	14,354	53,358
Financial receivables	13	77	102	557	137	–	–	–
Other receivables and other financial assets	186	–	–	65	931	186	1	104
	124,786	**27,226**	**24,548**	**68,619**	**175,797**	**41,960**	**14,355**	**53,462**

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, 2008			Dec. 31, 2007		
	Gross carrying amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	141,674	95,759	45,915	209,395	100,971	108,424
Current financial receivables	5,447	5,447	–	5,316	5,316	–
Other current receivables and other current financial assets	32,038	30,338	1,700	32,349	28,646	3,703
	179,159	**131,544**	**47,615**	**247,060**	**134,933**	**112,127**

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 2008 fiscal year and in the prior year:

Reconciliation of changes in impairments
(EUR thousand)

	Jan. 1, 2007	Changes*	Dec. 31, 2007/ Jan. 1, 2008	Changes*	**Dec. 31, 2008**
Trade receivables	94,871	6,100	100,971	(5,212)	95,759
Current financial receivables	5,272	44	5,316	131	5,447
Other current receivables and other current financial assets	26,938	1,708	28,646	1,692	30,338
	127,081	**7,852**	**134,933**	**(3,389)**	**131,544**

*Changes result from allocations, reversals, utilization, currency adjustments and consolidation changes.

Financial receivables of EUR 318,000 (2007: EUR 680,000) would have been past due or impaired if the contractual terms and conditions had not been renegotiated. In the prior year, an additional EUR 12,024,000 in trade receivables would have been past due or impaired if the terms and conditions had not been renegotiated.

As far as financial assets that are neither past due or impaired are concerned, there are currently no indications of any need to recognize further impairments for reasons relating to credit ratings.

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.

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 2008 compared with the prior year.

Additional information on financial instruments

The table below shows carrying amounts and fair values for each class of financial instrument and carrying amounts for each IAS 39 category as of December 31, 2008 and December 31, 2007.

2008

(EUR thousand)	Carrying amount by category					Not belonging to any category			
	Financial assets			Financial liabilities					
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	Hedge accounting and finance leases	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2008**	**Total fair value Dec. 31, 2008**
Assets									
Equity-method investments	**–**	**–**	**–**	**–**	**–**	**–**	**1,668,942**	**1,668,942**	**1,668,942**
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	**–**	**–**	**4,643,296**	**–**	**–**	**–**	**–**	**4,643,296**	**4,643,296**
Other receivables and other financial 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	**–**	**–**	**–**	**–**	**4,555,023**	**–**	**6,748**	**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**

2007	Carrying amount by category					Not belonging to any category			
	Financial assets			Financial liabilities					
(EUR thousand)	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	Hedge accounting and finance leases	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2007	Total fair value Dec. 31, 2007
Assets									
Equity-method investments	**–**	**–**	**–**	**–**	**–**	**–**	**1,462,459**	**1,462,459**	**1,462,459**
Other financial assets									
At fair value	422,965	–	–	–	–	–	–	422,965	422,965
At amortized cost	132,690	–	–	–	–	–	–	132,690	132,690
	555,655	**–**	**–**	**–**	**–**	**–**	**–**	**555,655**	**555,655**
Financial receivables									
Non-current	**–**	**–**	**356,554**	**–**	**–**	**8,621**	**–**	**365,175**	**365,175**
Current	**–**	**–**	**79,950**	**–**	**–**	**1,344**	**–**	**81,294**	**81,294**
Trade receivables	**–**	**–**	**3,691,166**	**–**	**–**	**–**	**–**	**3,691,166**	**3,691,166**
Other receivables and other financial assets									
Non-current									
At fair value	–	–	–	–	–	157	–	157	157
At amortized cost	–	–	6,899	–	–	–	–	6,899	6,899
Not covered by IFRS 7	–	–	–	–	–	–	123,902	123,902	123,902
	–	**–**	**6,899**	**–**	**–**	**157**	**123,902**	**130,958**	**130,958**
Current									
At fair value	–	–	–	–	–	59,311	–	59,311	59,311
At amortized cost	–	–	172,979	–	–	–	–	172,979	172,979
Not covered by IFRS 7	–	–	–	–	–	–	79,393	79,393	79,393
	–	**–**	**172,979**	**–**	**–**	**59,311**	**79,393**	**311,683**	**311,683**
Securities	**766,384**	**–**	**–**	**–**	**–**	**–**	**–**	**766,384**	**766,384**
Cash and cash equivalents	**–**	**–**	**1,402,527**	**–**	**–**	**–**	**–**	**1,402,527**	**1,402,527**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**1,309,799**	**14,229**	**–**	**1,324,028**	**1,325,853**
Current	**–**	**–**	**–**	**–**	**622,556**	**20,163**	**–**	**642,719**	**642,719**
Trade payables	**–**	**–**	**–**	**–**	**4,138,942**	**–**	**4,450**	**4,143,392**	**4,143,392**
Other liabilities									
Non-current									
At fair value	–	–	–	21,600	–	15,852	–	37,452	37,452
At amortized cost	–	–	–	–	900	–	–	900	900
Not covered by IFRS 7	–	–	–	–	–	–	41,082	41,082	41,082
	–	**–**	**–**	**21,600**	**900**	**15,852**	**41,082**	**79,434**	**79,434**
Current									
At fair value	–	–	–	–	–	1,939	–	1,939	1,939
At amortized cost	–	–	–	–	55,378	–	–	55,378	55,378
Not covered by IFRS 7	–	–	–	–	–	–	216,585	216,585	216,585
	–	**–**	**–**	**–**	**55,378**	**1,939**	**216,585**	**273,902**	**273,902**

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. Noncurrent 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.

Financial assets with a carrying amount of EUR 35,240,000 (2007: EUR 38,317,000) are provided as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2008.

The following table shows the net profit from financial instruments by IAS 39 category:

Net profit from financial instruments

(EUR thousand)	**2008**	2007
Available for sale	(7,516)	123,745
Held for trading	18,800	–
Loans and receivables	100,844	93,299
Liabilities at amortized cost	(195,194)	(105,454)
	(83,066)	**111,590**

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 47,504,000 (2007: EUR 8,961,000) were recognized in the 2008 fiscal year. EUR 36,264,000 of this figure (2007: EUR 1,886,000) relates 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 2008 fiscal year or the prior year. Impairments of EUR 221,000 (2007: EUR 184,000) were recognized for current financial receivables. Impairments of EUR 8,065,000 (2007: EUR 4,839,000) were recognized for trade receivables and impairments of EUR 2,954,000 (2007: EUR 2,052,000) for other current receivables and other current financial assets.

34. Contingencies, commitments and other financial obligations

(EUR thousand)	**Dec. 31, 2008**	Dec. 31, 2007
Obligations under guarantees and letters of comfort	27,641	17,871

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 October 2007, HOCHTIEF Aktiengesellschaft increased the syndicated revolving guarantee facility to EUR 2.0 billion. 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. It was utilized in the amount of EUR 1.17 billion (2007: EUR 1.19 billion) as of December 31, 2008.

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 4,758 million (2007: USD 4,812 million). USD 3,579 million was utilized in the year under review (2007: USD 3,559 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 3.71 billion (2007: EUR 3.31 billion) in revolving guarantee facilities provided by insurance companies and banks.

Group order exposure from awarded capital expenditure projects is EUR 364,426,000 (2007: EUR 296,712,000) and mostly relates to mining activities at the Leighton Group.

Cash call commitments on financial assets stand at EUR 138,107,000 (2007: EUR 203,197,000), 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, 2008** Nominal value	Dec. 31, 2007 Nominal value
Due within 1 year	252,203	221,448
Due in 1–5 years	618,100	563,411
Due after 5 years	61,488	67,246

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 249,990,000 (2007: EUR 226,130,000).

Amounts due under long-term tenancies are EUR 340,743,000 (2007: EUR 335,875,000). The term for which such tenancies cannot be terminated is between two and 13 years. The amounts due under tenancies are partly offset by anticipated rental income of EUR 143,391,000 (2007: EUR 122,303,000).

Other financial obligations include EUR 17,395,000 (2007: EUR 24,655,000) 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 divisions/segments are as follows as of January 1, 2008:
HOCHTIEF Americas
HOCHTIEF Asia Pacific
HOCHTIEF Concessions
HOCHTIEF Europe
HOCHTIEF Real Estate
HOCHTIEF Services
Corporate Headquarters/Consolidation

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.

The Management Report provides detailed information on the various operating segments.

Divisions	External sales		Intersegment sales	
(EUR thousand)	**2008**	2007	**2008**	2007
HOCHTIEF Americas	8,045,101	6,953,223	–	55
HOCHTIEF Asia Pacific	6,884,539	5,989,419	266	334
HOCHTIEF Concessions	162,851	197,947	3,292	614
HOCHTIEF Europe	2,414,887	2,169,523	154,487	151,750
HOCHTIEF Real Estate	791,148	480,425	20,433	13,084
HOCHTIEF Services	683,097	555,924	26,389	26,204
Corporate Headquarters/Consolidation	121,362	105,291	50,807	45,054
	19,102,985	**16,451,752**	**255,674**	**237,095**

Divisions	Profit before taxes		Consolidated net profit	
(EUR thousand)	**2008**	2007	**2008**	2007
HOCHTIEF Americas	76,893	76,011	42,371	45,795
HOCHTIEF Asia Pacific	327,212	404,485	133,282	167,840
HOCHTIEF Concessions	109,629	155,348	69,382	89,118
HOCHTIEF Europe	(34,247)	(149,403)	(60,108)	(158,759)
HOCHTIEF Real Estate	54,174	58,593	46,111	56,854
HOCHTIEF Services	22,906	20,415	13,505	18,273
Corporate Headquarters/Consolidation	(36,452)	(64,128)	(69,468)	(78,425)
	520,115	**501,321**	**175,075**	**140,696**

Divisions	Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment and investment properties	
(EUR thousand)	**2008**	2007	**2008**	2007
HOCHTIEF Americas	27,094	34,591	34,049	24,290
HOCHTIEF Asia Pacific	936,161	703,131	538,713	638,332
HOCHTIEF Concessions	653,273	697,406	181	505
HOCHTIEF Europe	3,344	1,133	47,826	26,258
HOCHTIEF Real Estate	47,445	25,263	3,299	3,192
HOCHTIEF Services	1,625	935	11,112	6,430
Corporate Headquarters/Consolidation	–	–	10,312	4,167
	1,668,942	**1,462,459**	**645,492**	**703,174**

Regions	External sales by customer location		Total assets (balance sheet total)	
(EUR thousand)	**2008**	2007	**2008**	2007
Germany	2,584,253	2,220,002	4,147,895	3,754,878
Other Europe	1,304,202	1,174,205	1,185,741	935,012
Americas	8,197,490	7,059,090	2,700,357	2,445,975
Asia	2,083,482	1,170,591	1,425,886	1,055,495
Australia	4,932,683	4,827,364	2,639,424	2,465,577
Africa	875	500	–	–
	19,102,985	**16,451,752**	**12,099,303**	**10,656,937**

Sales by division (external plus intersegment)		Profit/(loss) from operating activities (segment result)		EBITDA		Operating earnings (EBITA)	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
8,045,101	6,953,278	63,710	57,957	144,428	95,183	102,811	77,049
6,884,805	5,989,753	264,150	261,268	740,285	699,029	427,467	441,331
166,143	198,561	26,465	20,187	146,054	186,035	145,709	185,277
2,569,374	2,321,273	(53,092)	(165,640)	(8,825)	(114,069)	(29,625)	(131,742)
811,581	493,509	61,543	45,541	86,261	68,261	81,730	62,996
709,486	582,128	26,044	21,440	34,281	28,011	26,754	22,002
172,169	150,345	(78,311)	(117,861)	(74,124)	(110,480)	(78,791)	(117,433)
19,358,659	**16,688,847**	**310,509**	**122,892**	**1,068,360**	**851,970**	**676,055**	**539,480**

Share of profits and losses of equity-method associates and jointly controlled entities		Depreciation/ amortization		Impairments		Non-cash expenses	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
8,048	(1,877)	41,617	18,134	–	–	102,765	66,333
219,537	161,931	312,818	257,698	–	–	179,893	170,675
72,886	88,843	345	757	–	–	11,908	13,690
881	(1,062)	20,124	17,603	676	70	151,273	164,367
14,958	17,486	4,531	3,327	–	1,938	56,517	46,245
691	562	7,527	6,009	–	–	41,323	37,322
–	–	2,475	5,292	2,193	1,662	53,724	72,150
317,001	**265,883**	**389,437**	**308,820**	**2,869**	**3,670**	**597,403**	**570,782**

Purchases of financial assets		Total purchases		Total assets (balance sheet total)		Gross debt	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
2,961	191,017	37,010	215,307	2,618,403	2,354,004	2,499,969	2,205,823
466,524	726,613	1,005,237	1,364,945	3,908,115	3,521,243	2,691,515	2,610,256
27,558	130,746	27,739	131,251	1,445,245	1,471,819	980,316	974,021
5,673	3,205	53,499	29,463	2,001,738	1,880,959	1,645,356	1,465,205
7,788	9,396	11,087	12,588	1,304,410	1,156,955	1,215,909	1,103,017
–	10,051	11,112	16,481	306,201	304,756	205,521	218,157
–	1	10,312	4,168	515,191	(32,799)	(685)	(920,362)
510,504	**1,071,029**	**1,155,996**	**1,774,203**	**12,099,303**	**10,656,937**	**9,237,901**	**7,656,117**

Purchases	
2008	2007
42,139	52,484
32,376	68,465
55,086	213,994
71,151	509,095
955,244	930,165
–	–
1,155,996	**1,774,203**

Explanatory notes to the segmental data

Intersegment sales represent revenue generated between divisions and segments. They are transacted on an arm's length basis. 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)	2008	2007
Earnings from operating activities	310,509	122,892
+ Net income from participating interests	305,987	354,303
– Non-operating earnings	(+) 14,987	(+) 22,591
+ Interest credited*	44,572	39,694
Operating earnings (EBITA)	**676,055**	**539,480**

*The change in Group structure as of January 1, 2008 resulted in an adjustment relating to the interest credit. Unlike in the previous year's published reports, an interest credit is only recognized for the divisions within the construction module, i.e. HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe.

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. For the year under review, a negative figure of EUR 14,987,000 (2007: EUR 22,591,000) must be taken out of consolidated earnings from operating activities and reclassified as non-operating earnings. The 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 2008 and 2007. 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 and the effects of transfers to the HOCHTIEF pension fund 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. Changes in cash and cash equivalents due to consolidation changes amounted to a decrease of EUR 19,660,000 in 2008 (2007: increase of EUR 77,999,000), representing the balance of EUR 758,000 (2007: EUR 78,532,000) in additions to cash and cash equivalents from acquisitions and EUR 20,418,000 (2007: EUR 533,000) in cash and cash equivalents included in disposals.

The EUR 1,787,713,000 (2007: EUR 1,402,527,000) 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 1,743,000 (2007: EUR 2,165,000) in petty cash, EUR 1,063,771,000 (2007: EUR 817,630,000) in cash balances at banks and EUR 722,199,000 (2007: EUR 582,732,000) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents are subject to restrictions in the amount of EUR 1,364,000 (2007: EUR 2,119,000).

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.

Net cash provided by operating and financing activities in 2008 exceeded cash used in investing activities.

Net cash provided by operating activities included:
- Interest income of EUR 92,462,000 (2007: EUR 116,432,000)
- Interest expenses of EUR 195,326,000 (2007: EUR 105,452,000).
- Income taxes amounting to EUR 150,907,000 (2007: EUR 165,416,000).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 353,904,000 (2007: EUR 299,245,000).

The dividend distribution to HOCHTIEF's shareholders in 2008 was EUR 90,931,000 (2007: EUR 72,445,000). Dividends paid to minority shareholders totaled EUR 143,684,000 (2007: EUR 123,158,000).

The servicing expense for existing debt was EUR 1,089,334,000 (2007: EUR 298,722,000), compared with EUR 2,240,343,000 (2007: EUR 1,193,490,000) in new borrowing.

Group financial assets (current and non-current) at year-end were as follows:

(EUR thousand)	**Dec. 31, 2008**	Dec. 31, 2007
Cash and cash equivalents	1,787,713	1,402,527
Marketable securities	809,396	766,384
Non-current securities	359	347
Financial receivables (excluding long-term loans to participating interests)	116,984	120,348
Total financial assets	**2,714,452**	**2,289,606**
Bonds or notes issued, and amounts due to banks	2,707,175	1,789,671
Other financial liabilities	219,641	177,076
Financial liabilities	**2,926,816**	**1,966,747**
Net financial (liabilities)/assets	**(212,364)**	**322,859**

Financial assets are subject to certain restrictions on their use. Net financial assets are partly offset 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 664,536,000 (2007: EUR 557,669,000) and serve to fund contract costs. Cash call commitments on financial assets totaled EUR 138,107,000 (2007: EUR 203,197,000), mostly for PPP project companies in the HOCHTIEF Asia Pacific division. Group order exposure from awarded capital expenditure projects is EUR 364,426,000 (2007: 296,712,000) 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.

Additions to and disposals from the consolidated group decreased net financial assets by EUR 51,923,000 (2007: increase of EUR 20,902,000).

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 Asset GmbH 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)	2008	2007
Loans	308,952	308,274
Receivables	60,710	65,745
Payables	14	37
Sales	11,268	31,146
Goods and services purchased	299	295
Other operating income	169	113
Interest income	18,273	6,800

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 2007, 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 2008 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 2008, the Executive Board members received fixed compensation in a total amount of EUR 2,877,000, performance-linked compensation totaling EUR 2,959,000 and combined non-cash benefits of EUR 112,000. Long-term compensation components from LTIP 2008, amounting to EUR 2,492,000, were also allocated for fiscal 2008. Total compensation for the 2008 fiscal year thus amounts to EUR 8,440,000 (2007: EUR 9,606,000).

The granting of the first tranche of the newly launched Retention Stock Award plan (RSA 2008) resulted in a EUR 7,485,000 extraordinary increase in the total compensation amount, raising total compensation for fiscal 2008 to 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. As of the audit date of the consolidated financial statements, plans launched in the past and still in force had lost about half of their value as of the grant date. Some of the stock appreciation rights plans are currently valueless due to the high issue price.

The present value of pension benefits for former Executive Board members is EUR 31,976,000 (2007: EUR 31,810,000). 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 3,116,000 in 2008 (2007: EUR 2,822,000).

Total compensation for the members of the Supervisory Board came to EUR 1,897,000 (2007: EUR 1,793,000).

39. Auditing fees

Fees for services provided by auditors Deloitte & Touche were paid and recognized as expenses as follows:

(EUR thousand)	2008	2007
Financial statement audits	4,137	3,477
Of which in Germany	[1,423]	[1,362]
Other auditing and valuation services	212	552
Of which in Germany	[45]	[355]
Tax consulting	639	967
Of which in Germany	[184]	[240]
Other services for HOCHTIEF Aktiengesellschaft or subsidiaries	39	106
Of which in Germany	[–]	[81]
	5,027	**5,102**

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. 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 to stockholders for HOCHTIEF Aktiengesellschaft.

41. Events since the balance sheet date

Events subsequent to the reporting period are outlined under “Post balance-sheet events” on page 123.

42. Waiver of disclosure pursuant to Section 264 (3) (and Section 264b) of the German Commercial Code

The following domestic fully consolidated subsidiaries made partial use of the exempting provision in Section 264 (3) of the German Commercial Code in the 2008 fiscal year:

A.L.E.X.-Bau GmbH, Essen,
car.e Facility Management GmbH, Wolfsburg,
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,
Eurafrica Baugesellschaft mbH, Essen,
HOCHTIEF Americas GmbH, Essen,
HOCHTIEF Asia Pacific GmbH, Essen,
HOCHTIEF Aurestis Beteiligungsgesellschaft 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 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,
Starkenberger Baustoffwerke GmbH, Naundorf,
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 2008 in the amount of EUR 98,000,000.00 will be used to pay a dividend of EUR 1.40 per eligible no-par-value share, and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 9,799,584.20, 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 1.40 per eligible no-par-value share.

Subsidiaries, Associates and Other Significant Participating Interests of the HOCHTIEF Group at December 31, 2008

	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			551,536	–[1]
The Turner Corporation, Dallas, USA	100[2]	USD	424,247	304,843	34,324[3]
Flatiron Construction Corp., Delaware, USA	100[2]	USD	91,957	66,076	23,366[3]
HOCHTIEF do Brasil S. A., São Paulo, Brazil	91.5[2]	BRL	30,773	9,487	(23,776)
HOCHTIEF Asia Pacific Division					
HOCHTIEF Asia Pacific GmbH, Essen	100			1,126,040	–[1]
Leighton Holdings Limited, Sydney, Australia	55[2]	AUD	2,383,472	1,175,624	267,883[3]
HOCHTIEF Concessions Division					
HOCHTIEF AirPort					
HOCHTIEF AirPort GmbH, Essen	100			135,000	–[1]
Airport Partners GmbH, Düsseldorf	40[2]			138,807	15,993
HAP Hamburg Airport Partners GmbH & Co. KG, Hamburg	71[2]			395,190	21,214
Sydney Airport Intervest GmbH, Essen	51[2]			210,425	30,594
HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG, Essen	100[2]			1,205	4,347
HOCHTIEF PPP Solutions					
HOCHTIEF PPP Solutions GmbH, Essen	100			15,127	–[1]
HOCHTIEF PPP Solutions Chile Limitada, Santiago de Chile, Chile	100[2]	CLP	36,908,289	40,968	553
HOCHTIEF PPP SOLUTIONS (UK) Limited, Swindon, UK	100[2]	GBP	1,592	1,672	(4,771)
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]			(1,526)	535
HOCHTIEF (UK) CONSTRUCTION Ltd., Swindon, UK	100[2]	GBP	7,403	7,772	131
HOCHTIEF CZ a.s., Prague, Czech Republic	100[2]	CZK	1,071,049	39,854	4,384
HOCHTIEF Polska Sp. z o.o., Warsaw, Poland	99.83[2]	PLN	120,167	28,931	14,749
OOO HOCHTIEF, Moscow, Russia	100[2]	RUB	83,043	2,011	1,220
HOCHTIEF Construction Qatar W.L.L., Doha, Qatar	49[2]	QAR	44,646	8,700	8,272
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]			16,532	–[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	8,309	–
Builders' Credit Reinsurance Company S.A., Steinfort, Luxembourg	100[2]	USD	6,000	4,311	–
II. Equity-method investments					
HOCHTIEF Concessions Division					
HOCHTIEF AirPort					
Budapest Airport Zrt., Budapest, Hungary	49.67[2]			446,913[4]	2,234[4]
Flughafen Düsseldorf GmbH, Düsseldorf	50[2]			139,874[4]	32,511[4]
Flughafen Hamburg GmbH, Hamburg	49[2]			63,760[4]	–[1]
Athens International Airport S.A., Athens, Greece	26.67[2]			404,634[4]	93,977[4]
Tirana International Airport SHPK, Tirana, Albania	47[2]			22,033[4]	5,705[4]
HOCHTIEF PPP Solutions					
HERRENTUNNEL LÜBECK GmbH & Co. KG, Lübeck	50[2]			(3,367)[4]	(4,217)[4]
Sociedad Concesionaria Autopista Vespucio Norte Express S.A., Santiago de Chile, Chile	17.95[2]	CLP	59,210,427[4]	65,724[4]	4,142[4]
Sociedad Concesionaria Túnel San Cristobal S. A., Santiago de Chile, Chile	50[2]	CLP	6,517,231[4]	7,234[4]	–[4]
HOCHTIEF Real Estate Division					
Aurelis Asset GmbH, Eschborn	50[2]			319,592[5]	37,731[5]
III. Other companies					
HOCHTIEF Concessions Division					
HOCHTIEF AirPort					
Southern Cross Airports Corporation Holdings Limited, Sydney, Australia	13.27[2]	AUD	1,231,896[4]	607,620[4]	136,148[4]

[1] Profit/loss transfer agreement
[2] Indirect shareholding
[3] Consolidated result for group
[4] Fiscal 2007 figures
[5] Provisional figures for fiscal 2008

Boards

* Supervisory Board member representing employees
a) Membership in other supervisory boards prescribed by law (as of December 31, 2008)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2008)

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 *
Butzbach, Deputy Chairman,
Works Council Chairman, HOCHTIEF Construction AG, Southwest Division
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 Industrial, S.A.
Dragados Servicios Portuarios y Logísticos, S.A.
Energías Ambientales de Somozas, S.A. (Chairman)
Energías Ambientales de Novo, S.A. (Chairman)
Energías Ambientales de Vimianzo, 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.
Unión Fenosa, S.A.
Xfera Móviles, S.A. (Chairman)

Alois Binder *
Wyhl, Deputy Works Council Chairman, HOCHTIEF Construction AG, Southwest Division

Detlev Bremkamp
Munich, former member of the Board of Management, Allianz AG, Munich
a) Asea Brown Boveri 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
a) HOCHTIEF Construction AG

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

Dr. jur. Dietmar Kuhnt
Essen, former Chairman of the Executive Board of RWE AG, Essen
– until September 9, 2008 –
a) BDO Deutsche Warentreuhand AG
Dresdner Bank AG
GEA Group AG
Hapag-Lloyd AG
TUI AG

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) Münchener Rückversicherungs-Gesellschaft AG
b) Koc Holding A.S. Istanbul

Professor Dr. rer. nat. Dipl.-Chem. Wilhelm Simson
Munich, former Chairman of the Board of Management, E.ON AG, Düsseldorf
a) E.ON AG
Frankfurter Allgemeine Zeitung GmbH
Merck KGaA (Chairman)
b) E. Merck OHG
Freudenberg & Co. Kommanditgesellschaft
Jungbunzlauer Holding AG

Tilman Todenhöfer
Stuttgart, Managing Partner, Robert Bosch Industrietreuhand KG, Stuttgart
– from September 10, 2008 –
a) Deutsche Bank AG
Robert Bosch GmbH
b) Robert Bosch Internationale Beteiligungen AG (President)

Marcelino Fernández Verdes
Madrid, Presidente de las Áreas de Construcción y 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', Frankfurt am Main
a) Zusatzversorgungskasse des Baugewerbes VVaG (Chairman)

Supervisory Board Committees

Ad hoc Committee (until February 26, 2008)
Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Gerhard Peters
Detlev Bremkamp
Klaus Wiesehügel

Nomination Committee
Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Professor Dr.-Ing. Hans-Peter Keitel (from September 10, 2008)
Dr. jur. Dietmar Kuhnt (until September 9, 2008)
Professor Dr. rer. nat. Wilhelm Simson

Human Resources Committee
Dr. rer. pol. h. c. Martin Kohlhaussen (Chairman)
Gerhard Peters (Deputy Chairman)
Alois Binder
Professor Dr.-Ing. Hans-Peter Keitel
(from September 10, 2008)
Dr. jur. Dietmar Kuhnt (until September 9, 2008)
Professor Dr. rer. nat. Wilhelm Simson

Audit Committee
Detlev Bremkamp (Chairman from September 10, 2008)
Gerhard Peters (Deputy Chairman)
Ángel García Altozano
Alois Binder
Günter Haardt
Dr. rer. pol. h. c. Martin Kohlhaussen (from September 10, 2008)
Dr. jur. Dietmar Kuhnt (until September 9, 2008)

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. Hans-Peter Keitel
(from September 10, 2008)
Dr. jur. Dietmar Kuhnt (until September 9, 2008)
Klaus Wiesehügel

Executive Board

Dr.-Ing. Herbert Lütkestratkötter
Essen, Chairman
a) HOCHTIEF Construction AG (Chairman)
HOCHTIEF Facility Management GmbH
ThyssenKrupp Elevator AG
TÜV Rheinland Holding AG
b) The Turner Corporation
Leighton Holdings Limited

Attorney-at-law Albrecht Ehlers
Herdecke, Executive for Labor Relations
a) Glunz AG
HOCHTIEF Facility Management GmbH (Chairman)
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
a) HOCHTIEF Construction AG
b) Leighton Holdings Limited

Dr. rer. pol. Peter Noé
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
a) Flughafen Hamburg GmbH (Chairman)
HOCHTIEF Construction AG
b) Flatiron Holding, Inc.

Representative Director

Attorney-at-law Hartmut Paulsen, Düsseldorf

Index

Glossary

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.

Captive insurance arrangements
Business-related insurance risks are covered by the Group itself up to a predefined maximum that depends on financial resources and risk philosophy. The most frequently encountered methods are to build in a substantial deductible (per claim or per year, for example) before an insurance policy provides coverage or to have Group-owned (re)insurance companies, known as captives.

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.

CIP team
The Continuous Improvement Process team.

Code of Conduct
Binding code of conduct for HOCHTIEF employees, summarizing ethical principles at HOCHTIEF.

Compliance
Compliance with prevailing law and HOCHTIEF's internal directives and standards.

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.

Contractual trust arrangement (CTA)
A contractual trust arrangement is essentially a form of company pension fund where the fund's assets have been transferred to a legal entity separate from the company. The company is free to decide the timing and size of asset transfers to the CTA. The terms of contract stipulate that transferred assets are exclusively and irrevocably dedicated to meeting and funding the company's pension obligations. A CTA is thus a way of meeting pension liabilities through a trust fund.

EU 27
The 27 member states of the European Union.

Hedge accounting
Hedge accounting denotes the accounting treatment of two or more transactions that are in a designated hedging relationship. The transactions are such that each wholly or partly offsets the risk inherent in the other. One of the two transactions is generally referred to as the hedged item (the transaction giving rise to the risk) and the other as the hedging instrument (the transaction hedging the risk). The two transactions must be viewed jointly when determining whether they qualify for hedge accounting. According to International Financial Reporting Standards, the hedge accounting treatment can only be applied if the hedged item and hedging instrument qualify for hedge accounting, the hedging relationship is documented at the inception of the hedge, the hedge is expected to be highly effective and its effectiveness can be reliably measured and demonstrated at the inception of the hedge and in subsequent periods.

Further terms and explanations are provided on the HOCHTIEF website, www.hochtief.com.

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.

Procurement Visibility (ProVis)
System providing transparency about all procurement activities across the Group. This ensures, for example, that procurement needs can be combined for award to reliable subcontractors. The system is supported by a software tool for collection and analysis of procurement data from throughout the Group. Units thus have access to Group-wide procurement information.

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.

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

			2004	2005*	2006	2007	**2008**
New orders		EUR million	15,587	15,599	20,565	23,509	**25,284**
	Of total:	domestic	2,754	2,545	1,744	3,192	**2,549**
		international	12,833	13,054	18,821	20,317	**22,735**
Work done		EUR million	13,107	14,854	16,719	18,773	**21,643**
	Of total:	domestic	2,389	2,383	2,222	2,410	**2,824**
		international	10,718	12,471	14,497	16,363	**18,819**
Order backlog at year-end		EUR million	18,715	21,096	25,134	29,894	**30,922**
	Of total:	domestic	3,210	3,325	2,799	3,904	**3,583**
		international	15,505	17,771	22,335	25,990	**27,339**
Employees (average for year)	Total	Number	36,409	41,469	46,847	52,449	**64,527**
	Of total:	domestic	9,423	9,761	9,639	10,152	**11,004**
		international	26,986	31,708	37,208	42,297	**53,523**
External sales		EUR million	11,944	13,653	15,466	16,452	**19,103**
Decrease/increase on prior year		%	13.4	14.3	13.3	6.4	**16.1**
Materials		EUR million	9,151	10,422	11,682	12,327	**14,251**
Materials ratio		%	76.6	76.3	75.5	74.9	**74.6**
Personnel costs		EUR million	1,835	2,162	2,584	2,807	**3,266**
Payroll ratio		%	15.4	15.8	16.7	17.1	**17.1**
Depreciation and amortization		EUR million	263	287	325	312	**392**
Profit from operating activities		EUR million	156	280	179	123	**311**
Net income from participating interests		EUR million	34	63	130	354	**306**
Net investment and interest income		EUR million	(3)	(6)	29	24	**(97)**
Profit before taxes		EUR million	187	337	338	501	**520**
Of which:	Americas	EUR million	42	48	59	76	**77**
	Asia Pacific	EUR million	109	203	262	404	**327**
	Concessions	EUR million	–**	–**	–**	155	**110**
	Europe	EUR million	29	42	2	(149)	**(34)**
	Real Estate	EUR million	–**	–**	–**	59	**54**
	Services	EUR million	–**	–**	–**	20	**23**
Return on sales		%	1.6	2.5	2.2	3.0	**2.7**
Profit after taxes		EUR million	81	156	201	341	**342**
Return on equity		%	4.3	7.1	8.6	11.4	**12.0**
Consolidated net profit		EUR million	41	68	89	141	**175**
EBITDA		EUR million	490	652	652	852	**1,068**
Operating earnings (EBITA)		EUR million	227	366	327	539	**676**
Of which:	Americas	EUR million	55	55	60	77	**103**
	Asia Pacific	EUR million	119	220	277	441	**427**
	Concessions	EUR million	–**	–**	–**	185	**146**
	Europe	EUR million	26	27	(3)	(132)	**(30)**
	Real Estate	EUR million	–**	–**	–**	63	**82**
	Services	EUR million	–**	–**	–**	22	**27**
Earnings per share		EUR	0.65	1.07	1.37	2.07	**2.52**
Dividend per share		EUR	0.75	0.90	1.10	1.30	**1.40**
Dividends paid		EUR million	53	63	77	91	**98**
RONA[1]		%	8.7	13.1	12.1	14.9	**13.5**
Free cash flow[2]		EUR million	179	336	486	(945)	**(635)**

* Restated due to first-time application of IAS 19

** Division only in existence since change in Group structure effective January 1, 2008

[1] Return on capital has been measured using RONA since 2005. The 2004 figures are adjusted to the new measurement system for comparison purposes.

[2] Free cash flow: Net cash provided by operating activities and net cash used for investing activities

		2004	2005	2006	2007	2008
Assets						
Intangible assets	EUR million	297	330	397	505	**483**
Property, plant and equipment	EUR million	666	682	752	1,028	**1,120**
Investment properties	EUR million	234	207	46	41	**43**
Financial assets	EUR million	959	913	951	2,018	**2,099**
Other non-current assets	EUR million	383	248	267	666	**653**
Non-current assets	**EUR million**	**2,539**	**2,380**	**2,413**	**4,258**	**4,398**
As % of total assets		34.9	29.5	28.9	40.0	**36.4**
Inventories	EUR million	49	35	73	120	**131**
Receivables and other assets	EUR million	2,935	3,622	3,542	4,110	**4,973**
Marketable securities and cash and cash equivalents	EUR million	1,762	2,024	2,328	2,169	**2,597**
Current assets	**EUR million**	**4,746**	**5,681**	**5,943**	**6,399**	**7,701**
As % of total assets		65.1	70.5	71.1	60.1	**63.6**
Total assets	**EUR million**	**7,285**	**8,061**	**8,356**	**10,657**	**12,099**
Liabilities and Shareholders' Equity						
Attributable to the Group	EUR million	1,549	1,665	1,808	2,298	**1,966**
Minority interest	EUR million	356	537	538	703	**895**
Shareholders' equity	**EUR million**	**1,905**	**2,202**	**2,346**	**3,001**	**2,861**
As % of total assets		26.1	27.3	28.0	28.2	**23.6**
As % of non-current assets		75.0	92.5	97.2	70.5	**65.1**
Non-current provisions	EUR million	512	365	230	345	**435**
Non-current financial liabilities	EUR million	702	831	772	1,324	**1,678**
Other non-current liabilities	EUR million	71	96	82	162	**313**
Non-current liabilities	**EUR million**	**1,285**	**1,292**	**1,084**	**1,831**	**2,426**
As % of total assets		17.6	16.0	13.0	17.2	**20.1**
Current provisions	EUR million	578	644	789	755	**715**
Current financial liabilities	EUR million	472	257	272	643	**1,248**
Other current liabilities	EUR million	3,045	3,666	3,865	4,427	**4,849**
Current liabilities	**EUR million**	**4,095**	**4,567**	**4,926**	**5,825**	**6,812**
As % of total assets		56.3	56.7	59.0	54.6	**56.3**
Total liabilities and shareholders' equity	**EUR million**	**7,285**	**8,061**	**8,356**	**10,657**	**12,099**
Property, plant and equipment ratio[3]	%	9.1	8.5	9.0	9.6	**9.3**
Capital expenditure, including acquisitions total	EUR million	678	574	1,044	1,774	**1,156**
Of total: Intangible assets	EUR million	12	11	11	6	**13**
Of total: Property, plant and equipment	EUR million	427	486	727	697	**633**
Of total: Investment properties	EUR million	1	–	–	–	**–**
Of total: Financial assets	EUR million	238	77	306	1,071	**510**
Capital expenditure ratio[4]	%	20.1	20.7	31.0	25.0	**21.9**
Depreciation and amortization ratio[5]	%	59.7	57.8	44.0	44.4	**60.8**
Receivables turnover[6]		4.7	4.5	4.6	4.7	**4.6**
Total assets turnover[7]		1.6	1.8	1.9	1.7	**1.7**
Net financial assets/(liabilities)	EUR million	676	1,033	1,387	323	**(212)**

[3] Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets

[4] Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition

[5] Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties

[6] Receivables turnover: Ratio of external sales to average trade receivables

[7] Total assets turnover: Ratio of external sales to average total assets

Publication Details and Credits

Published by:
HOCHTIEF Aktiengesellschaft
Opernplatz 2, 45128 Essen, Germany
Tel.: +49 201 824-0, Fax: +49 201 824-2777
info@hochtief.de, www.hochtief.com

Investor relations contact:
HOCHTIEF Investor Relations
Opernplatz 2, 45128 Essen, Germany
Tel.: +49 201 824-2127, Fax: +49 201 824-2750
investor-relations@hochtief.de

Design, text and editing:
HOCHTIEF Corporate Communications, UKom Agency;
Protext, Cologne
Tafel, Thillmann & Kollegen, Düsseldorf/Cologne

English adaptation:
Burton, Münch & Partner, Düsseldorf

Photographers:
Christoph Schroll, HOCHTIEF
Chun Y Lai Photography, New York

Other photo credits:
Computer visualization: HOCHTIEF ViCon
HOCHTIEF photo archive, Essen
Leighton Holdings, Sydney
Turner Construction, New York
©iStockphoto.com/StephanHoerold, Berlin
gettyimages/Martin Barraud/Lauri Rotko/Alix Minde/
Digital Vision, Munich
mauritius images/Banana Stock/Radius Images, Mittenwald
corbis/Simon Jarratt/DiMaggio/Kalish/Trinette Reed,
Düsseldorf

Imaging work, typesetting and prepress:
Creafix GmbH, Solingen

Printed by:
Bacht Grafische Betriebe und Verlag GmbH, Essen

This annual report is printed on environment-friendly Aleo coated paper made of 50 percent certified virgin fiber from sustainably managed forest certified in accordance with the rules of the Forest Stewardship Council (FSC) and 50 percent recycled fiber (including 25 percent post-consumer fiber).

Aleo is produced exclusively in ISO 9001, ISO 14001 and EMAS-certified factories.

Financial Calendar

May 7, 2009
General Shareholders' Meeting
10:30 a.m., Congress Center Essen, West Entrance,
Norbertstrasse, Essen

May 14, 2009
Quarterly Report at March 31, 2009
Conference Call with Analysts and Investors

August 14, 2009
Half-Year Report at June 30, 2009
Analysts' and Investors' Conference

November 12, 2009
Fall Press Conference
Interim Report at September 30, 2009
Conference Call with Analysts and Investors

March 25, 2010
Business Results Press Conference
Analysts' and Investors' Conference

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

This annual report is a translation of the original German version, which remains definitive.

The editorial deadline for this annual report was February 23, 2009; the report was published on March 25, 2009.

HOCHTIEF Annual Report 2008

HOCHTIEF Aktiengesellschaft
Opernplatz 2, 45128 Essen