



Annual Report 2009

Cover photo

Ample renewable energy for 60,000 households: Lilgrund, Sweden's largest offshore wind farm, has been constructed off the coast of Malmö. HOCHTIEF Construction was responsible for laying the heavy foundations, which involved anchoring these concrete components, each of which weighed 1,200 metric tons, to the sea floor. Today, the forward-looking project features 48 large wind turbines and a transformer station and produces up to 350 gigawatt-hours of energy.

Contents

Report of the Executive Board	4
Executive Board	5
Report of the Supervisory Board	6
Management Report	9
Business activities.....	9
Organization.....	10
Markets.....	13
Orders and work done.....	16
Strategy	18
Sustainability.....	21
Research and development.....	23
Employees	24
Procurement	25
Financial review.....	26
Risk report	27
Projects of HOCHTIEF Construction AG and its subsidiaries.....	29
Looking ahead	39
Financial Statements and Notes	41
Financial statements of HOCHTIEF Construction AG for the fiscal year January 1 – December 31, 2009.....	41
Balance sheet	41
Statements of earnings	42
Movements in fixed assets.....	43
Notes to the 2009 financial statements of HOCHTIEF Construction AG	45
Explanatory notes on the balance sheet	47
Explanatory notes on the statement of earnings.....	50
Boards	53
List of holdings.....	54
Auditor's Report	55

Report of the Executive Board

Dear Readers,

HOCHTIEF Construction AG is an internationally active, service-oriented construction company embodying the traditional core business of the HOCHTIEF Group. We see ourselves as a service provider to our clients, for whom we design innovative business models and forward-looking service solutions. In 2009, we continued to step up our activities in the growing market for offshore wind farms, for example, where HOCHTIEF Construction is now one of the leading providers of large-scale equipment such as jack-up platforms.

In the year under review, construction activity in Germany declined slightly compared with 2008. By contrast, HOCHTIEF Construction's international business delivered another upbeat performance, as exemplified by the largest contract win in our company's history: the contract to construct the exclusive commercial avenue in the Qatari capital Doha. This trend, the clear focus on profitable segments and our strict criteria in order taking meant that our operating earnings and pretax earnings continued to increase in the reporting period. The Rhineland Halls/Rhine Park legacy project in Cologne had a negative impact, however.

Now that our company's restructuring has largely been completed, HOCHTIEF Construction's medium-term goal is to become one of Europe's most profitable construction companies. In order to achieve this goal and significantly increase earnings by 2013, we have defined five key strategic issues on which to focus as part of our program. We intend to arrive at more equitable prices, boost efficiency, increase sales in profitable markets and with risk-optimized business models, and attain more profitable market positions. The LEAD5! implementation program launched in the year under review aims to actively engage all employees in supporting HOCHTIEF Construction's ambitious plans.

Our ability as a member of the HOCHTIEF network to offer clients end-to-end service packages—from the design and financing through to the construction and operation of infrastructure facilities and real estate—opened up fresh sales and earnings potential for us in the period under review. For instance, in 2009, we secured further public-

private partnership contracts in cooperation with HOCHTIEF PPP Solutions. The working relationship with sister companies HOCHTIEF Property Management and HOCHTIEF Facility Management also bore fruit.

In fiscal year 2009, we also continued to expand our strong positions in the growing green building and renewable energy segments, where HOCHTIEF Construction ranks among the frontrunners. When it comes to developing high-quality residential real estate, our company plays a leading role in Germany.

In a still challenging economic environment, we therefore have good reason to look to the future with optimism. HOCHTIEF Construction is well placed to meet tomorrow's challenges and achieve its ambitious goals.

A word of thanks must go to our clients and business partners for trusting in us again in 2009 and for their open dialog. This close cooperation is one of the cornerstones underpinning our continued success. We would also like to thank HOCHTIEF Construction's employees. Their exceptional commitment, considerable expertise and loyalty make us ever stronger.

Essen, January 26, 2010

Sincerely yours,
Henner Mahlstedt

Dipl.-Ing. Henner Mahlstedt

Executive Board



**Executive Board of
HOCHTIEF Construction AG:
Heiner Helbig and Henner
Mahlstedt**

Dipl.-Kfm. Heiner Helbig (born 1957), Hilden

holds a degree in business administration and joined HOCHTIEF in 1998. He initially assumed management responsibilities at HOCHTIEF Construction AG's Northwest division and then became a member of the Management Board of HOCHTIEF Development. Heiner Helbig has also served as Managing Director of HOCHTIEF Projektentwicklung GmbH and HOCHTIEF PPP Solutions GmbH, and as a member of the Supervisory Board of HOCHTIEF Construction AG. He was appointed to the Executive Board of HOCHTIEF Construction AG in October 2005 and has since been responsible for the following functions: procurement, finance and accounting, controlling, IT strategy, legal affairs, auditing, tax and insurance. Heiner Helbig is additionally responsible for subsidiary HOCHTIEF Global Trade GmbH and the formart business.

**Dipl.-Ing. Henner Mahlstedt (born 1953), Essen,
Chairman of the Executive Board**

studied civil engineering and joined HOCHTIEF Construction AG in 2003 as Management Chairman of the East division. Since October 2005, he has been a member of the Executive Board of HOCHTIEF Construction AG. In April 2007, he assumed the role of Chairman of the Executive Board and Human Resources Director of HOCHTIEF Construction AG. In fiscal year 2009, his scope of responsibility included the Building, Civil Europe and Construction International divisions together with the companies under them and Streif Baulogistik GmbH. At the service level, Henner Mahlstedt is in charge of the strategy and risk management departments. He is also responsible for personnel and communications as well as HOCHTIEF Consult.

Report of the Supervisory Board

Throughout fiscal year 2009, the Supervisory Board performed the tasks required of it by law and the Company's Articles of Association and consistently oversaw and advised the Executive Board in its management of the Company. The Executive Board provided the Supervisory Board with regular written and verbal reports containing full and timely information on the economic situation, the development of both the Company and its subsidiaries, their business policy plans, corporate planning, risk management and specific material transactions. The Supervisory Board covered these reports in depth at its meetings, discussed them with the Executive Board and made the necessary decisions. There was no cause to initiate measures, such as inspection of the Company's books or documents, under the first sentence of Section 111 (2) of the German Stock Corporations Act (AktG).

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.

At four meetings, the Supervisory Board held extensive discussions on fundamental aspects of business policy, risk management, trends in orders and earnings, the Company's financial position and the employment situation in the individual corporate units. The Executive Board explained to the Supervisory Board in detail any variance between the actual course of business and the business plans and targets.

At all four meetings, the Supervisory Board devoted considerable attention to the status of the Company's business and in doing so gave particular consideration to the financial market crisis. Here, it focused on the impact on the building construction market in Germany and Europe and the resulting capacity utilization rate in the Building division. The government economic stimulus programs were also discussed.

Another main topic of discussion was the completion of selected legacy or loss-making projects, in particular the Rhinewise Halls/Rhine Park project in Cologne. Among other things, the focus here was on the project results and an analysis of the causes of the losses. In the case of the Rhinewise Halls/Rhine Park project, the contractual position and the negotiations on the project's acceptance were also discussed in detail. The Supervisory Board examined and discussed the Executive Board's reports.

The Supervisory Board dealt, additionally, with the Company's restructuring and the pricing project. Another key topic of discussion was the development of the Company's strategy, including an analysis of existing strengths and weaknesses, and the implementation of the new strategy in multiple stages. As in previous years, the Supervisory Board also discussed the development of the European construction markets and the European competitive environment.

With regard to human resources, the Supervisory Board devoted special attention to the situation of the workforce and measures to provide them with training and continuing education.

The Supervisory Board Human Resources Committee met twice during fiscal year 2009 and took further decisions by circular resolution. It was not necessary to convene a meeting of the Mediation Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG).

The annual Financial Statements and Management Report of HOCHTIEF Construction AG prepared by the Executive Board for fiscal year 2009, together with the bookkeeping system, were audited by and received an unqualified auditors' report from the Essen branch of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the auditors appointed by the General Shareholders' Meeting on April 29, 2009 and instructed by the Supervisory Board to perform the audit of the annual Financial Statements.

The annual Financial Statements, the Management Report and the auditor's report were submitted to all members of the Supervisory Board in good time prior to the financial statements meeting on March 10, 2010. The Executive Board also provided verbal explanations at the financial statements meeting. The auditors who signed the audit report took part in the Supervisory Board discussions on the above documents, during which they reported on the main results of the audit and were available to provide further information. Following its own appraisal, the Supervisory Board approved the results of the auditor's audit of the annual Financial Statements.

The Supervisory Board examined the annual Financial Statements and the Management Report and concluded on completion of its examination that there were no objections to be raised. The Supervisory Board has approved the annual Financial Statements, which are thus adopted.

Mr. Olaf Hasselmann, Mr. Günter Haardt and Mr. Slawomir Lachowski retired from the Supervisory Board on March 31, 2009, May 7, 2009 and September 29, 2009 respectively. The Supervisory Board thanks these gentlemen for their dedicated service, trusted cooperation and expert advice.

By resolution of Essen Local Court, Mr. Klaus Brix was appointed a member of the Supervisory Board effective March 20, 2009 and Mr. Gregor Asshof was appointed a member of the Supervisory Board effective May 26, 2009. At an Extraordinary Shareholders' Meeting, Dr. Frank Stieler was elected a member of the Supervisory Board effective September 30, 2009.

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

Essen, March 10, 2010



Dr.-Ing. Herbert Lütkestratkötter
– Chairman –
On behalf of the Supervisory Board

In Hamburg, we are revitalizing “Emporio,” a 24-story office tower under a preservation order, in accordance with the latest developments in sustainable construction. This will lead to low energy consumption and a substantial reduction in carbon emissions. An exclusive new building is also being built with offices and a hotel.



Management Report

Business Activities

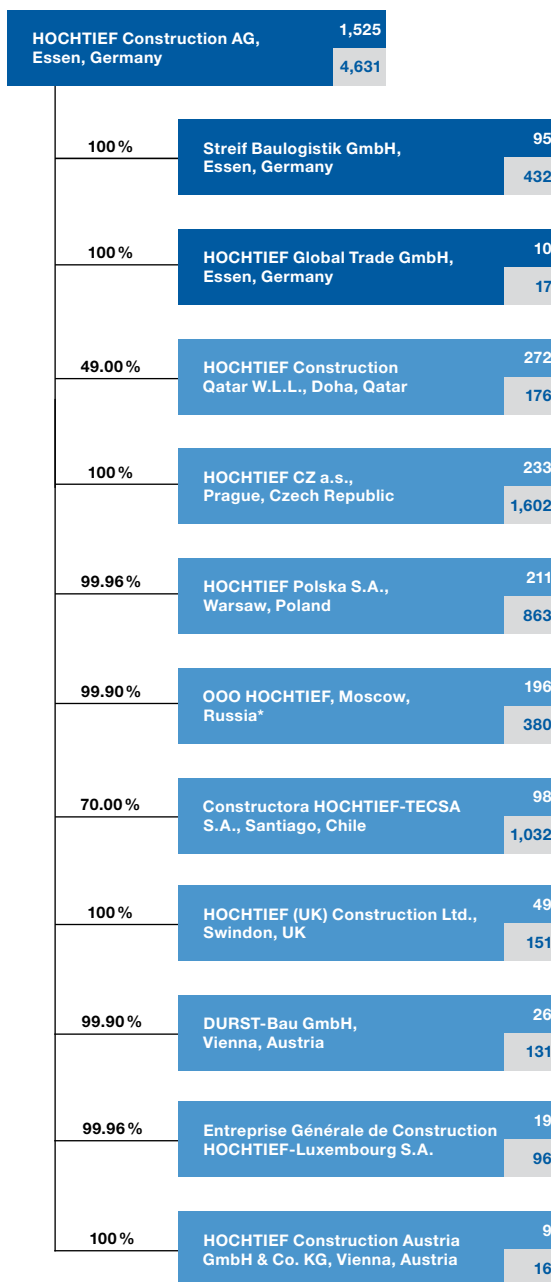
HOCHTIEF Construction AG is a service-driven construction company which unites the traditional core activities of the HOCHTIEF Group. With our products and services, we create living space in many places and in many different ways—both within Germany and in an increasingly large number of other countries and regions. As a subsidiary of HOCHTIEF Aktiengesellschaft, we have a long-established name for expertise in complex infrastructure services. Our innovative, customer-focused, eco-friendly accomplishments first and foremost reflect the dedication of our highly motivated workforce, allowing us to generate tangible added value for our clients.

HOCHTIEF Construction's business, in contrast to mass manufacture, primarily centers on crafting one-of-a-kind solutions. This requires us to master the challenge of matching planning and construction processes to each new assignment. For every infrastructure project and every building, we fashion a custom-made production process around the specific needs of the contract in hand. So we can deliver the best service and quality for our clients, we work hard to support them from early in the planning stage. With this specific purpose in mind, we developed our partnership-based PreFair contracting model, which we have successfully applied with numerous project partners. This enables HOCHTIEF Construction not only to optimize construction processes but also to provide service on request through the entire project life cycle. We are able to do this through close cooperation with other HOCHTIEF companies and our subsidiaries.

HOCHTIEF Construction operates with a network of subsidiaries, business units and offices in Western Europe and the still expanding Eastern European markets.

Outside Europe, we undertake complex infrastructure and building construction projects in Arab countries and other regions.

Main subsidiaries of HOCHTIEF Construction AG



- Consolidated, with profit/loss transfer agreement
- Consolidated
- Work done (EUR million)
- Employees (average over the year)

Figures relating to work done and employees in our reporting include only fully consolidated companies belonging to the HOCHTIEF Group, and refer to the 2009 fiscal year.

*including operating location HOCHTIEF Russia

Organization

We continued in 2009 with the process of streamlining our organizational structure. The success of these activities is reflected in effective risk management, enhanced market development and faster decision making.

Building division

We made various organizational changes in the Building division which, alongside the building construction business in Germany, mostly consists of the Shell Construction/Industrial Construction and Residential Construction competence centers as well as the former real estate development unit.

Our Austrian subsidiary Durst-Bau is now even more sharply focused on prime residential property in the Vienna region. To generate synergies with other HOCHTIEF units in this lucrative segment, we transferred the company in 2009 to former, our real estate development arm. The Durst-Bau Innsbruck business office—specializing in Alpine infrastructure projects—has been integrated into HOCHTIEF Construction, where it is now part of the Civil Engineering and Traffic Operating Systems business unit.

The Residential Construction segment has been brought under unified management. This allows us to further standardize processes across the regions and provide better-than-ever service for clients with a transregional presence.

We responded to the trend toward individual contract awards—a trend amplified by the financial crisis and rising construction prices—with the launch of Deutsche Bau-management GmbH in Frankfurt. Our new company performs construction management, structuring and executing projects that are put out to the market individually. An advantage of this new model for HOCHTIEF Construction is that such projects involve us accepting only a low level of risk. Commercial responsibility for each project remains with the client.

Civil Europe division

The Civil Europe division primarily consists of competence centers for segments such as tunneling, marine works and power plants alongside our UK and Austrian infrastructure

companies. Two business units—Civil Engineering and Traffic Operating Systems, and Transportation Projects and Tunneling—serve as our competence centers for infrastructure projects in Germany. The Civil Engineering and Environmental business unit mainly specializes in the construction of wastewater treatment plants. With a view to anticipated synergies on infrastructure projects, we transferred HOCHTIEF Bulgaria from the Construction International division to the Civil Europe division.

Construction International division

The Construction International division is responsible for various business units, among them Major International Projects in charge of large-scale projects in Europe and elsewhere. Construction International also heads the HOCHTIEF units in countries such as South Africa, Chile and Qatar. The Construction International division likewise includes our subsidiaries in the Czech Republic, Poland and Russia, as well as our Romania business unit. HOCHTIEF Polska was reincorporated as a Polish stock corporation for the start of the new fiscal year.

HOCHTIEF Consult

Our HOCHTIEF Consult unit has evolved into one of the largest engineering consultancies in Germany. Its top-caliber team boasts well above-average expertise and longstanding experience in all key construction service segments. This includes turnkey building construction, civil and structural engineering, transportation infrastructure and construction management services. We deploy the expert capabilities of HOCHTIEF Consult chiefly in bid preparation, on design and construct contracts and in the solution of technically complex challenges in contract execution. During the year under review, we expanded the unit by adding a Real Estate Service competence center, which specializes in building diagnosis and sustainability. The new competence center also advises public-sector clients in infrastructure matters.

Streif Baulegistik

This HOCHTIEF Construction subsidiary delivers all construction site logistics services in a modular package. With its all-round capability portfolio, Streif Baulegistik is among the leading service providers in the construction site infra-

HOCHTIEF Construction AG

CEO Communications, personnel, risk management, strategy

CFO Controlling, procurement, finance and accounting, IT strategy, legal affairs, auditing, tax, insurance

Building

Turnkey Construction

Berlin

Frankfurt

Hamburg

Leipzig

Munich

North Rhine-

Westphalia

PPP

Shell Construction/Industrial Construction

Berlin

Frankfurt

Hanover

North Rhine-

Westphalia

Residential Construction

... North

... South

... West

After Sales Service

formart

... Baden-

Württemberg

... Bavaria

... Berlin/

Brandenburg

... Hamburg

... Hanover

... Leipzig

... North Rhine-

Westphalia

... Rhine-Main

HOCHTIEF

Luxembourg

Durst-Bau

Deutsche Bau- management

and other

holdings

HOCHTIEF Consult

Construction
Management
Services

Building

IKS Energy

Infrastructure

Marine Works

Materials

Real Estate

Service

Civil Europe

Civil Engineering and
Marine Works

Civil Engineering and
Tunneling

Energy Europe

Civil Engineering and
Traffic Operating Systems

Civil Engineering and
Environmental

Transportation Projects
and Tunneling

HOCHTIEF Construction
Austria

HOCHTIEF (UK)
Construction

HOCHTIEF Construction
Bulgaria

Holdings

Streif Baulogistik

Construction Machin-
ery and Equipment

Scaffolding and
Formwork

Technology and
Services

Holdings and Interna-
tional Business in:
Austria, Bulgaria,
Denmark, Poland,
Romania, Russia,
Ukraine

Construction International

Major International
Projects

- Chile
- Greece
- Qatar

• South Africa

HOCHTIEF CZ

HOCHTIEF Polska

HOCHTIEF Russia

HOCHTIEF Construction

Romania

Holdings

CEO Chief Executive Officer
CFO Chief Financial Officer

structure and logistics segment. Customers include HOCHTIEF companies as well as outside clients.

Compliance system enhanced

Compliance with the law and internal directives is an essential management responsibility at HOCHTIEF. Non-compliance with rules and regulations can have serious implications for the company, and the employees concerned must accordingly expect severe consequences. HOCHTIEF therefore added a compliance section to the Corporate Governance unit during the year under review. This provides training and advice for the entire workforce. A General Compliance Manager is available as a point of contact.

Trademark registered

HOCHTIEF Global Trade and its subsidiary HOCHTIEF Procurement Asia Ltd. are trading companies in their own right which purchase supplies and advise on all questions relating to procurement. Global Trade is part of the service level within HOCHTIEF Construction AG. Starting in 2009, we commissioned the manufacture of high-quality tiles, furniture and bathroom fittings with reputable producers around the world. To facilitate the marketing of these products, we created the HOCHMEISTER trademark. Products sold under this label are distinguished by top quality, exceptional design and high standards of corporate social responsibility.

Hamburg's subway network is expanding. The new four-kilometer connection between Jungfernstieg station and HafenCity is costing EUR 298 million. HOCHTIEF Construction has taken over lead management of this project. Once completed at the end of 2011, the section will be able to transport 15,000 to 20,000 passengers an hour.



Markets

Global economic environment and trends

As in 2008, the international financial and economic crisis was the key factor driving global economic trends in the year under review. The collapse of several large financial institutions made the situation even worse and rattled confidence in the financial markets. This resulted in an economic downturn in the first half of 2009, with the real economy and commodity markets primarily affected. However, massive government rescue packages managed to largely stabilize the financial and economic system.

The markets regained some composure in the second half of the reporting period, but uncertainties remain. Economics experts therefore expect only a slow recovery. However, the construction industry continued to benefit from the economic stimulus programs that were launched, particularly in the infrastructure segment. Conditions for project development financing remain tight, but lenders continue to support well-prepared, high-quality developments with the potential to generate adequate returns.

The global economy shrank by 0.8 percent in 2009. Persistent risks and their possible impact on the economic situation make it difficult to provide forecasts for 2010, for which the International Monetary Fund (IMF) is predicting global economic growth of 3.9 percent.

The market served by HOCHTIEF Construction

Experts at the renowned Euroconstruct Group, a network of research institutes and consulting organizations, predict that European construction output declined by 8.4 percent in 2009. Having contracted by 3.0 percent in 2008, Europe's construction industry therefore remained on a downward trajectory. Construction activity was also muted in most Eastern European markets with the exception of Poland. In 2010, however, Euroconstruct expects a less sharp decline of 2.2 percent.

Western Europe

The Western European construction industry shrank by a further 8.9 percent in 2009. For 2010, Euroconstruct predicts a decline of 2.7 percent in the Western European countries covered by the market research institute*. 2011 is expected to bring a turnaround and growth of one percent.

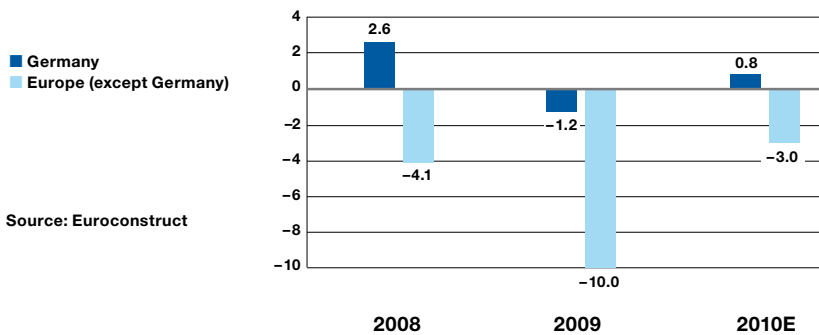
The trend varies from segment to segment. For example, building construction contracted by 9.8 percent in 2009. HOCHTIEF Construction responded to this trend even before the financial crisis hit, reducing capacity at an early stage. For fiscal year 2010, Euroconstruct predicts a drop of 4.7 percent. As in 2008, this decline is attributable to low investment in residential construction. However, demand for high-quality residential real estate, a focus of HOCHTIEF Construction, remained high. Civil engineering reached the prior-year level in the reporting period, but is expected to decline by 1.0 percent in 2010. The year after, Euroconstruct expects marginal growth of 1.2 percent.

The construction market in **Austria** shrank by 3.0 percent in the reporting period, driven down by a sharp decline of 10.9 percent in non-residential construction and a 1.0 percent drop in residential construction. Civil engineering bucked the negative trend to grow by 1.8 percent in 2009.

The **United Kingdom** saw a continuation of the slowdown in construction activity that began in 2008, with the market as a whole contracting by 12.6 percent (2008: 0.8 percent). The outlook for 2010 is better, according to Euroconstruct, which forecasts a decline of 0.8 percent. Demand for civil engineering services fell by 1.4 percent in 2009. For the current fiscal year, the market research experts predict a 4.6 percent decline in non-residential construction. Civil engineering, meanwhile—a segment in which our subsidiary HOCHTIEF (UK) Construction operates—will resume an upward trajectory as demand rises by 7.7 percent.

*The Euroconstruct area consists of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The European construction market: Regional growth, 2008 to 2010 (%)



Source: Euroconstruct

Through its UK subsidiary, HOCHTIEF Construction is well placed to benefit from this positive trend.

Construction activity in **Germany** showed a slight decline of 1.2 percent in 2009. Demand is set to rise by 0.8 percent in the current fiscal year and Euroconstruct then expects growth to stabilize at 0.1 percent in 2011. Residential construction turned down slightly in 2009, contracting by 0.6 percent. Non-residential construction showed a decline of 3.5 percent, while civil engineering grew by 0.9 percent. This is attributable, among other factors, to the initial impact of the economic stimulus programs. Demand in the German residential construction segment is expected to increase by 0.6 percent in fiscal year 2010. Non-residential construction will fall by 0.7 percent, while civil engineering will remain on an upward trend with growth reaching 3.9 percent, according to Euroconstruct.

Eastern Europe

The international economic and financial crisis also affected construction activity in most Eastern European countries. After increasing by 6.1 percent in 2008, demand in Eastern Europe rose by just 0.7 percent in fiscal year 2009. The market researchers expect a return to stable growth in 2010 (5.4 percent) and 2011 (10.2 percent). In the foreseeable future, therefore, Eastern Europe will resume its role as the growth engine of the European construction industry.

In **Russia**, the construction industry found itself on a steep downward slide in the year under review. According to information from Business Monitor International, construction activity contracted by nearly 12 percent compared with 2008. Most investors lacked the courage for new-build projects in the commercial/industrial sector. Only residential construction was extremely stable in 2009 and is likely to remain on an upward trend in 2010. HOCHTIEF Russia concentrates on large government infrastructure projects and is not affected by the trend in the Russian construction market.

As in 2008, the construction industry in **Poland** expanded at a faster pace than in any other European country in the year under review. Growth reached 5.3 percent. For 2010, market researchers predict an even sharper rise of 9.6 percent. The upward trend will accelerate, with growth likely to reach 16.3 percent in 2011. Civil engineering remains the main driver of this growth, but the 2012 UEFA European Football Championship is also boosting sales. Demand for residential real estate is likewise on the increase. After rising by 2.2 percent in the current fiscal year, it is expected to grow by 8.7 percent in 2011. HOCHTIEF Construction subsidiary HOCHTIEF Polska secured various attractive projects in the year under review.

The **Czech Republic** was unable to fully escape the fall-out from the global crisis in fiscal year 2009. Construction activity contracted by 4.3 percent. 2010 is likely to see a slight improvement, with activity declining by 0.3 percent. However, civil engineering remained unaffected by the downturn in the year under review, recording growth of 15.9 percent (2010: 6.5 percent).

Other regions

Qatar is considered a paragon in the Middle East. Experts at IHS Global Insight expect its rates of expansion to outstrip those in the other countries across the Gulf region. However, the growth of the construction industry is being curbed by the reduction in OPEC oil production and sharply lower energy prices. In the period to 2013, an annual growth rate of three percent seems realistic for the con-

struction sector. In 2008, residential and non-residential construction spend was roughly equal. With the focus on infrastructure projects, non-residential construction will be the key driver of growth over the next three years. HOCHTIEF has so far achieved an excellent market position with projects such as the Barwa Commercial Avenue.

Looking to South America, **Chile** appears to hold considerable potential for the coming years. Chile's construction industry is based on an extremely strong infrastructure sector accounting for 60 percent of the construction industry as a whole. Following strong growth of 7 percent in 2008, Chile suffered a decline of 6 percent in 2009 due to the global economic environment. However, it is expected to return to growth as early as 2010, with rates reaching 3.2 percent this year and similar levels in the years thereafter. Forecasts predict that Chile will invest primarily in infrastructure (transport and energy) over the coming years in order to further improve its economic competitiveness.

Market segments

In 2009, the **energy sector** saw a continuation of the previous year's strong upward trend. The renewable energy segment in particular achieved above-average growth. This upward trend is set to continue. Industry experts expect particularly strong growth, for example, in offshore wind farms. While investment in these power plants stood at around EUR 1 billion in the year under review, it is expected to reach as much as EUR 3.3 billion in 2011. A similar increase in demand is likely in the geothermal energy segment. According to a study by Germany's Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), renewable energies only cover some 15 percent of power consumption at present. By 2020, the federal government intends to increase the share of total power consumption accounted for by these energies to at least 20 percent. HOCHTIEF Construction already operates in the high-growth markets for offshore wind farms and geothermal energy.

Investment in **road construction** has boomed across Europe. Particularly high growth rates are expected in Eastern Europe, where large road projects worth several billion euros are currently being prepared. Strong traffic growth, large gaps in infrastructure, an improved legal and regulatory framework for PPP projects and EU programs supporting investment in infrastructure are the reasons for this trend. Together with other HOCHTIEF companies, HOCHTIEF Construction has been operating successfully in the road construction segment for years. Highway construction is increasing in Germany too. Between 2009 and 2011, construction volumes are expected to add up to some EUR 2.8 billion in total.

Maritime traffic fell sharply in 2009 as a result of the economic and financial crisis. Nevertheless, demand for **port facilities** is far from being sated. Globalization and the constant increase in goods traffic associated with it require ever more capacity worldwide. Shifting logistics flows and increasingly massive container ships are further reasons for the high level of interest in such new-build and extension work. To cite two examples at HOCHTIEF Construction: At the port of Hamburg, we are currently involved in several extension projects, while in Bremerhaven, our company is constructing the Kaiserschleuse lock.

The **refurbishment and upgrading** segment was also impacted by the financial and economic crisis in fiscal year 2009. Across Europe, investment in revitalizing and refurbishing properties was 3.4 percent lower than in the previous year at roughly EUR 649 billion. Euroconstruct anticipates a further decline of 1 percent in 2010. Sales are then set to rise again in 2011, by 0.8 percent.

According to a study by Deutsche Bank, growth in the market for **sustainable construction** will be particularly strong. By 2030, experts expect spending in this segment to rise to up to EUR 340 billion across Germany.

Orders and Work Done

*The main subsidiaries are listed on page 9.

HOCHTIEF Construction honed its international focus in the year under review. Increasingly, this means that we are carrying out major projects in local project companies.

These and our subsidiaries and associates* continued to gain in importance in 2009. For the first time, therefore, this annual report comments on the performance of the HOCHTIEF Europe division, over which HOCHTIEF Construction AG presides.

New orders

In fiscal year 2009, new orders in the Europe division were down on the previous year (EUR 3,283 million) at EUR 2,909 million. This was due to a decline in Germany from EUR 1,309 million to EUR 865 million. Internationally, meanwhile, new orders rose above the prior-year figure (EUR 1,974 million) to EUR 2,044 million.

The contract to build an eight-kilometer office and shopping center in Doha, the capital of the emirate of Qatar, contributed significantly to this rise. Worth EUR 1.3 billion in total, this project is the largest contract in the history of HOCHTIEF Construction. It is being executed by our subsidiary HOCHTIEF Construction Qatar W.L.L.

Overall, it was not possible to offset the decline in new orders caused by the financial crisis. Expectations that new orders in 2009 would be on a par with the previous year were not met. Above all, the number of large project wins fell as a result of subdued demand in the private sector.

This trend is also reflected in a reduction in new orders at HOCHTIEF Construction AG from EUR 1,993 million to EUR 974 million. New orders stood at EUR 802 million in Germany (2008: EUR 1,207 million) and EUR 172 million internationally (2008: EUR 786 million). Thanks to the major contract in Doha, HOCHTIEF Construction's holdings lifted new orders from EUR 1,290 million to EUR 1,935 million.

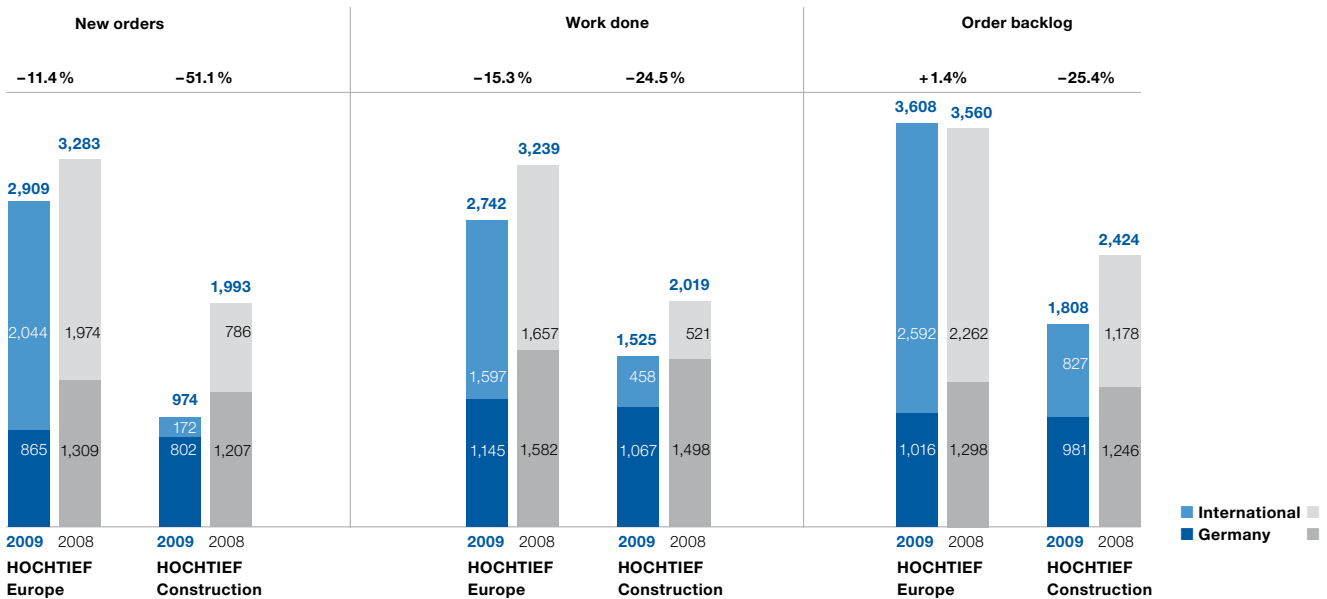
Within HOCHTIEF Europe, new orders were up slightly on 2008 in the Civil Europe division, but declined in the Building and Construction International divisions.

Work done

As a result of the decline in new orders, work done in the HOCHTIEF Europe division was down on the previous year (EUR 3,239 million) at EUR 2,742 million. At HOCHTIEF Construction AG, work done dropped from EUR 2,019 million to EUR 1,525 million. Thanks to the contract in Qatar, HOCHTIEF Construction's subsidiaries and associates were able to keep work done on a par with 2008 (EUR 1,220 million) at EUR 1,217 million.

The overall performance, which fell short of our expectations, is also reflected in the year-on-year deterioration in Germany, internationally and at the divisions. The decline in the Building division is due to the reorganization of the building construction business in Germany, which was completed in 2008. This reorganization included deliberate selectivity in order taking with the focus on a balanced risk profile.

Orders and work done (EUR million)



Order backlog

As a result of the trend in new orders and work done, the order backlog in the HOCHTIEF Europe division was up slightly on 2008 (EUR 3,560 million) at EUR 3,608 million.

At HOCHTIEF Construction's subsidiaries and associates, the large project in Doha increased the order backlog to roughly EUR 1.8 billion (2008: EUR 1.1 billion).

International business accounted for over 70 percent of the division's order backlog. The backlog of orders in Germany, or at HOCHTIEF Construction AG, failed to match 2008 due to the fall in new orders.

The division's forward order book contains around 16 months' work and is therefore at a relatively high level overall.

Strategy

Since its reorganization, HOCHTIEF Construction has comprised the three divisions Construction International, Civil Europe and Building, as well as the operational units HOCHTIEF Consult and Streif Baulogistik. We are thus well positioned to grow into a highly profitable company, as fiscal 2009 has shown. We will be supported on this path by the LEAD5! program, launched in 2009.

Strong performance in difficult market situation

Our Construction International and Civil Europe divisions continued to perform well in the fiscal year despite the global economic crisis that particularly affected important markets in Central and Eastern Europe. Both divisions generated stable earnings in 2009. In the Building division, we managed to reverse the trend. New projects are proving successful again. However, considerable burdens remain from a legacy project. Also, the reduced order volume meant that we did not cover our business expenses. Despite this, we can be satisfied with our business performance in 2009 and look to the future with optimism.

Ambitious goal set

HOCHTIEF Construction is not complacent about what it has achieved so far. The company's medium-term aim is to become one of the most profitable international construction companies in Europe. The goal is a substantial improvement in return on sales by 2013.

Key strategic issues

In order to reach our earnings target and make HOCHTIEF Construction profitable on a permanent basis, we developed five key strategic issues for our program:

1. Arriving at more equitable prices

In addition to technically demanding construction work, we will in the future primarily focus on the earnings quality of projects. We therefore communicate the added value of our work and the resulting right to fair payment accordingly. To this end, HOCHTIEF Construction intends to substantially expand its sales function and further professionalize its staff. Individual service packages for our clients are to give us a unique selling proposition thanks to our company's high degree of technical expertise. With regard to pricing, our main concern is to ensure that a balanced distribution of opportunities and risks is agreed between HOCHTIEF Europe and the client.

2. Boosting efficiency

Optimized internal processes also help to improve earnings. We will therefore continue to consistently use and build on the initiatives and procedures already introduced. They include, for example, lean construction in the Building division, which enables us to design reliable construction processes and engage in preventive risk management. It also allows more efficient deployment of employees and materials and reduces the number of accidents. HOCHTIEF Construction will therefore also introduce lean construction in the Construction International and Civil Europe divisions.

Procurement developed a whole raft of new programs to make the procurement process faster, more effective and more transparent.*

Improved IT processes will help to optimize knowledge transfer between project teams and reduce the time taken for billing. In addition, virtual project rooms and conference systems will make it possible to further reduce the number of business trips in the future.

Our adapted management system allows changes to be communicated more rapidly in the company, facilitates cooperation and helps to avoid the duplication of work.

*You will find further information on page 25.

With regard to personnel, we will retain urgently needed skilled staff by offering them attractive career prospects within the company. We also encourage mobility among our staff and endeavor to recruit them for international assignments.

Improved internal communications should facilitate the exchange of information at HOCHTIEF Construction and throughout the Group. In this way, we will create additional synergies as well as reach our goals more quickly and effectively together. We also want to improve cooperation within the HOCHTIEF Group and become even more successful—true to the company motto “One roof—all solutions.”

3. Increasing sales in profitable markets

In the future, all of HOCHTIEF Construction’s units will practice active portfolio management. This means, they identify attractive target markets, business areas and clients and systematically tap into them. We withdraw from saturated markets or regions as soon as intensive market and resource analyses recommend that we should do so. This also applies to areas where we cannot achieve acceptance of our prices.

4. Increasing sales in risk-optimized business areas

Construction always entails a balance of risk, for example, due to unforeseen technical problems, partner companies dropping out, or sudden changes in political or economic environments. HOCHTIEF Construction aims to identify such risks at an early stage in order to eliminate or manage them.

The success of this endeavor depends largely on the agreed business model. Under the traditional general contractor model, our company ensures that the budget, construction deadline and agreed quality are all complied with. Accompanying or alternative models help to minimize the risks further and generate stable cash flows. These models notably include our partnership-based PreFair contract model. During the year under review, we further enhanced this contract model, which helps to make the work done in the preconstruction phase more transparent for the client.

This benefits both sides: We can positively influence the costs of construction and operation at an early stage of the project. In addition, HOCHTIEF Construction aims to step up cooperation with other Group companies—and thus far we have scored the biggest successes in this endeavor in our cooperation with HOCHTIEF PPP Solutions. But we are also working more and more closely with HOCHTIEF Facility Management. During the construction phase, we prepare our projects so that they can subsequently be taken over by our sister company. HOCHTIEF Construction increasingly works for other units, such as HOCHTIEF Airport or HOCHTIEF Projektentwicklung, as a consultant and construction manager. In these contracts, we take over the planning work or structure the construction processes, without having to bear the stated risks.

5. Attaining a more profitable market position

HOCHTIEF Construction aims to set itself apart from the competition and not just be one of many providers. We have to earn this strategic market position. The company is therefore working more intensively to establish strategic collaborations with key clients, partner companies and suppliers.

Our close-knit company allows us to offer clients the best expertise available on the market. At the same time, we can pool resources efficiently, thereby creating added value. This includes, for instance, our activities in the wind power segment*.

Our involvement in committees and networks also helps to actively shape the development of markets and establish strategic partnerships. Just how much this work can advance us toward our targets can be seen from our membership of the German Sustainable Building Council (DGfB). HOCHTIEF is not simply one of the founding members, we are also involved in numerous committees and trained the first auditors for the certification of sustainable buildings. All of this has contributed to HOCHTIEF being one of the pioneers in the green building segment and enjoying an excellent reputation.

***You will find further information on pages 23 and 33.**

Individual implementation program developed

In order to bring home to employees our five key strategic issues as clearly as possible and to motivate them to get involved, the Executive Board launched the LEAD5! initiative in 2009. The aim of this implementation program is to highlight ways in which—every day in every way—our team can ensure that we work more effectively and grow ever more successful. The contents of LEAD5! will be presented locally to each unit. Every single employee is called upon to play their part and develop their own ideas.

Overhead project successfully completed

During fiscal 2009, we continued to systematically pursue the package of measures launched in 2007 to streamline organizational structures, boost efficiency as well as identify and exploit potential savings. One of the aims was to reduce costs when using service providers. At the end of 2009, the Overhead project drew to a close, with good results: It achieved savings of EUR 12 million.

Rebranding for formart

Our real estate development unit, formart, is evolving into one of the leading residential real estate developers for premium properties in exclusive locations in Germany. Institutional investors who buy up entire properties as well as discerning private clients make up the unit's target group. Formart sales increased again in fiscal 2009 despite the financial crisis. In order to help sustain this trend, formart was rebranded in 2009. We also standardized the sales process throughout.

Presence in many growth markets

As a company focused on sustainable sales and earnings growth, we keep an analytical eye on the markets. HOCHTIEF Construction also constantly identifies wants and needs so that it can respond promptly to new trends with innovative products and services.

During the year under review, we further consolidated our good positioning in the high-growth green building segment.

Equally fast-growing is the market for offshore wind plants in which we are also playing an increasingly important role. In 2009, HOCHTIEF Construction joined forces with Beluga Shipping, the world's largest heavy-lift cargo carrier. Together, we will develop, produce and sell new kinds of lifting vessels for the construction of these power plants. Both companies bring to the joint venture their complementary expertise and market position with the aim of providing the rapidly growing market with urgently needed key technology.

We are also experiencing a surge in demand from the Arab world, primarily Qatar. In 2009, HOCHTIEF Construction secured the largest single contract in its history with the construction of an eight-kilometer shopping center* in Doha, the capital of Qatar. Other major projects are currently under negotiation.

*You will find further information on page 29.

Sustainability

A focus on sustainability is a hallmark of everything HOCHTIEF Construction does and is reflected in our forward-looking projects. We work systematically to protect the climate, conserve resources, save energy and boost energy efficiency. HOCHTIEF Construction thereby steps up to its great responsibility to the environment and society. Our values and the company's vision also center around sustainability.

Sustainability focus areas

As is the case throughout the entire HOCHTIEF Group, sustainability at HOCHTIEF Construction is concentrated in six areas with clearly defined objectives. Below is an overview with examples of our successes in each focus area and our objectives:

Sustainable products

In 2009, several of our properties were awarded the new certification from the German Sustainable Building Council* (DGNB).

⇒ **Our objective:** We aim to lead the market for sustainable projects in the construction and construction logistics segments.

Active climate protection

With green building, forward-looking energy management and the promotion of renewable energy, we make an important contribution to protecting the environment and cutting greenhouse gas emissions. In 2009, we stepped up our involvement in the wind energy segment, among other things entering into cooperation with the heavy-lift shipping company Beluga.** HOCHTIEF Construction also completed the drilling work for two geothermal power plants in Germany.

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

Attractive working environment

Using the HOCHTIEF People.Index workforce survey launched at the end of 2009, we will regularly determine new pointers for human resources activities in the future to further enhance the satisfaction of our employees.

⇒ **Our objective:** We aim to further boost our position as a sought-after employer and, over the long term, establish

ourselves among the most attractive employers in the industry.

Corporate citizenship

In fiscal 2009, through our involvement, a new German school was built in Doha, the capital of the emirate of Qatar, where we are currently taking part in several major projects. The school will be attended not just by the children of HOCHTIEF employees. In 2010, HOCHTIEF is also sponsoring a number of events in connection with the RUHR.2010 European Capital of Culture.

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

Compliance and ethics management

In 2009, we fine-tuned the structure of our compliance system and provided intensive training in this area. The range of training on offer was extended to include e-learning programs on topics such as illegal employment.

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

Resource protection

In 2009, we initiated a range of measures to reduce quantities of waste on HOCHTIEF Construction's building sites and further increase recycling quotas. In addition, with our refurbishment and upgrading services, we ensure that less land is used.

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

Exemplary information policy

The HOCHTIEF Group is the only German construction company to bring out a sustainability report. In fiscal year 2009, the third, audited sustainability report was published. It also covered HOCHTIEF Construction's rigorous focus on sustainability. Information on current activities and events can be found at www.hochtief.com/sustainability, where the Sustainability Report is also available to download. Since 2009, this website has additionally provided a platform for directing questions about sustainable products and services to the HOCHTIEF experts responsible.

*You will find further information at www.dgnb.de.

**You will find further information on page 23.

Virtual planning ensures rapid resolution of problems even before construction starts: In the Lusail urban development project in Qatar, we, together with our sister company HOCHTIEF ViCon, are using this method in the infrastructure segment for the first time—for example, for roads, utility lines and subway lines.



Research and Development

Ongoing research and development (R&D) is a key factor in HOCHTIEF Construction's success. Our aim is to inspire clients with compelling innovations. 2009 once again saw us succeed in this goal—both on our own and increasingly often in cooperation with other HOCHTIEF companies. We developed and applied new technologies, and refined existing processes. Aside from other benefits, this enabled HOCHTIEF Construction to take early advantage of emerging trends.

R&D at HOCHTIEF Construction focused on a range of thematic areas in the year under review:

DGNB sustainable building certification

The German Sustainable Building Council (DGNB) has awarded German sustainable building certification since early 2009. In an in-house innovation project which actively contributed to onward development of this certification, HOCHTIEF examined the practicability of certification criteria such as environmental, economic, sociocultural and functional quality. In the pilot phase, the “smarthouse” office complex in Munich became one of the first projects to be awarded DGNB preliminary gold certification. Further HOCHTIEF projects were certified to DGNB criteria over the remainder of the year. The NordexForum in Hamburg was another to garner preliminary gold certification.

Ideas management delivers results

Our ideas management system launched in fiscal 2008 brought in numerous suggestions for improvement from employees. Many of the ideas were put into practice with major cost savings. To cite an example from tunnel construction, a new timer controlling the stirrers for the bentonite suspension used as a support medium in shield tunneling saves EUR 100,000 a year.

Support for tunnel construction research project

The European Union-funded TUNCONSTRUCT research project was successfully completed in late 2009. We played an active part in the project from the start. Project outcomes include control software developed with partners that helps minimize surface subsidence from shield

tunneling in sensitive locations. We will also profit from this development.

Enhanced position in renewable energy

Construction work continued in 2009 on the “alpha ventus” offshore wind farm north of the island of Borkum. Through a joint venture, Beluga HOCHTIEF Offshore, we further extended our position during the year under review in the rapidly expanding offshore wind power market. The aim is to develop and operate special-purpose vessels in cooperation with Beluga, the world's leading heavy-lift shipping company. The vessels make it possible to assemble offshore turbines with heights of over 100 meters and outputs upward of five megawatts. The first such vessel will be ready for deployment in 2012. Beginning in 2010, we are additionally able to build maritime wind farms at depths of up to 50 meters using our newly developed Thor jack-up platform, an added source of earning potential for HOCHTIEF.

We also continued our activities in the highly attractive deep geothermal energy segment. Our Kirchstockach and Dürrnhaar power plants will feed largely carbon-neutral power into the electricity grid. The two plants have an output of four to five megawatts each—enough to power around 10,000 homes.

Innovative milling, grinding and surface finishing technology

In 2009, we began offering two new services under the banner of HOCHTIEF SurFace: surface decontamination in nuclear and chemical plants, as well as facade and surface finishing—for example, in building refurbishment. Vertical concrete surfaces can also be given a high-quality finish using grinding techniques. The two systems, DECON and FORMIS, each feature a powerful vacuum extraction unit for virtually dust-free use both indoors and out.

Employees

HOCHTIEF Construction knows that highly qualified, motivated employees are the basis for sustainable, profitable growth. Only with such employees can we set ourselves apart from the competition, offer exceptional quality and inspire our clients. For this reason, our personnel activities in the reporting period once again focused on retaining the best employees in our company for the long term.

Number of employees falls slightly

As of the end of fiscal year 2009, the number of employees in the HOCHTIEF Europe division including foreign and project companies fell by one percent to 9,883; at HOCHTIEF Construction AG this figure fell by 3.4 percent to 4,594. This is due to the restructuring in the Building division.

However, the number of trainees remained at a high level in the year under review. 325 young people underwent professional training in the HOCHTIEF Europe division and 274 at HOCHTIEF Construction.

Actively combating shortage of specialist staff

As a growth-oriented company, we have to find and retain particularly talented skilled and managerial staff. One of the ways in which we do this is with the degree programs offered at our own HOCHTIEF Academy. Since the HOCHTIEF Academy opened, 57 students have graduated with the title "Bachelor of Engineering."

With our new "Trainees Recruit Trainees" campaign, we have successfully integrated our trainees in the search for suitable talent.

Systematic personnel development

The constant development and internationalization of our company demands a high degree of geographical mobility from our employees, as well as the mental flexibility to regularly face new challenges. HOCHTIEF actively supports its employees in this. In addition to specialist training opportunities, HOCHTIEF also offers a wide range of seminars for developing personal, social and methodical skills. The "(Senior) Talent Pool" development program set up in 2009 offers junior employees targeted and tailored personal development, closely supervised by a superior. For this pur-

pose, employees, superiors and the Human Resources department define personnel development plans and review successful implementation in regular meetings. The aim of the talent pool is to systematically prepare qualified, motivated employees to take on more challenging specialist and management tasks.

Wide-ranging motivational tools

At HOCHTIEF Construction, efficient employee motivation is not just limited to improving the professional and social skills of employees. We also see a family-friendly HR policy and a positive corporate culture as important tools for motivating staff. Various measures for promoting the health and fitness of employees help to maintain the quality of our work and well-being of our staff at high levels.

An employee survey on job satisfaction, the People.Index, was conducted for the first time in 2009 to gauge the mood of staff. The findings showed that HOCHTIEF Construction is an attractive employer, and that the majority of employees feel very committed to the company. The employee survey will be repeated in October 2010 and will subsequently be conducted every six months.

Fewer work accidents again in 2009

With the help of the safety and environmental management regime developed by HOCHTIEF, the accident rate was reduced again.

A word of thanks to employees and staff representatives

The employees of HOCHTIEF Construction remain loyal to their company through good times and times of economic difficulty and devote all their energies to ensuring our success. That is how we achieved such positive development in fiscal 2009. And that is why we are optimistic this trend will continue.

The Executive Board would therefore like to extend its sincerest thanks to all employees and staff representatives for their dedication and collegiality.

Procurement

In 2009, as in prior years, our expenditure on materials and subcontractor services accounted for more than 70 percent of total operating performance.

Our company systematically drove forward its activities to further increase the efficiency of procurement. In light of the economic crisis, this included optimizing risk management and intensively observing and analyzing procurement markets.

Lead buyer organization successfully fine-tuned

Lead buyers procure business-critical and usually high-volume product categories, such as facades, concrete, technical building installations, elevators, or steel. In order to obtain better terms, they coordinate their product category and combine orders. In addition, lead buyers negotiate prices, conclude framework agreements and monitor market and price trends. Their extensive knowledge of national and international markets enables us to promptly spot and immediately respond to changes in prices. Thus the lead buyers make a key contribution to our risk management.

In fiscal 2009, we established strategic partnerships with suppliers in the individual trades on the basis of the lead buyer organization. Since 2009, another lead buyer has been responsible for the procurement of planning services, unlocking additional savings potential for HOCHTIEF Construction.

Procurement processes further streamlined

During 2009, we further standardized our supplier and contract management and introduced a new supplier assessment process. Furthermore, HOCHTIEF Construction has been using an online tendering management program since 2009 in order to guarantee comparable product requirements and prepare the electronic award proposal. The two new procedures were implemented in all units throughout Germany in 2009. In 2010, they will also be extended to our international companies and projects. In addition, HOCHTIEF Construction hosted online auctions for the first time, with great success. During the year under review, as part of a balanced scorecard, we defined key performance indicators for procurement, which

HOCHTIEF Construction documents at all times with the new control instrument "ProCo."

Global direct sourcing systematically expanded

Through our two trading companies HOCHTIEF Global Trade and HOCHTIEF Procurement Asia, we increasingly procure favorably priced yet high-quality products direct from manufacturers. HOCHTIEF Global Trade focuses on procuring materials in the technical building installations, floor and wall coverings, and sanitary equipment segments worldwide. Clients of the trading company are both subcontractors who work for HOCHTIEF Construction and third-party clients. In the year under review, Global Trade operated in Germany, Romania, Abu Dhabi and Mauritius. For instance, we supplied a new hotel in Mauritius with tiles and sanitary products in 2009.

Since 2009, HOCHTIEF Procurement Asia, headquartered in Hong Kong, has not only procured products, but also operates on the global market as a trader for third-party clients. This relates primarily to the product categories of tiles, mosaics, natural stone, laminate and sanitary items. During the year under review, the company processed first-time and repeat orders in Germany, Argentina, Brazil, Italy, Romania and the USA.

The two trading companies also work for our own brand HOCHMEISTER, which was registered in 2009. It stands for high-quality products from the sanitary appliances, sanitary ceramics, bathroom fittings, bathroom furniture, tiles, natural stone, mosaics, lighting and hotel furniture segments. Global Trade and HOCHTIEF Procurement Asia help to find suitable articles and assume quality assurance.

Financial Review

Following several years of losses, HOCHTIEF Construction AG substantially improved earnings in fiscal 2009. Measures launched in the prior year to restructure the building construction business in Germany, strict return on investment and costing targets, and strategic changes led the HOCHTIEF Europe division back into profit.

***Available funds: HOCHTIEF Aktiengesellschaft cash pooling account, other marketable securities and cash and cash equivalents less amounts due to banks**

After a EUR 34.9 million loss in 2008, the division returned a EUR 30.4 million profit before taxes in 2009 (IFRS-basis financial statements).

While the quality of earnings on new contracts continues to improve in all parts of HOCHTIEF Europe, the exceptionally complex, long-running Rhineside Halls/Rhine Park project in Cologne significantly brought down earnings in building construction. This was compensated for by the Civil Europe and Construction International divisions, which generated strong earnings with impressive EBT margins.

HOCHTIEF Construction AG recorded a profit of EUR 1.3 million in fiscal 2009, compared with a loss of EUR 102 million in 2008.

We transferred this profit to the parent company, HOCHTIEF Aktiengesellschaft, under the existing profit/loss transfer agreement.

Other factors affecting earnings at HOCHTIEF Construction AG included the following:

Profit distributions from our international holdings made an especially strong contribution to earnings.

The decline in workforce numbers, notably in HOCHTIEF Construction AG's building construction business, occasions staff-related measures for which provisions have been recognized.

Total assets at HOCHTIEF Construction AG came to EUR 1,364 million, almost on a par with 2008 (EUR 1,367 million), with a reduction in cash and cash equivalents paralleled by a reduction in liabilities. There were no further material changes in the structure of the balance sheet.

Despite a decrease to EUR 627 million (2008: EUR 704 million), available funds* remained at a satisfactory level. The reduced amount resulted from a drop in liabilities, lower advance payments on new contracts, and financing the loss on the Rhineside Halls/Rhine Park legacy project. In conjunction with falling interest rates, however, the decrease produced lower net interest income, which was countered by write-ups on marketable securities.

Risk Report

HOCHTIEF Construction has a comprehensive risk management system. We refined and improved this system on an ongoing basis during 2009. Our company is also integrated into the risk management system operated by the HOCHTIEF Group. Risk inventories and forecasts are compiled locally three times a year and the resulting information is aggregated to Group level. Managerial staff at all tiers of the corporate hierarchy are involved in the process.

Further progress was made in the year under review in linking up the expertise held within the company. Bringing technical control, contract and insurance management together with quality management including the continuous improvement process under joint management has delivered results. In combination with the operational units, these ensure a uniform, integrated risk philosophy.

Projects are supervised and controlled in terms of risk using a classification system. National and international projects are audited for technical, commercial and legal risks.

The Contract Review Committee is an enduring, key element of our risk management system. Consisting of the HOCHTIEF Construction Executive Board and experienced HOCHTIEF Construction managers, the Committee reviews project risks and decides on bids and contracts.

We address warranty risks in the construction business by requiring subcontractors to post surety or guarantees and, where applicable, entering into service contracts and setting up regular monitoring. The Subguard insurance product launched in 2008 is used in all significant projects. This helps reduce liability risks and claims relating to insolvency risk in subcontracting.

HOCHTIEF Construction thoroughly revised its management system in 2009 and put it on a web-based footing. This enhances transparency in the system of risk management and control. Activities focused on various points:

- An intensive selection process and adequate processing times when pursuing new business;
- Rigorous pursuit of deal breakers identified in tender and contract documents to ensure a fair sharing of opportunities and risks between HOCHTIEF Construction and clients;
- Adoption of new contracting models with a low risk profile;
- No bids prepared for clients without previously obtaining binding offers from subcontractors for key trades;
- Price adjustment clauses with clients to permit a response to market factors on long-running projects.

The interconnected organization of operational units allows project-specific expertise to be combined with local expertise.

Commissioned by HOCHTIEF Projektentwicklung, we built the "Trianon" office complex in the Czech capital of Prague. The eleven-story building is situated near a park.



Projects of HOCHTIEF Construction AG and its Subsidiaries

Our company focuses HOCHTIEF Group's 130-plus years' experience and know-how in the core business of construction. As a service-oriented construction company, we are mainly engaged in building construction, civil engineering, structural engineering and airport construction. The Construction International division concentrates on construction and construction management for major international projects. At the same time, HOCHTIEF Construction operates in the product market segments of real estate development, residential properties and shell/ industrial construction. Deutsche Baumanagement GmbH began operating in fiscal 2009. As a construction manager, this independent company will structure and carry out projects to be awarded by lot.

Cross-business cooperation within the HOCHTIEF Group creates synergies and makes it possible for us to develop unique projects which clearly set us apart from the competition. This tight-knit network enables us to offer clients a full range of services at every link in the construction value chain.

The following examples of current projects or those completed during the reporting year document the broad capabilities of HOCHTIEF Construction.

HOCHTIEF Construction

Large-scale projects

Barwa Commercial Avenue, Doha (Qatar)

In Qatar's capital city of Doha, HOCHTIEF Construction is working on the largest single contract in the company's history: the construction of a retail center more than eight kilometers in length. Covering nearly 900,000 square meters of gross floor space—equal to around 110 soccer fields—Barwa Commercial Avenue will begin offering exclusive retail, office and residential units in mid-2012. We previously provided planning services to the client for this large-scale project based on our partnership-based PreFair

business model, thus largely achieving dependable planning for all participants. HOCHTIEF implemented the innovative ViCon virtual construction technology in this project before construction began. Our fellow Group company HOCHTIEF ViCon developed a complex customized 3D model of the shopping center which was then used to calculate the precise quantities of construction materials required. The contract in the rapidly growing Arab emirate is worth EUR 1.3 billion.

The planning for another mega-project, the Qatar-Bahrain Causeway, was underway at the same time in the country. What will become the longest bridge and causeway structure in the world will link the Kingdom of Bahrain with the State of Qatar. A four-lane road and rail connection stretching a total of 40 kilometers will connect these Gulf states.

Rhineside Halls/Rhine Park, Cologne

This project entailed the handover of one of Europe's largest media complexes to the RTL media group. A major insurance company also moved into the former trade show halls. The gross floor area of this facility, including the parking garage, totals approximately 250,000 square meters, the equivalent of more than 30 soccer fields.

Elbe Philharmonic Hall, Hamburg

Construction work continued on the Elbe Philharmonic Hall in the hanseatic city's new HafenCity urban development zone. HOCHTIEF Construction is building the future city landmark, which will become one of the ten best concert halls in the world, on top of a former quay warehouse. In addition to three auditoriums, the complex will include a luxury hotel with approximately 250 rooms and a parking garage with space for more than 500 vehicles. In addition, HOCHTIEF Construction is building more than 40 exclusive freehold apartments as a real estate developer and will also market them. At the end of the reporting year, the building reached a height of around 70 meters as the 17th floor was finished. Assembly of a total of 1,089 glass facade elements also began. After completion, HOCHTIEF Facility Management will handle the building's management and operate the complex.

Real estate development/formart

Apartments and townhouses, Düsseldorf

HOCHTIEF Construction is developing one of the largest residential complexes in North Rhine-Westphalia by 2011: the Wildparkcarrée project in Düsseldorf-Grafenberg. The development will include 280 rental units and freehold apartments as well as luxury townhouses. The first phase comprising 140 apartments generating proceeds of around EUR 40 million have already been sold.

Luxury apartments, Starnberg

Construction began on the "Am Quell" residential complex in Starnberg in mid-August 2009. Five upscale, urban single-family homes and three multi-unit residential buildings will be completed by spring 2011. Three buildings in the residential complex are especially designed for senior citizens and are fully accessible. We are also building an underground garage with 74 parking spaces. Heating will be provided to the buildings by a central wood pellet heating system. Moreover, HOCHTIEF Construction will also renaturalize a stream channel on the property as part of our construction activities worth EUR 17 million.

Parking garage, Leipzig

Drivers have been able to use the new parking garage in the vicinity of Leipzig University Hospital since early May 2009. HOCHTIEF Construction developed and built the structure comprising 524 parking spaces.

Office and commercial buildings

CR16, Hamburg

We completed construction work on the CR16 office and residential building on the lot formerly occupied by the opera parking garage in Hamburg's city center in November 2009. A nine-story building with a total of 23,200 square meters of office space was built along with a separate 12-story high-rise featuring 44 premium rental apartments.

Emporio, Hamburg

Since July 2009, HOCHTIEF Construction has been sustainably revitalizing the former Unilever high-rise based on a PreFair contract and expanding it into the new Emporio urban quarter. The existing building is being fully gutted and two stories are being added, while construction work on the new building proceeds in parallel. The complex will comprise office and commercial space, plus a 325-room hotel. Heating and cooling costs will be reduced by more than 64 percent compared with the operating costs of the former Unilever building. The Emporio received silver pre-

liminary certification in early 2009 from the German Sustainable Building Council (DGNB). Moreover, the building is seeking LEED Gold certification from the United States Green Building Council. The construction work is slated to be finished in 2011, and the value of the contract for HOCHTIEF Construction is EUR 121 million.

Glückaufhaus, Essen

Between the end of 2007 and fall 2009, we gutted, renovated and added a new office block to the historical Glückaufhaus building, which provides usable space of 17,000 square meters. HOCHTIEF Construction acted as general contractor for regular client Kölbl Kruse on this project worth EUR 34 million.

Green Wave, Essen

At the end of fiscal 2009, we began construction work on the office and administrative building for Gesellschaft für Nuklear-Service. The six-story Green Wave complex will be completed as a turnkey project by April 2011. The contract worth EUR 28.1 million includes construction of an underground garage.

Looper, Duisburg

The Looper office complex, which was finished in April 2009, dominates the silhouette of the newly redesigned Duisburg Inner Harbor thanks to its length of around 74 meters and its oval shape. HOCHTIEF Construction built the five-story structure for regular client Kölbl Kruse. The contract amount of around EUR 18 million includes the construction of two underground parking garage levels with room for a total of 149 vehicles along with 96 outdoor parking spaces.

Nordex, Hamburg

By the end of 2010, we will have completed the new corporate headquarters developed by formart for wind turbine manufacturer Nordex. The property was sold to a Swiss life insurance company well in advance of its projected completion date. With a gross floor area of 15,200 square meters, the NordexForum building will initially provide space for around 600 Nordex employees, with a second building phase potentially doubling this capacity. Environmental considerations will play an important role in the building's development: The aim is for energy consumption to be lower than the level prescribed by the German Energy Saving Ordinance (EnEV) by well over 20 percent. NordexForum has already received gold preliminary certification from the German Sustainable Building Council (DGNB). HOCHTIEF is the project's ultimate owner, project monitor and lessor.

Tower 185, Frankfurt

We are constructing the Tower 185 building, one of the tallest in Germany at more than 185 meters, for real estate developer Vivico in the banking hub of Frankfurt. The shell construction contract for the 50-story high-rise totals approximately EUR 62 million. The HOCHTIEF Construction Shell/Industrial Construction unit is responsible for the construction work, which began in March 2009 and is slated to be completed in spring 2011. The building will feature rental area of 100,000 square meters. Long-term leases were signed for around 60 percent of the space even before construction began.

Trianon, Prague (Czech Republic)

We built the Trianon office and retail complex on behalf of our sister company HOCHTIEF Development in the Czech city of Prague between May 2007 and early 2009. The eleven-story building stands out due to its unusual architectural design and location in the middle of a quiet park. The project is worth around EUR 32 million.

VHV headquarters, Hanover

In spring 2009, HOCHTIEF Construction as the leader of a joint venture finished erecting a complex of three individual six-story buildings for the insurance company VHV. The new construction offers space for more than 1,000 employees and includes features such as an impressive forward-looking energy concept with geothermal heating which, along with triple-glazed windows and thermally insulated wall elements, allows the amount of energy used for heating and cooling to be significantly reduced. The contract totaled EUR 69.1 million with HOCHTIEF Construction's share amounting to 88 percent.

Volksbank, Karlsruhe

Between September 2007 and early 2009, HOCHTIEF Construction built a new headquarters for Volksbank Karlsruhe based on a sustainable design. Geothermal heating, photovoltaics and other pioneering technologies make the structure a zero-energy building. The contract for the project with a gross floor area of 10,800 square meters was worth EUR 18.9 million.

Commercial real estate

Tempelhofer Hafen shopping mall, Berlin

At the end of April 2009, the shopping mall at the former Tempelhofer Hafen docks opened its doors. As general contractor, HOCHTIEF Construction built the complex with a gross floor area of 76,110 square meters in two years. In addition to the shopping center, which is partially integrated into a landmarked warehouse, the contract valued

at EUR 89 million also included parking decks with space for 600 vehicles.

Sports facilities

Stadium, Chorzów (Poland)

As head of a consortium, our Polish subsidiary is expanding Silesian Stadium in Chorzów near Katowice. The project slated for completion by mid-2011 is worth nearly EUR 62 million in total, EUR 32 million of which will accrue to HOCHTIEF Polska. After completion, the stadium will hold 55,000 fans: 8,000 more than in the past. The facility will then also meet UEFA and FIFA standards.

Public-private partnerships

Public buildings:

Town hall, Moers

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

Four schools, Frankfurt

We completed construction of four new schools in Frankfurt on behalf of HOCHTIEF PPP Solutions in the third quarter of 2009. Our sister company planned and financed these schools based on a public-private partnership. HOCHTIEF PPP Solutions will also operate the facilities until 2029. Our company receives 42 percent of the total contract amount of EUR 248 million.

Infrastructure projects

Ostkreuz station, Berlin

Since July 2009, HOCHTIEF Construction has been the technical and commercial leader of a joint venture rebuilding part of the busy Ostkreuz connecting station for commuter trains. The construction work includes new passenger bridges, a tunnel, retaining and noise abatement walls, and tracks. Our share of the total contract amount of EUR 45.5 million is around 60 percent. The construction work is expected to continue until late September 2012. HOCHTIEF Construction was previously involved in the redevelopment of another section of Ostkreuz station.

HOCHTIEF Construction is adding Tower 185, one of the tallest buildings in Germany, to Frankfurt's skyline. Our subsidiary Streif Baulogistik is delivering and assembling the necessary cranes as well as providing site materials such as office and daytime accommodation containers, electrical equipment as well as scaffolding and formwork.



New ICE rail line, Lichtenfels

Construction began in October 2009 on another section of the new ICE rail line from Ebensfeld to Erfurt. As the leader of a joint venture, HOCHTIEF Construction is building two rail tunnels, each around three kilometers long. Our company will receive approximately EUR 38 million of the total contract worth EUR 110 million. The project is expected to be finished by September 2013.

Energy

Geothermal power plant, Kirchstockach

We completed substantial work for the planned construction of a geothermal power plant on behalf of Süddeutsche Geothermie-Projekte Gesellschaft, a company in which HOCHTIEF PPP Solutions holds a stake. These activities included preparing the drilling area and successfully drilling two geothermal boreholes. HOCHTIEF Construction's share of the project amounted to around EUR 20 million. The drilling work on our second geothermal power plant in Dürrnhaar was also completed. The power plants will produce four to five megawatts of power each—enough energy for around 10,000 single-family homes.

Offshore wind farm, North Sea

We are building the first offshore wind farm in Germany, "alpha ventus," north of the island of Borkum in conjunction with several major utilities. With a total output of 60 megawatts, the wind farm will be able to provide electricity to 50,000 households. By the end of 2009, 12 wind turbines and a transformer station were installed at a depth of 30 meters. Use of our Odin jack-up platform was vital in successfully completing the construction work in the North Sea under challenging conditions.

Airports

Frankfurt Airport

At Frankfurt Airport, HOCHTIEF Construction has been part of a joint venture since July 2009 building the shell for the "root" at gate A. The 200-meter section connects existing gate A with the future gate A Plus. Park positions for seven wide-body aircraft, among them four Airbus A380s, will be created by the end of 2011 thanks to the build-out of the gate located at Terminal 1. HOCHTIEF Construction has an approximately 86 percent share of the total contract amount of EUR 36 million.

Wrocław Airport, Poland

Our subsidiary HOCHTIEF Polska is planning and building the new passenger terminal at the international airport in Wrocław. The company is constructing a three-story terminal building 200 meters long and 80 meters wide, along with technical and auxiliary facilities, under a contract worth roughly EUR 56 million. The project also includes expansion of the road network to optimize traffic access to the terminal as well as the construction of 1,000 new parking spaces. The project in Poland's fourth largest city will be handed over to the client in 2011.

Wastewater treatment plants

Giurgiu-Slobozia, Romania

In April 2009, our business unit in Romania signed its first environmental engineering contract to renovate, modernize and expand the water treatment plant in Giurgiu-Slobozia near Bucharest. After completion, the capacity of the facility will nearly double to a population equivalent of 82,000. Worth EUR 9 million, the project will run for 38 months.

Slatina, Romania

In November of the reporting year, HOCHTIEF Construction was awarded the contract to fully modernize and expand the sewage plant in Slatina. During the 33-month construction period, we will not only boost capacity to a population equivalent of 72,000, but also drastically reduce the phosphorus and nitrogen load in the treated wastewater. The contract is worth around EUR 13.8 million.

Special-purpose properties

Forensic psychiatric hospital, Cologne

On behalf of the state of North Rhine-Westphalia, HOCHTIEF Construction was the general contractor for a new psychiatric hospital for offenders in Cologne's Porz district, where 150 patients have been treated in the three clinic buildings since spring 2009. The contract worth EUR 23.8 million also included the construction of a workshop and a sports hall. Moreover, we were required to meet very high standards for security technology and secure containment.

Main subsidiaries of HOCHTIEF Construction AG

Streif Baulogistik GmbH

This subsidiary of HOCHTIEF Construction is a construction services provider focused on construction as well as construction-related infrastructure and logistics. This includes construction site installation and project-specific combinations of services for administration and construction site operations. Streif Baulogistik leases building machinery and equipment, rents and sells scaffolding and shuttering, and provides logistics engineering services.

In the year under review, the company met expectations: Work done and earnings remained on target, with the external customer share breaking the 60 percent barrier for the first time. This corresponds to growth of 7.1 percent compared to the previous year. In Poland, Streif Baulogistik Polska systematically leveraged opportunities in 2009 and, despite a drop in work done, generated positive earnings.

Streif Baulogistik benefited from the trend toward individual contract awards in the German construction industry in 2009. The Logistics/Consulting & Management and the Construction Machinery and Equipment segments are well positioned in the construction logistics market. The company's broad product and service spectrum and intra-Group network are important unique selling propositions, equipping Streif Baulogistik with the necessary competitive edge.

In 2010, the company expects further impetus for growth to come from sources such as increased construction spending by the public sector. In the period under review, the traditional leasing business performed well due to the rise in demand for temporary school facilities. This trend will likely continue in the 2010 fiscal year. Moreover, the sales team is increasingly developing the public buildings segment.

Streif Baulogistik will continue to grow in selected countries. For instance, we plan to expand in 2010 by adding our own companies in Qatar and in the Middle East. In addition, Streif Baulogistik intends to further develop the existing national companies in European countries.

Project highlights

Emporio, Hamburg

Streif Baulogistik is supplying containers and all of the electrical equipment for the Emporio building complex construction site, which includes the former Unilever high-rise. In addition, the company is providing the on-site electricity supply as well as extensive construction logistics services. Streif Baulogistik has also assembled Europe's tallest freestanding crane at a height of 106 meters.

University Hospital, Giessen

A new building complex is being constructed at the University Hospital including 650 beds, two lecture halls and a helicopter landing pad on the roof. Streif Baulogistik was awarded the contract to provide services in the second construction phase of the project which include supply, waste management and transportation logistics, space management and access control. The company will also provide security and surveillance services for the construction site.

United Nations Campus, Bonn

In Bonn, Streif Baulogistik is participating in the redevelopment of a former government building to be used in future by the United Nations. The company is securing, managing and supervising staff and vehicle movements at the construction site. Streif Baulogistik is also responsible for access control and surveillance, transportation logistics and waste disposal management. In addition, the contract includes earthwork, traffic and landscaping services along with flood protection, the supply of site power, lighting and water as well as the provision of daytime accommodation and sanitary containers.

Media center, Berlin

During the World Championships in Athletics in Berlin, Streif Baulogistik set up 370 containers for the international media center. The facility housed a total of 21 television and radio stations who were reporting on the event. Particular challenges for Streif included a tight schedule for assembling and dismantling the containers and providing air conditioning for rooms containing highly sensitive technical equipment.

Tower 185, Frankfurt

This office building will be one of the tallest buildings in Germany when it is finished in 2011. Streif is providing materials such as shuttering for the shell construction of the tower measuring more than 185 meters in height, including proprietary StreifLight frame formwork, as well as safety gear and weather protection. Two of the six rotary

tower cranes set up will reach a height of 190 meters during the course of construction.

Soccer stadiums, Poland

Streif Baulegistik Polska is participating in the construction of two stadiums for the 2012 European Football Championship in Poland. Streif's subsidiary in Poland is providing 12 cranes for the construction of the new National Stadium in Warsaw with seating for 55,000 fans. The stadium for the city of Poznań will be updated for the championship with the help of five Streif rotary cranes. In addition to the crane assembly itself, the company was also involved in project planning as well as providing technical consulting to the client in both cases.

HOCHTIEF Polska S.A.

Established in 1996, HOCHTIEF Polska S.A. is one of HOCHTIEF Construction's largest subsidiaries. The company's portfolio comprises building and infrastructure construction projects such as offices and residential properties, factories, shopping and leisure centers as well as roads, bridges, tunnels, railway lines and ports. It also includes environmental protection projects. On these projects, HOCHTIEF Polska works closely with other companies in the HOCHTIEF network. Our Polish subsidiary is now also developing financing models and participating in PPP projects. This is enabling HOCHTIEF Polska to align more closely with HOCHTIEF's strategy of providing support at every stage in the project life cycle.

During the period under review, HOCHTIEF Polska's business volume declined due to the global financial crisis. Nonetheless, the company finished out 2009 with earnings above forecast. Thanks to the projects successfully secured, HOCHTIEF Polska is starting 2010 with a solid order backlog.

Numerous certifications also underscore the high quality of the company's work in environmental protection, health and occupational safety—for employees and subcontractors.

In 2010, we expect our subsidiary to again produce satisfactory results.

Project highlights

Airport, Łódź

Łódź, the second largest city in Poland, is expanding its airport. As part of a consortium, our Polish subsidiary is building the new, three-story Terminal 3 and a flight control tower. Here, too, HOCHTIEF will supply the luggage sorting facility.

Production and storage facility, Kutno

In November 2009, HOCHTIEF Polska began building a production and storage facility in Kutno for a Spanish client. In addition, the company will construct the required roads and yards for the project worth EUR 3.6 million.

Other projects in Poland

At the end of the reporting year, HOCHTIEF Polska was also planning or building the following projects, among others: an exhaust gas purification plant for the town of Kielce, residential buildings in Warsaw, a soccer stadium in the Lower Silesian town of Lubin and an outlet center in Gdansk.

HOCHTIEF CZ a.s.

Our subsidiary in the Czech Republic was affected by the financial crisis and necessary restructuring measures in the 2009 fiscal year. However, HOCHTIEF CZ is going into 2010 with a solid order backlog.

HOCHTIEF CZ offers its customers construction and related services along the entire life cycle of infrastructure projects, real estate and plants, including property development, planning, construction and facility management. The company's building construction services include office and residential buildings, shopping centers, industrial plants and building renovation. In the infrastructure segment, HOCHTIEF CZ builds tunnels, bridges and sewage plants.

In 2009, HOCHTIEF CZ again completed a number of projects that posed special challenges for the company, for example, reconstruction of the beloved Vitkov monument in Prague, large-scale office centers, construction of the Sacre Coeur residential complex in the Czech capital as well as work on a lock.

The variety of services offered and the large share of long-term public-sector infrastructure contracts will ensure stable company performance in the coming years. In addition, HOCHTIEF CZ aims to further increase the service-related share of its business in cooperation with other HOCHTIEF companies.

Project highlights

Metro, Prague

HOCHTIEF Construction is extending Prague's metro line A in a joint venture project. The line will be lengthened by approximately six kilometers with additions including four new stations. The total value of the contract is around EUR 500 million, with HOCHTIEF's share coming in at roughly EUR 190 million.

Accessible town, Hořice

Our company is participating in a project aimed at renovating all of this Czech town's public buildings and shaping its entire infrastructure, including walkways, roads, parking spaces, water mains and public lighting, to be accessible to the disabled. The project is being subsidized by the Czech government.

Tunnel, Votice

Construction of the Votice tunnel began during the year under review. The tunnel measures 590 meters and is part of the construction of the Corridor IV railway line in the Czech Republic. The project is being built as a cut-and-cover tunnel and is expected to be finished in 2013.

Coal-fired power plant, Ledvice

HOCHTIEF Construction is expanding the coal-fired power plant primarily by adding machine rooms. The contract is worth roughly EUR 31 million.

OOO HOCHTIEF, Russia/HOCHTIEF Russia

Our business unit and the national company established in 2007 were able to remain strong and reinforce their positioning in the Russian construction market in fiscal 2009 despite the international financial crisis. Sales and earnings greatly exceeded forecasts.

HOCHTIEF Russia focuses on the infrastructure market segment, specializing in airports and sea ports, industrial buildings, sports facilities and prestigious standalone projects. In addition, construction management in the industrial construction sector is becoming increasingly important. The company's activities are concentrated mainly in Moscow and St. Petersburg, but it is beginning to successfully secure projects in other regions. HOCHTIEF Russia benefits in these efforts from close links with HOCHTIEF Construction and this company's competence centers. The company started out 2010 with a very solid order backlog, particularly in the airport construction segment.

Project highlight

Vladivostok airport, Russia

HOCHTIEF Russia will plan and build a new terminal and a new access road for the international airport in the Russian port city by the end of 2011. The gross floor area will measure approximately 43,000 square meters. Four to five passenger boarding bridges are expected to boost throughput to nearly 1,400 passengers per hour. The contract for the planning phase, which ended in early 2010, was worth around EUR 9 million.

HOCHTIEF Construction Qatar W.L.L.

Founded in 2008, the subsidiary HOCHTIEF Construction Qatar W.L.L. was primarily involved in construction activities and acquisitions in the year under review. The economy in the emirate continues to grow rapidly, with massive building and infrastructure projects being planned and executed. In 2009, HOCHTIEF Construction was awarded the largest contract in the company's history for the construction of Barwa Commercial Avenue in Qatar's capital city of Doha for a total of EUR 1.3 billion.* Negotiations on additional projects are underway. In the calendar year, the company generated a substantial earnings contribution.

HOCHTIEF (UK) Construction Ltd.

A subsidiary of HOCHTIEF Construction AG since 2002, the company focuses consistently on its core business of road and railway construction, along with the industrial construction and energy sectors. HOCHTIEF (UK) Construction is one of the top contractors in these segments. The company also successfully completes power station construction projects and builds waste incineration plants in close cooperation with its parent company.

In the year under review, HOCHTIEF (UK) Construction continued its program launched in 2008 to step up acquisitions in its core business. Another declared goal is to actively support HOCHTIEF Construction AG in gaining a foothold in the UK market with its portfolio of services. In 2010, HOCHTIEF (UK) additionally aims to intensify its infrastructure market activities. Work done is therefore expected to increase.

*You will find further information on page 29.

Project highlights

Stratford Station, London

In the run-up to the Olympic Games in 2012, HOCHTIEF (UK) Construction is expanding the train station in Stratford. The contract includes the construction of new platforms, staircases and elevators. Existing platforms, power supply and communications systems will be modernized. Work on the EUR 40 million project is proceeding according to schedule without disrupting the public's use of the facility.

Highway, Kent

HOCHTIEF (UK) Construction's bid on a project to construct an eight-kilometer two-lane section of highway near Kent airport was accepted. The particular challenge of this project worth EUR 35 million is passing the highway under a railway line without disrupting operations.

Durst-Bau GmbH

The Austrian subsidiary headquartered in Vienna has been part of the HOCHTIEF Group since 1987 and a subsidiary of HOCHTIEF Construction AG since 2002. The company's activities are focused on residential construction, refurbishing and upgrading as well as the real estate development business. Durst-Bau was integrated into the formart unit in the year under review, and the infrastructure business was handed over to HOCHTIEF Construction in 2009.*

After a difficult run-up period in 2009, the planning and sale of formart projects in the portfolio were brought to the forefront in connection with reorganization of the real estate development team.

Due to stepped-up acquisition activity in publicly subsidized and privately financed residential construction, Durst-Bau anticipates a sharp increase in work done and positive earnings in fiscal 2010.

Project highlights

Rielgasse, Vienna

A residential housing complex including 35 apartments and 44 garage spaces is being built near the main square of the Mauer district. The real estate development project worth EUR 13.7 million will be completed in fall 2010.

Jheringgasse, Vienna

Construction work on a publicly subsidized residential complex with 32 apartments and an underground parking garage will continue until summer 2010. The project features a gross floor area of 8,361 square meters under a contract totaling EUR 7 million.

Entreprise Générale de Construction HOCHTIEF-Luxembourg S. A.

HOCHTIEF Luxembourg has been a subsidiary of HOCHTIEF Construction since 1981. During this time, the company has successfully positioned itself in the market. HOCHTIEF Luxembourg is focused primarily on the development and building of residential and office real estate development projects. The company handles all project phases from land purchases through sales to construction.

In fiscal 2009, HOCHTIEF Luxembourg's project work was influenced by the international financial crisis. Nonetheless, the residential real estate market in Luxembourg remained attractive. The main hallmark of 2010 will be the construction of several projects successfully marketed in 2009.

Project highlights

"Am Bambesch" complex

The "Am Bambesch" residential complex is being built at the northwest edge of the city of Luxembourg directly adjacent to the "Les jardins de Mühlenbach" project built by HOCHTIEF Luxembourg. The 19 apartments in total feature floor space ranging from 55 to 130 square meters and high-quality finishing work. The residential complex worth approximately EUR 9 million is scheduled to be completed for move-in by early 2011.

Hotel Melià, Luxembourg-Kirchberg

In fiscal 2009, general contractor HOCHTIEF Luxembourg was able to hand over the newly built hotel several months before the contractually agreed deadline. The turnkey project features a gross floor area of 11,000 square meters.

*You will find further information on page 10.

HOCHTIEF Construction Austria GmbH & Co. KG/ HOCHTIEF Construction Austria

The independent national company set up in fiscal 2007 was successful again in 2009. The new competence center for earthwork and road construction landed a number of attractive contracts and was instrumental in enabling the company to continue the success achieved in the previous year.

The Austrian company's extensive capabilities cover the civil engineering and infrastructure segments. In addition to the competence center for earthwork and road construction, HOCHTIEF Construction Austria's services include structural engineering, tunneling, railway/train station and power plant construction as well as environmental engineering. These services are provided throughout the entire southeastern European region. The earthwork and road construction segment will continue to grow in 2010 thanks to ongoing demand for transportation infrastructure.

Project highlights

Main station, Salzburg

Our national company in Austria will enlarge Salzburg's main train station by 2014, making it a regional and international transportation hub. The project will expand one of the country's largest train stations into a through station without disrupting operations. The contract worth EUR 50.5 million includes the construction of platforms with a total length of around three kilometers and track infrastructure improvements.

Herzogenburg railroad station, Lower Austria

HOCHTIEF Construction is participating in a joint venture to reconstruct Herzogenburg railroad station. The centerpiece of the project due to be completed in June 2010 is the construction of a new underpass. The EUR 11.2 million contract also includes extensive demolition work, implementation of soil replacement and drainage measures as well as the construction of roads, platforms and a railroad bridge.

PPP road project, Vienna

In late October 2009, the S1 East and S2 beltway sections of the first Austrian PPP transportation project opened on schedule. HOCHTIEF Construction Austria was awarded the contract to build the 51-kilometer stretch of road in 2006 by HOCHTIEF PPP Solutions, the leader of the consortium. The entire project will be completed in early 2010.

HOCHTIEF Construction Romania

Founded in 2006, our business unit in the Romanian capital of Bucharest performed well despite considerable economic difficulties in the country as a result of the global financial crisis. HOCHTIEF Construction Romania was even able to grow its business. One of the company's notable successes was being awarded the contracts for three initial public-sector environmental projects. The business unit will build three water treatment plants for a total of EUR 36 million.

In the medium term, HOCHTIEF Construction Romania also aims to gain a foothold in the transportation infrastructure segment, which has great potential. Romania is planning to build 1,000 kilometers of new roads in the next five years to be partly co-financed by the European Union.

Project highlights

Medias sewage plant

In December 2009, our business unit in Romania secured a contract worth EUR 14 million to build a third sewage plant. The existing facility in Medias, Transylvania, will be modernized and its capacity increased to a population equivalent of 74,000 during 33 months of construction.

Hornbach DIY store, Bucharest

HOCHTIEF Construction Romania received its fourth building construction contract in November 2009. A EUR 9.2 million DIY store on the north side of Bucharest will take eight months to build. An existing store space will be refurbished and a drive-through area and garden section added.

HOCHTIEF Construction Bulgaria

Our business unit in the Bulgarian capital of Sofia opened at the end of 2005. HOCHTIEF Construction Bulgaria focuses on turnkey residential and commercial construction along with logistics properties. Another specialization is environmental construction in the form of sewage plants as well as water and waste water projects. In the future, the business unit aims to benefit from the massive expansion of highways and railways planned in Bulgaria. Many of these projects are financed by the European Union. In 2010, we anticipate an increase in the number of sewage plant and infrastructure projects built in Bulgaria.

Looking Ahead

In fiscal year 2009, we continued the restructuring and reorganization measures initiated in 2007 rigorously and with noticeable success. As a result, we are well equipped internally to keep our operations profitable. However, the future course of the ongoing financial crisis will have a significant impact on the trend in Germany and international markets.

Overall economic situation

In light of the financial market crisis, the International Monetary Fund (IMF) expects the global economy to grow by around three percent in fiscal year 2010.

Industry situation

For the current fiscal year, market researchers at Euroconstruct predict a slight uptick in demand in the German construction industry. In the growth countries of Eastern Europe, the industry experts expect a rise of over five percent. Western Europe, on the other hand, is likely to see a decline of almost three percent.

New orders

The trend in new orders in the HOCHTIEF Europe division and at HOCHTIEF Construction AG will depend to a significant extent on whether the company is successful in winning several large German and international projects. These projects are currently being negotiated by the Building and Civil Europe divisions.

We are also expecting new orders to be lower in 2010 because the year under review saw the largest contract win in our company's history. We will not deviate from our strategy of rigorous selectivity in order taking.

Work done

Near-term new orders will have a considerable impact on work done in the division and at HOCHTIEF Construction AG in the current fiscal year. However, the order backlog at the start of the new fiscal year covers over 70 percent of the division's work done target, which has been set at the prior-year level.

The trend will vary from division to division. Construction International expects a solid capacity utilization rate due to the major international projects. Capacity utilization in the Building and Civil Europe divisions in 2010 will depend on whether the anticipated contracts are actually received.

Earnings and financial performance

Over the coming months, it is key to secure anticipated projects and thus set the division and HOCHTIEF Construction AG on course to maintain the uptick in their earnings and financial performance.

In the event of any serious delay or failure to secure contracts, it cannot be ruled out that we will have to make market-based adjustments in fiscal year 2010, which would have a corresponding impact on our earnings. We do not see any additional risks beyond those that are usual for the industry.

We are optimistic and, based on the internal measures we have implemented, expect earnings to continue to trend up and improve year on year. The success of our international units suggests that, in 2010, they will again make a solid contribution to earnings in the HOCHTIEF Europe division and, through distributions, also at HOCHTIEF Construction AG.

Together with several Group companies, HOCHTIEF Construction AG will continue to be part of the HOCHTIEF Group's cash pooling system. The future liquidity position of the division and HOCHTIEF Construction AG will also depend on anticipated new orders and the related advance payments.

More capacity for the airport in Wrocław, Poland. HOCHTIEF Construction is building a new, 200-meter-long passenger terminal and expanding the external facilities. Our company beat off Europe-wide competition from two consortia of bidders to win the contract.



Financial Statements

of HOCHTIEF Construction AG, Essen, for the Fiscal Year January 1 – December 31, 2009

The 2009 Financial Statements and Management Report of HOCHTIEF Construction AG are submitted to the operator of and published in the electronic Bundesanzeiger

(Federal Official Gazette) in accordance with Section 325 of the German Commercial Code (HGB).

Balance Sheet

(EUR thousand)	See note	Dec. 31, 2009	Dec. 31, 2008
Assets			
Fixed assets	(1)		
Property, plant and equipment		5,740	3,450
Financial assets		136,381	136,440
		142,121	139,890
Current assets			
Inventories			
Construction work in progress		733,217	1,082,792
Less: Progress payments received		(550,718)	(904,633)
		182,499	178,159
Other inventories	(2)	19,833	14,702
		202,332	192,861
Receivables and other current assets	(3)	653,785	639,356
Other marketable securities	(4)	305,315	303,447
Cash and cash equivalents	(5)	60,771	91,063
		1,222,203	1,226,727
		1,364,324	1,366,617
Liabilities and Shareholders' Equity			
Shareholders' equity	(6)		
Subscribed capital		100,050	100,050
Capital reserve		103,615	103,615
		203,665	203,665
Provisions	(7)	460,999	443,121
Liabilities	(8)	699,660	719,814
Deferred income		0	17
		1,364,324	1,366,617

Statement of Earnings

(EUR thousand)	See note	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Sales	(10)	1,523,262	1,333,039
Change in the balance of construction work in progress		(354,487)	104,213
Other operating income	(11)	45,755	39,182
Materials	(12)	(817,367)	(1,181,104)
Personnel costs	(13)	(304,684)	(285,210)
Depreciation and amortization	(14)	(2,018)	(2,115)
Other operating expenses	(15)	(136,329)	(126,888)
Net income from participating interests	(16)	33,372	8,565
Net income from financial assets	(16)	1	0
Net interest income	(17)	13,370	28,159
Writedowns on financial assets and marketable securities	(18)	(5)	(19,732)
Profit/(loss) from ordinary activities		870	(101,891)
Income taxes	(19)	470	0
Transfer under profit/loss pooling agreement		(1,340)	101,891
Net profit before changes in reserves/unappropriated net profit		0	0

Movements in Fixed Assets

(EUR thousand)	Cost of purchase or production					Carrying amount at Dec. 31, 2009	Carrying amount at Dec. 31, 2008
	Jan. 1, 2009	Additions	Disposals	Cumulative depreciation and amortization	Depreciation and amortization in 2009		
Property, plant and equipment							
Land and buildings	0	1,379	0	0	0	1,379	0
Technical equipment and machinery, and transportation equipment	1,711	463	392	1,446	201	336	199
Other equipment, office furniture and equipment, and small equipment	17,198	2,628	1,584	14,217	1,817	4,025	3,251
	18,909	4,470	1,976	15,663	2,018	5,740	3,450
Financial assets							
Shares in affiliated companies	154,904	45	2	19,097	5	135,850	135,811
Other participating interests	1,196	51	738	–	–	509	600
Other long-term loans	28	0	6	–	–	22	29
	156,128	96	746	19,097	5	136,381	136,440
Total fixed assets	175,037	4,566	2,722	34,760	2,023	142,121	139,890

Note on the changes in property, plant and equipment: The addition to land and buildings relates to the purchase of assets of the Innsbruck business office from Durst-Bau GmbH.

Notes on the changes in financial assets: The main additions to shares in affiliated companies result from the incorporation of Potsdamer Zwillinge GmbH & Co. KG (a project company) and HOCHTIEF Construction Slovakia s.r.o., and from the purchase of additional ownership interests in Uferpalais Projektgesellschaft mbH & Co. KG.

The main disposals of other participating interests relate to the dissolution of RMZ HOCHTIEF Construction (India) Priv. Ltd., Bangalore, and withdrawal from Stadion Magdeburg GmbH & Co. KG.

The figure for financial assets in the depreciation and amortization column relates to amortization on the carrying amount of HOCHTIEF Construction Slovakia s.r.o.

As part of a joint venture, HOCHTIEF Construction has a major hand in the Elefsina-Patras-Tsakona toll road project in Greece. The 365-kilometer expressway is being designed, financed and subsequently operated until 2038 by a consortium including our sister company, HOCHTIEF PPP Solutions.



Notes to the 2008 Financial Statements of HOCHTIEF Construction AG

General information

These annual financial statements are prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG). HOCHTIEF Construction AG has made use of the option provided by Section 265 (7) of the Commercial Code to combine a number of items in the balance sheet and the statement of earnings for purposes of clarity. Also in the interest of clarity and in line with established practice, the statutory balance sheet disclosures are supplemented by two additional items stated in these Notes: receivables from joint ventures and amounts due to joint ventures. These record the net amounts receivable from or payable to joint ventures after accounting for products and services supplied, construction work done, administration fees, cash advances paid, and HOCHTIEF Construction AG's share of joint venture profits or losses. The Statement of Earnings is presented in vertical format using the nature of expense method of analysis. Monetary amounts in the text of these Notes are rounded to the nearest thousand euros unless specifically stated otherwise.

The Company is a wholly owned subsidiary of HOCHTIEF Aktiengesellschaft, with which it has a Control and Profit/Loss Transfer Agreement.

Accounting policies

Property, plant and equipment are stated at cost of purchase or production (at the amount required to be capitalized under tax law), less depreciation and writedowns due to impairment. Borrowing costs are not included in purchase or production cost.

Items of property, plant and equipment are depreciated over their useful lives. Minor assets with a cost of up to EUR 150 are expensed in the year of purchase or production and are not recognized as assets. Independently usable minor assets with a cost of more than EUR 150 but less than EUR 1,000 are grouped and depreciated as a group over five years. In view of its limited significance, acquired software is included in office furniture and equipment. All permissible special tax depreciation allowances are used.

Shares in affiliated companies and participating interests are measured at acquisition cost less writedowns for impairment. Non-interest-bearing loans and low-interest loans to third-party entities are reported at present value. Other loans are reported at their nominal amount.

Inventories are stated at cost of purchase or production, or at fair value if lower. The production cost of construction work in progress includes direct costs of material and production plus apportioned indirect costs.

EUR 361,000 in interest on borrowing was capitalized for project-specific loans for the first time in the year under review.

Expected losses on work in progress are taken into account by recognizing a writedown on the cost of production. If the expected losses exceed the capitalized cost of production, the difference is accounted for by recognizing provisions. These are estimated on the basis of the prospective future performance of each contract until construction is completed, assessing future income solely on the basis of figures confirmed in writing by the client and future costs on the basis of the estimated full cost up to completion.

Major additional expenditure was incurred in 2009 for nine long-term infrastructure projects due to unexpected geological conditions. To present a true and fair view in the 2009 financial statements, the submitted claims amounting to EUR 35.3 million have been recognized for accounting purposes at their realistic contract value.

Progress payments received from clients are deducted from inventories up to the amount of the cost of production for each project. Advance payments in excess of these amounts are reported on the liabilities side.

The valuation of receivables and other current assets, which are initially recognized at their nominal amount, includes appropriate provision for specific doubtful accounts. A global allowance is also deducted to cover general credit risk. Receivables from clients in other countries are largely—to the extent possible—secured against political and economic risks by Hermes guarantees.

Other marketable securities are reported at acquisition cost. If the cost of purchase of any asset is higher than its fair value on the balance sheet date, a writedown is recognized on its carrying amount.

Cash and cash equivalents are measured at their nominal amount.

Subscribed capital is measured at its nominal amount.

Provisions for pensions, long-service bonuses, and semi-retirement programs for older employees are determined using actuarial tables. The discount factor applied is 3.5 percent. Pension provisions are determined using the Prof. Klaus Heubeck 2005 G tables. These are generational tables that state probabilities for pension factors such as mortality, loss of earning capacity and marriage rates classified by birth year as well as by age and sex.

Other provisions are recognized in accordance with prudent commercial judgment; with regard to a limited number of project-related risks, provisions are recognized based on legal appraisals, reflecting the level of risk that can realistically be anticipated.

Liabilities are normally recognized at the settlement amount.

Sales figures include HOCHTIEF Construction AG's share in the net profits and losses of joint ventures.

Expenses for severance allowances to employees and other taxes are reported as other operating expenses.

Currency translation and currency risk management

Foreign currency receivables are measured at the lower of the central rate at initial recognition and the exchange rate at the balance sheet date. Foreign currency payables are measured at the higher of the spot rate at initial recognition and the exchange rate at the balance sheet date. Losses due to changes in exchange rates are recognized as expense.

Currency risk is managed through HOCHTIEF Aktiengesellschaft on the basis of binding directives. The Company is exposed to currency risk (in the form of transaction risk) from receivables, liabilities, cash and cash equivalents, and pending transactions in currencies other than the functional currency of the Group company or operating location concerned in each case.

Forward exchange contracts are mainly used to hedge payments or items exposed to exchange rate changes. The counterparties for derivatives entered into externally are banks with a top credit rating who determine the fair value of the derivatives using recognized valuation techniques.

Currency-related transactions hedge a total of EUR 13.8 million as of the balance sheet date (EUR 1.3 million in forwards and EUR 12.5 million in swaps). EUR 0.3 million of other provisions have been recognized for hedges with a negative fair value. Hedges with a positive fair value amount to EUR 0.1 million as of the balance sheet date.

Explanatory Notes on the Balance Sheet

1. Fixed assets

The combined fixed assets categories reported in the balance sheet are shown broken down into their component items and with year-on-year changes on page 43. Shares in affiliated companies and participating interests included in financial assets are shown in the List of Holdings appended to these Notes.

2. Other inventories

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Raw materials and supplies, spare parts	267	128
Advance payments	19,566	14,574
	19,833	14,702

3. Receivables and other assets

(EUR thousand)

	Dec. 31, 2009	Of which: residual term above 1 year	Dec. 31, 2008	Of which: residual term above 1 year
Trade receivables	138,123	923	73,840	1,439
Receivables from joint ventures	85,400	–	84,320	–
Receivables from affiliated companies	408,528	208	466,813	3,008
Receivables from companies in which the Company has participating interests	1,873	–	1,153	–
Other receivables	19,861	5,310	13,230	4,235
	653,785	6,441	639,356	8,682

Receivables from affiliated companies mostly comprise cash pool receivables, trade receivables, loans, and an invested amount of EUR 10 million pledged to secure credit balances on working time accounts.

Other receivables include receivables under pension liability insurance, interest receivables from securities, promissory note loans (Schuldscheindarlehen), short and medium-term loan receivables from third-party entities, advance contributions made to funds set up to compensate construction employees during reduced working hours or bad weather, foreign value-added tax receivables, amounts receivable from project companies, amounts receivable from employees for advances and short-term loans, as well as other non-trade receivables and other assets.

4. Other marketable securities

The securities portfolio mostly consists of shares in bond and equity funds and fixed-interest investments denominated in euros. Marketable securities with a carrying amount of EUR 151,029,000 (2008: EUR 149,417,000) are legally owned by HOCHTIEF Pension-Trust e. V.

Under a contractual trust arrangement (CTA) and by contractual agreement, HOCHTIEF Construction AG is party to a legally separate pension fund set up to hold assets used to fund pension benefit payments for HOCHTIEF Construction AG. The Company retains beneficial ownership of the trust assets.

EUR 18,948,000 (2008: EUR 27,785,000) in marketable securities are pledged to safeguard amounts accumulated in semi-retirement plans against insolvency in accordance with Section 8a of the German Semi-Retirement Act, and to secure credit balances on working time accounts.

5. Cash and cash equivalents

These consist mostly of euro bank balances. Cash and cash equivalents to the value of EUR 28,455,000 (2008: EUR 33,274,000) are legally owned by the pension fund.

6. Shareholders' equity

(EUR thousand)	Amount as of Dec. 31, 2009	Amount as of Dec. 31, 2008
Subscribed capital (nominal capital stock)	100,050	100,050
Capital reserve	103,615	103,615
	203,665	203,665

HOCHTIEF Construction AG's nominal capital is divided into 100,050,000 bearer shares of common stock with no par value. The sole shareholder is HOCHTIEF Aktiengesellschaft, Essen, Germany.

7. Provisions

(EUR thousand)	Dec. 31, 2009	Dec. 31, 2008
Provisions for pensions	233,302	225,844
Tax provisions	5,100	0
Other provisions	222,597	217,277
	460,999	443,121

Provisions for pensions are recognized for current and future benefit payments to active and former employees and their surviving dependants.

Pension payments totaled EUR 6,815,000 in 2009 (2008: EUR 6,227,000).

The tax provisions relate to taxes for foreign operating locations.

Other provisions cover items such as warranty obligations, obligations for work pending completion, costs of order processing and follow-up costs on contracts already invoiced, provisions for onerous contracts, payments for damages, costs of semi-retirement programs for older employees, obligations under stock option plans for management, outstanding employee leave, obligations for long-service bonus payments, costs of organizational development, contributions to mutual indemnity associations, costs of preparing the annual financial statements, and other uncertain liabilities.

Information on obligations secured by liens and similar charges is provided in Note 4.

8. Liabilities

(EUR thousand)

	Dec. 31, 2009	Of which: residual term up to 1 year*	Dec. 31, 2008	Of which: residual term up to 1 year*
Amounts due to banks	49,855	36,314	28,874	22,889
Advance payments for orders	183,868	183,868	131,762	131,762
Trade payables	262,591	261,646	336,725	336,725
Amounts due to joint ventures	83,346	83,346	116,729	116,729
Amounts due to affiliated companies	43,068	13,914	47,435	6,872
Amounts due to companies in which the Company has participating interests	154	154	1,608	1,608
Other liabilities	76,778	76,778	56,681	56,681
Of which: from taxes	[5,142]	[5,142]	[4,382]	[4,382]
Of which: from social insurance contributions	[1,254]	[1,254]	[1,046]	[1,046]
	699,660	656,020	719,814	673,265

* As in the prior year, there are no liabilities with a residual term of more than five years.

Amounts due to banks are secured to the value of EUR 49.9 million (2008: EUR 28.9 million) by charges on real property and assignment of purchase price receivables.

Other liabilities include payroll liabilities, tax liabilities, social insurance liabilities, other non-trade payables and other obligations.

These guarantees and letters of comfort primarily serve as security for bank loans, contract performance, warranty obligations and advance payments, and for equity guarantees relating to foreign participating interests. Most guarantees as of the reporting date related to participating interests. HOCHTIEF Construction AG is also jointly and severally liable for all joint ventures in which it has an interest.

9. Contingencies, commitments and other financial obligations

(EUR thousand)

	Dec. 31, 2009	Dec. 31, 2008
Liabilities under guarantees and letters of comfort	30,469	54,211
Of which: for affiliated companies	[30,469]	[54,211]

Under the centralized cash management system operated by the parent company HOCHTIEF Aktiengesellschaft, the Company bears secondary liability for the use of funds by HOCHTIEF Aktiengesellschaft, provided that meeting the assumed payment obligation does not affect the asset base needed for capital maintenance at the time the payment obligation is entered into.

Other financial obligations arise in connection with long-term tenancy agreements in the amount of EUR 60,599,000 (2008: EUR 73,787,000) of which EUR 22,318,000 (2008: EUR 29,616,000) are obligations to affiliated companies. Expenditure on rentals and lease payments totaled EUR 23,349,000 in 2009 (2008: EUR 22,946,000).

Explanatory Notes on the Statement of Earnings

10. Sales

HOCHTIEF Construction AG's sales totaling EUR 1,523,262,000 (2008: EUR 1,333,039,000) primarily consist of contract amounts invoiced directly to clients, products and services supplied to joint ventures, and the Company's share of joint venture profits and losses. The total sales figure comprises EUR 1,432,132,000 generated domestically and EUR 91,130,000 abroad. Because of the long-term nature of construction contracts, the sales figures provide only an incomplete picture of work done during the reporting year (including the Company's share of work done in joint ventures). Work done is therefore broken down separately for domestic and international operations below.

Work done

(EUR thousand)	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Domestic:		
Subdivided by sector		
Commercial/industrial	490,303	878,303
Public sector	475,092	443,867
Residential	101,441	176,188
	1,066,836	1,498,358
International:		
Subdivided by region		
Europe	431,569	475,261
Asia	5,866	15,681
Africa	18,072	14,658
Americas	0	9,815
Australia	2,238	5,227
	457,745	520,642
Total	1,524,581	2,019,000

11. Other operating income

This item primarily includes income from reversals of provisions, indirect utilization of provisions, insurance payments received for damages, write-ups on marketable securities, reimbursement of administrative expenses, renting and leasing out, and foreign exchange gains.

12. Materials

(EUR thousand)	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Raw materials, supplies and purchased goods	67,129	108,534
Purchased services	750,238	1,072,570
	817,367	1,181,104

13. Personnel costs

(EUR thousand)

	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Wages and salaries	247,086	230,198
Social insurance and support	42,493	42,086
Pensions	15,105	12,926
Total	304,684	285,210

Employees (average for the year)

	2009	2008
Waged/industrial employees	1,316	1,483
Salaried/office employees	3,315	3,377
Total	4,631	4,860

14. Depreciation and amortization

The entire amount relates to depreciation on property, plant and equipment.

15. Other operating expenses

Other operating expenses primarily include rentals and lease payments, insurance premiums, including the cost of Hermes insurance against foreign risks, court, attorneys' and notaries' fees, legal costs, marketing and travel expenses, losses on disposal of financial assets, costs of organizational development, costs of materials for administrative purposes, foreign exchange losses, transfers to other provisions, additions to general valuation allowances for receivables, and other social benefits payable that are not reported elsewhere. Other taxes included here come to EUR 1,838,000 (2008: EUR 1,383,000).

16. Net income from participating interests and net income from financial assets

(EUR thousand)

	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Net income from participating interests	33,372	8,565
Income from profit/loss transfer agreements	15,173	10,485
Expenses from transfer of losses	(1,487)	(1,936)
Income from participating interests	20,381	1,563
Of which: affiliated companies	[17,635]	[1,563]
Loss from participating interests	(695)	(1,547)
Of which: affiliated companies	[0]	[(403)]
Net income from financial assets	1	0
Income from other securities and long-term loans	1	0

Net income from participating interests mainly consists of profit distributions from foreign participating interests.

17. Net interest income

(EUR thousand)

	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Other interest and similar income	22,434	39,033
Of which: affiliated companies	[12,295]	[23,854]
Other interest and similar expenses	(9,064)	(10,874)
Of which: affiliated companies	[(6,792)]	[(7,807)]
Total	13,370	28,159

18. Writedowns on financial assets and marketable securities

This item consists in its entirety of writedowns on one participating interest.

19. Income taxes

The income taxes mainly relate to income taxes for foreign operating locations.

20. Auditing fees

The following fees were recognized in total as expense in fiscal 2009 for services provided by auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(EUR thousand)	Jan. 1 – Dec. 31, 2009
Financial statement audits	626
Other auditing and valuation services	3
Tax consulting	10
Other services provided for HOCHTIEF Construction AG	10
	649

21. Total compensation for the Executive Board and Supervisory Board

Pursuant to Section 286 (4) of the German Commercial Code, Executive Board compensation is not disclosed.

Total benefit payments to former members of the Boards amounted to EUR 833,000 for fiscal 2009. Provisions for pensions include EUR 6,091,000 for current and future benefit payments to former members of the Boards as of December 31, 2009.

Total Supervisory Board compensation for fiscal 2009 was EUR 297,000.

Group affiliation

HOCHTIEF Aktiengesellschaft (Essen, Germany) is the sole shareholder in HOCHTIEF Construction AG and is the parent of both the largest and the smallest group of companies for which consolidated financial statements are drawn up and of which HOCHTIEF Construction AG is a member. Consolidated financial statements have not been prepared for HOCHTIEF Construction AG because it and its subsidiaries are included in the consolidated financial statements of HOCHTIEF Aktiengesellschaft, which are submitted to the operator of and are published in the electronic Bundesanzeiger (Federal Official Gazette).

HOCHTIEF Construction AG
The Executive Board

Essen, January 26, 2010

Boards

Supervisory Board

Dr.-Ing. Herbert Lütkestratkötter

Essen, Chairman, Chairman of the Executive Board, HOCHTIEF Aktiengesellschaft

Gerhard Peters*

Bad Nauheim, Deputy Chairman, Member of the Management Board/Human Resources corporate center, HOCHTIEF Aktiengesellschaft

Gregor Asshoff*

Frankfurt am Main, attorney-at-law and head of the Policy and Fundamental Issues department, Construction, Agricultural and Environmental Employees' Union (since May 26, 2009)

Klaus Brix*

Lich, Chairman of the Management Board, Rhine-Main business unit, HOCHTIEF Construction AG (since April 1, 2009)

Matthias Donecker*

Bensheim, Assistant to the Federal Executive Committee, German Construction, Agricultural and Environmental Employees' Union

Rainer Eichholz

Unna, Chairman of the Management Board, HOCHTIEF Real Estate division

Günter Haardt*

Leubsdorf, Managing Director, Vermögensverwaltung der ver.di GmbH, Berlin (until May 7, 2009)

Olaf Hasselmann*

Hanover, Chairman of the Management Board, Shell Construction/Industrial Construction business unit, HOCHTIEF Construction AG (until March 31, 2009)

Georg Kürfgen

Essen, Chairman of the Management Board, HOCHTIEF Services division

Slawomir Lachowski

Warsaw, Bank Director (until September 29, 2009)

Dr. Burkhard Lohr

Haltern am See, Member of the Executive Board, HOCHTIEF Aktiengesellschaft

*Employee representative

Professor Dr. Martin Rohr

Düsseldorf, Member of the Executive Board, HOCHTIEF Aktiengesellschaft

Pietro Spano*

Hattingen, Safety Engineer, HOCHTIEF Construction AG

Dr. Frank Stieler

Eppstein, Member of the Executive Board, HOCHTIEF Aktiengesellschaft (since September 30, 2009)

Olaf Wendler*

Osterweddingen, Personnel Coordinator, HOCHTIEF Construction AG

Executive Board

Dipl.-Ing. Henner Mahlstedt

Essen, Chairman of the Executive Board, Chief Executive Officer

Heiner Helbig

Hilden, Member of the Executive Board, Chief Financial Officer

List of Holdings

Name and registered location	Percentage stock held	Shareholders' equity		Profit/(loss) for the year		
		(thousand)		(thousand)		
		Local currency	EUR	Local currency	EUR	
Affiliated companies						
Entreprise Générale de Construction						
Hochtief-Luxembourg S.A., Luxembourg	99.96 %		1,751		2,030	
DURST-BAU GmbH, Vienna, Austria	99.90 %		(1,095)		431	
HOCHTIEF (UK) CONSTRUCTION Ltd., Swindon, UK	100 %	GBP	7,523	8,471	GBP 120	135
Streif Baulegistik GmbH, Essen ¹	100 %			31,659		0
HOCHTIEF Construction Chilena Ltda., Las Condes, Santiago, Chile	99.99 %	CLP	792,100	1,093	CLP (621,216)	(808)
HOCHTIEF Global Trade GmbH ²	100 %			635		0
RheinartOffice GmbH & Co. KG, Essen	50 %			25		175
ArtOffice GmbH, Essen	50 %			17		(1)
OOO HOCHTIEF, Moscow, Russia	99.90 %	RUB	285,663	6,619	RUB 200,398	4,523
HOCHTIEF Construction Austria GmbH & Co. KG, Vienna, Austria	100 %			1,000		(95)
HOCHTIEF Construction Austria Verwaltungsges. mbH, Vienna, Austria	100 %			40		1
HOCHTIEF Construction Qatar W.L.L., Doha, Qatar	49 %	QAR	95,386	18,312	QAR 115,529	22,747
Area of Sports GmbH & Co. KG, Düsseldorf	50 %			10		640
Projektverwaltungsgesellschaft Mönchengladbach Area of Sports mbH, Düsseldorf	50 %			24		(1)
Uferpalais Projektgesellschaft mbH & Co. KG, Essen	70 %			5		(104)
Uferpalais Verwaltungsgesellschaft mbH, Essen	70 %			23		0
Bau und Grund GmbH & Co. KG, Freiburg	65 %			25		(31)
Bau und Grund Verwaltungsgesellschaft mbH, Freiburg	65 %			20		(1)
Deutsche Baumanagement GmbH, Essen	100 %			82		32
NX.Forum.Verwaltungs GmbH, Essen	100 %			23		(1)
Projektgesellschaft Potsdamer Zwillinge GmbH & Co. KG, Schulzendorf	100 %			10		(1)
Verwaltungsgesellschaft Lister Gracht GmbH, Hanover	100 %			23		(1)
HOCHTIEF Construction Slovakia s.r.o., Bratislava, Slovakia ³	100 %	SKK	(1,055)	(35)	SKK (1,206)	(39)
HOCHTIEF CZ a.s., Prague, Czech Republic	100 %	CZK	959,047	36,223	CZK 3,289	124
HOCHTIEF Polska S.A., Warsaw, Poland ⁴	99.96 %	PLN	128,492	31,306	PLN 57,258	13,172
Other participating interests						
HOCHTIEF CANADA INC., Ontario, Canada	100 %	CAD	7,441	4,919	CAD (761)	(481)
LLC HOCHTIEF Ukraine, Dnipropetrovsk, Ukraine ⁵	100 %	UAH	(16,076)	(1,488)	UAH 46,296	5,914
HOCHTIEF Construction Infrastructure Polska sp.j., Warsaw, Poland ⁵	70 %	PLN	929	224	PLN 429	122
Bau und Grund AG, Metzingen	99.09 %			(1,337)		(12)
Projektentwicklungsgesellschaft acht bis elf mbH, Cologne	51 %			52		31
HOCHTIEF Construction Chiloe Ltda., Santiago, Chile	50 %	CLP	106	0	CLP (67)	0
CONTUR Wohnbauentwicklung und Projektsteuerung GmbH & Co. KG, Düsseldorf ³	49.50 %			25		4,828
CONTUR Wohnbauentwicklung GmbH, Düsseldorf ³	50 %			38		21
SEVERINS WOHNEN GmbH & Co. KG, Cologne ³	50 %			25		(258)
Projektverwaltungsgesellschaft SEVERINS WOHNEN mbH, Cologne ³	50 %			20		(3)
1. WohnArt Projektentwicklung GmbH & Co. KG, Hamburg	50 %			25		1,099
WohnArtVerwaltungsgesellschaft mbH, Hamburg	50 %			29		1
E. Pihl & Son A.S.-HOCHTIEF Construction AG sp. j., Warsaw, Poland ³	50 %	PLN	95	23	PLN 55	16
Skyliving GmbH & Co. KG, Hamburg	50 %			10		(32)
Skyliving VerwaltungsGmbH, Hamburg	50 %			29		1
Mélyépítő Budapest Kft., Budapest, Hungary ⁵	29.60 %					
Südwestdeutsche Rohrleitungsbau GmbH, Frankfurt am Main ³	45 %			3,417		24
BELUGA HOCHTIEF Offshore GmbH & Co. KG, Bremen	50 %			20		(38)
Wohnpark Gießener Straße GmbH & Co. KG, Kriftel	50 %			25		0
formart Wilma Verwaltungsgesellschaft mbH, Kriftel	50 %			24		(1)
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Kriftel	50 %			25		0

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the HOCHTIEF Construction AG, Essen, for the business year from January 1, 2009 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). 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 annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within

the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Executive Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Essen, January 27, 2010

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dr. Martin Nicklis
(German Public Auditor)

ppa. Bernhard Klinker
(German Public Auditor)

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This annual report is a translation of the original German version, which remains definitive.

As of: January 27, 2010