

Annual Financial Statements of HOCHTIEF
Aktiengesellschaft, as of December 31, 2002



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The 2002 Annual Financial Statements and Management Report of HOCHTIEF Aktiengesellschaft are published in the German Federal Bulletin ("Bundesanzeiger") and are submitted to the commercial registry of the Essen District Court under registered number HRB 279. The Management Report has been compiled jointly for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group; the combined Management Report starts on page 24 of our Annual Report.

The combined list of the Group's and HOCHTIEF Aktiengesellschaft's subsidiaries, associates and other participating interests, pursuant to Sections 285 (11) and 313 (2) 1-4 of the German Commercial Code (HGB) is deposited at the commercial registry of the Essen District Court.

Balance Sheet of HOCHTIEF Aktiengesellschaft

(EUR thousand)

	See note	Dec. 31, 2002	Dec. 31, 2001
Assets			
Fixed assets	(1)		
Property, plant and equipment		183,648	137,044
Financial assets		1,351,177	1,495,388
		1,534,825	1,632,432
Current assets			
Inventories			
Non-invoiced construction work		182,519	183,320
Less: Installment payments received		118,809	70,019
Other inventories	(2)	149	1,070
		63,859	114,371
Receivables and other current assets	(3)	634,094	513,489
Marketable securities	(4)	193,307	268,169
Cash and cash equivalents	(5)	90,502	44,328
		981,762	940,357
Prepaid expenses	(6)	2,573	358
		2,519,160	2,573,147
Liabilities and Shareholders' Equity			
Shareholders' equity	(7)		
Subscribed capital		179,200	179,200
Reserves		1,019,270	999,566
Unappropriated net income		38,500	35,000
		1,236,970	1,213,766
Special reserves with an equity portion	(8)	275	69,712
Provisions	(9)	560,975	433,037
Liabilities	(10)	720,940	856,282
Deferred income	(11)	-	350
		2,519,160	2,573,147

Statement of Earnings of HOCHTIEF Aktiengesellschaft

(EUR thousand)	See note	2002	2001
Sales	(13)	119,037	68,286
Increase in the level of non-invoiced construction work		36,063	11,745
Other operating income	(14)	380,686	184,468
Materials	(15)	(172,820)	(110,595)
Personnel costs	(16)	(67,788)	(91,346)
Depreciation and amortization	(17)	(16,781)	(13,124)
Other operating expenses	(18)	(193,636)	(74,854)
Income from financial assets (net)	(19)	263,893	24,402
Interest (expense)/income (net)	(20)	(1,691)	5,821
Depreciation and write-downs on financial assets and marketable securities	(21)	(288,852)	(50,050)
Profit/(loss) from ordinary activities		58,111	(45,247)
Income taxes	(22)	(3,385)	3,813
Net income/(loss) before changes in reserves		54,726	(41,434)
Net income brought forward		3,478	5,829
Changes in revenue reserves	(7)	(19,704)	70,605
Unappropriated net income		38,500	35,000

Movements in Fixed Assets 2002

(EUR thousand)	Cost of acquisition or production	
	Jan. 1, 2002	Additions
Property, plant and equipment		
Land, rights equivalent to land, and buildings, including buildings on land owned by third parties	231,303	22,359
Technical equipment and machinery, transportation equipment	2,704	924
Other equipment, office furniture and equipment, small equipment	13,307	1,167
Advances paid on fixed assets, and assets under construction	49,342	–
	296,656	24,450
Financial assets		
Shares in affiliated companies	672,207	445,713*
Long-term loans to affiliated companies	24,947	–
Other participating interests	213,860	–
Long-term loans to companies linked by virtue of participating interests	34,831	4,367
Long-term securities investments	656,627	2,175
Other long-term loans	141	1,704
	1,602,613	453,959
Total Fixed Assets	1,899,269	478,409

* Includes an asset write-up of EUR 66,801 thousand

Cost of acquisition or production		Depreciation, cumulative	Of which: depreciation in FY	Book value at Dec. 31, 2002	Book value at Dec. 31, 2001
Disposals	Reclassifications				
30,252	84,801	128,766	15,660	179,445	85,726
208	-	594	225	2,826	2,140
5,293	-	7,956	896	1,225	1,020
67	(47,939)	1,184	-	152	48,158
35,820	36,862	138,500	16,781	183,648	137,044
282,383	(5)	39,324	73	796,208	593,022
188	-	-	-	24,759	24,947
91,962	5	94,695	70,001	27,208	189,166
-	-	-	-	39,198	34,831
-	-	196,703	193,357	462,099	653,281
140	-	-	-	1,705	141
374,673	-	330,722	263,431	1,351,177	1,495,388
410,493	36,862	469,222	280,212	1,534,825	1,632,432

Notes to the Financial Statements of HOCHTIEF Aktiengesellschaft 2002

General principles

These Annual Financial Statements have been prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG). For the sake of clarity of presentation, a number of items in both the Balance Sheet and the Statement of Earnings have been aggregated. Such aggregated items are broken down into their constituents and commented on in these Notes. The Statement of Earnings classifies expenses by their nature, using what is also known as the "cost of production" method. The financial statements are denominated in euros, and all sums of money in these Notes are cited to the nearest thousand euros, unless specifically stated otherwise.

The Executive Board and Supervisory Board have issued a declaration of compliance with the German Corporate Governance Code pursuant to AktG Sec. 161, and this is available for shareholders to view at all times in the Annual Report and on the HOCHTIEF website.

Accounting and valuation policies

Property, plant and equipment are stated at cost of acquisition or production (at the amount required to be capitalized under tax law), less scheduled depreciation and non-scheduled write-downs. Interest on debt is not included in those costs. Depreciation on property, plant and equipment is made to the full extent permissible under tax law.

Property, plant and equipment are depreciated using the declining balance method as far as tax law permits, switching to the straight-line method once this yields higher depreciation amounts. Providing tax law permits, depreciation on additions to movable assets during the first and second half of the year is calculated using full or half-year rates respectively. Low-value assets are fully written down in the year of acquisition. In light of planned legislative changes contained in the Draft Bill on the Reduction of Tax Benefits (Entwurf StVergAbG), the special reserves with an equity portion permitted by Sec. 6b of the German Income Tax Act (EStG) have been released and no new allocations are being made to these reserves in the current fiscal year.

Financial assets are normally reported at cost of acquisition. Certain shares in affiliated companies and participating interests are posted at fair value if this is lower. In the process of transferring ownership of the equity in HOCHTIEF Australia Limited, Sydney, Australia to a newly founded intermediate holding company, the valuation of this shareholding was adjusted to the value assessed for tax purposes. Long-term securities investments are stated at the lower of acquisition cost or their current stock market price or fair value. Non-interest-bearing loans and low-interest loans to third-party entities are reported at their present value.

Inventories are stated at cost of acquisition or production (at the legally required capitalized amount). Cost of production of non-invoiced construction work includes unit costs of material and prime cost. Advance payments received from clients are deducted from inventories up to the amount of the cost of production for each project. Advance payments which exceed these amounts are reported on the liabilities side.

In the valuation of receivables and other current assets, appropriate provision is made for foreseeable risks. They have also had a lump sum charged against them to cover general credit risks and allow for their failure to yield interest.

Marketable securities are reported at acquisition cost. If the cost of acquisition or production of any assets is higher than their fair value on the balance sheet date, their value is written down accordingly.

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. The provisions for pensions assume a contribution assessment ceiling of EUR 4,500 per month in the statutory pension system.

Other provisions are allocated in an appropriate amount to cater for all recognizable risks; the amount provided reflects the anticipated future charge.

Liabilities are invariably reported as the amount due.

Currency translation

Assets and liabilities in foreign currency are reported in the financial statements at the central rate or the daily rate applicable at the time of initial entry into the accounts. Losses due to changes in exchange rates are recognized as expense.

Explanatory Notes to the Balance Sheet

1. Fixed assets

The aggregated fixed assets categories reported in the balance sheet are itemized, with details of changes in each item relative to the prior year, in the statement of Movements in Fixed Assets.

In the course of restructuring the HOCHTIEF Group's Development division, the Company transferred ownership of certain of its real estate assets to newly founded project companies in the year under review, at those assets' fair values.

Continuing the process of establishing a new holding structure, begun in the previous year, the equity stake in HOCHTIEF USA INC., Wilmington, Delaware, was transferred to HOCHTIEF Americas GmbH, Essen, while the stake in HOCHTIEF Australia Limited, Sydney, was transferred to HOCHTIEF Asia Pacific GmbH, Essen. The transfer of these equity holdings took place at their book values.

A list of the main subsidiaries, associates and other participating interests of the HOCHTIEF Group is provided on pages 20-21. The complete list of HOCHTIEF Aktiengesellschaft's equity interests has been deposited at the Essen commercial registry.

Long-term securities investments to the value of EUR 2,171,000 consist of mutual fund units linked to a deferred compensation plan to provide a supplementary pension for employees. The fund units attributed to the employees have been pledged to their benefit.

2. Other inventories

(EUR thousand)	2002	2001
Raw materials and supplies, spare parts	56	347
Advance payments	93	723
	149	1,070

3. Receivables and other current assets

(EUR thousand)	2002	Of which: with residual term above 1 year	2001	Of which: with residual term above 1 year
Trade receivables	33,324	–	31,137	–
Receivables from joint ventures	2,041	–	14,787	–
Receivables from affiliated companies	540,355	1,919	406,762	50,089
Receivables from companies linked by virtue of participating interests	166	–	2,125	–
Other current assets	58,208	10,150	58,678	–
	634,094	12,069	513,489	50,089

Receivables from affiliated companies are largely connected with intra-Group financial management.

Other current assets include entitlements from real property sales, short-term loans, interest receivable from securities and fixed-term deposit investments, reinsurance and pension liability insurance entitlements, tax refund entitlements, advances on wages, salaries and travel expenses, damage claims, other non-trade receivables and other assets.

4. Marketable securities

Our securities are predominantly fixed-interest investments. As of the balance sheet date, this item also included 6,951,780 (2001: 6,999,963) of our own common shares, with a book value of EUR 90,373,000 (2001: EUR 110,669,000).

5. Cash and cash equivalents

This consists mostly of euro bank balances.

6. Prepaid expenses

The expenses involved are rents, insurance premiums and taxes applicable to later accounting periods.

7. Shareholders' equity

	Amount on Jan. 1, 2002	Dividends distributed	Net income for the year	(Withdrawals from)/Transfers to revenue reserves	Amount on Dec. 31, 2002
(EUR thousand)					
Subscribed capital	179,200	-	-	-	179,200
Capital reserve	400,806	-	-	-	400,806
Revenue reserves					
Statutory reserve	1,492	-	-	-	1,492
Reserve for own stock	110,669	-	-	(20,296)	90,373
Other revenue reserves	486,599	-	-	40,000	526,599
Total reserves	999,566	-	-	19,704	1,019,270
Unappropriated net income	35,000	(31,522)	54,726	(19,704)	38,500
	1,213,766	(31,522)	54,726	-	1,236,970

HOCHTIEF Aktiengesellschaft's nominal capital of EUR 179,200,000 is divided into 70,000,000 no-par-value shares.

The capital reserve contains the premiums received when the Company issues new stock.

Conditional capital has been authorized with a nominal value of up to EUR 3,584,000.00, to issue up to 1,400,000 new no-par-value shares to members of the Executive Board, and such managerial employees of HOCHTIEF Aktiengesellschaft and of certain of its affiliates as are selected for participation by the Executive Board. The Supervisory Board and/or Executive Board have been empowered to grant the specified group of managers options to purchase up to

1,400,000 no-par-value shares, in execution of the 1999 and 2000 Long-term Incentive Plans (LTIP's).

Effective June 28, 2000, the authorization granted up to December 20, 2000 for the Company to repurchase its own stock for three kinds of purposes was superseded (see below). Those purposes were: (a) to offer stock under the terms of the 1999 and 2000 Long-term Incentive Plans for subscription by members of the Executive Board and by such managerial employees of HOCHTIEF Aktiengesellschaft and of certain of its affiliates as were selected for participation by the Executive Board, (b) to offer stock for the purpose of acquiring companies or equity interests therein and for the purpose of entering into mergers, and (c) to retire stock. The permission to offer stock contained

in the original authorization and the conditions attached thereto remained in force for all stock already acquired under the authorization through June 27, 2000.

In a resolution of the General Shareholders' Meeting on June 28, 2000, the Company was authorized to repurchase its own stock until December 27, 2001 in order to be able to offer stock for the purposes of acquiring companies or equity interests therein and for the purpose of entering into mergers, or in order to retire stock. Together with the stock already acquired under the terms of the authorization in force from June 21, 1999 through June 27, 2000, the total stock authorized for repurchase is restricted to a maximum of ten percent of the overall capital stock (i.e., to 7,000,000 no-par-value shares).

812,170 shares were repurchased to provide for stock options awarded under the 1999 and 2000 LTIP's. 6,139,224 shares were repurchased for the two other purposes stated above. A further 386 shares were repurchased in order to offer them for sale to persons employed by the Company or one of its affiliates. These shares made up the holdings of own stock, as defined in Section 160 (1) 2 of the Stock Corporations Act (AktG), at December 31, 2002. They constitute EUR 17,797,000 of the nominal capital stock, or 9.93 percent of the total.

The shares were repurchased in 1999, 2000, and 2001.

336 shares were readmitted to our holdings of own stock in April 2002 at a price of EUR 20.06 per share, because the employees or officers of the Company or an affiliated company entitled to receive them in the previous year's issue of stock to such persons had not fulfilled the pre-agreed criteria, ultimately rendering the transfer of the shares impossible. These shares make up EUR 860 of the nominal capital stock (0.0005 percent of the total).

We sold 44,719 of the Company's shares in April 2002 to qualifying persons as cited earlier, at a price of EUR 12.72 each. The shares sold constitute EUR 114,481 of the nominal capital stock, or 0.06 percent.

Following the exercise of 800 stock options in August 2002 and a further 3,000 in December 2002, we sold a corresponding number of shares to the holders of the option rights, at prices of EUR 15.32 and EUR 13.29 per share, respectively. These shares constitute EUR 9,728 of the nominal capital stock (0.005 percent of the total).

The purchase options granted under the 1999 and 2000 Long-term Incentive Plans, pursuant to Sec.192 (2) 3 of the German Stock Corporations Act (AktG), up to the last balance sheet date are:

	Options originally granted	Options in force on Dec. 31, 2001	Options lapsed in 2002	Options exercised	Options in force on Dec. 31, 2002
1999 LTIP	336,600	295,500	19,430	3,800	272,270
2000 LTIP	537,520	493,950	31,150	-	462,800

Of the total stock options granted pursuant to AktG Sec. 192 (2) 3, the number issued to members of the Executive Board was 243,000, and the remainder were granted to selected managerial employees of the Company and its affiliates.

The reserve for own stock was reduced to EUR 90,373,000 following a withdrawal of EUR 20,296,000 (2001: EUR 29,001,000) to reflect changes in the book value of the shares. Pursuant to AktG Sec. 58 (2a), the Executive Board transferred EUR 40,000,000 out of the write-up in the book value of HOCHTIEF Australia Ltd., Sydney (formerly HOCHTIEF Limited, Sydney) to other revenue reserves. EUR 41,604,000 had been withdrawn from these reserves in the previous year.

8. Special reserves with an equity portion

This item comprises tax allowable reserves pursuant to Sec. 52 (16) of the German Income Tax Act (EStG) totaling EUR 275,000 (2001: EUR 550,000). The special reserves accumulated in earlier years pursuant to EStG Sec. 6b, amounting to EUR 69,162,000, were released in full in the year under review. The impact of changes in this item was to increase the net income of HOCHTIEF Aktiengesellschaft by EUR 69,437,000.

9. Provisions

(EUR thousand)	2002	2001
Provisions for pensions	319,340	324,209
Provisions for taxes	51,031	58,399
Other provisions	190,604	50,429
	560,975	433,037

Provisions for pensions are created for obligations arising from entitlements to future pension benefits and ongoing payments to current and former employees and their survivors. Ongoing pension payments during the reporting year were EUR 22,854,000 (2001: EUR 22,236,000).

Other provisions cover items such as risks in real estate and project development, costs of order processing and follow-up costs on contracts already invoiced, anticipated losses related to pending transactions not considered elsewhere, costs of preparing the financial statements, contribution to a mutual pension fund, outstanding employee vacation time, restructuring costs, costs of semi-retirement programs for older employees, payments for damages, and other uncertain liabilities. The year-on-year increase in other provisions is primarily to cater for risks in real estate and project development.

10. Liabilities

(EUR thousand)	2002	Of which: with residual term of up to 1 year	2001	Of which: with residual term of up to 1 year
Amounts due to banks	60,362	7,382	116,233	116,233
Advance payments received	11,342	11,342	16,284	16,284
Trade payables	14,074	14,074	11,953	11,547
Amounts due to joint ventures	–	–	11,570	11,570
Amounts due to affiliated companies	590,734	590,734	667,820	663,643
Amounts due to companies linked by virtue of participating interests	1,012	1,012	6	6
Other liabilities	43,416	43,416	32,416	23,990
Of which: from taxes	[26,055]	[26,055]	[14,810]	[14,810]
Of which: from social insurance contributions	[845]	[845]	[771]	[771]
	720,940	667,960	856,282	843,273

Amounts due to affiliated companies are largely connected with intra-Group financial management.

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

11. Deferred income

This item in the prior year chiefly comprised advance rentals.

12. Contingencies, commitments and other financial obligations

(EUR thousand)	2002	2001
Liabilities from guarantees, sureties and letters of support	1,082,793	1,008,861
Of which: for affiliated companies	816,257	790,092

Guarantees and sureties have been provided primarily as security for bank loans, contract performance, warranty obligations, and advance payments. As of the balance sheet date, we had provided guarantees primarily for participating interests and joint ventures. We are also jointly and severally liable for all joint ventures in which we participate.

Marketable securities with a nominal value of EUR 84,551,000 (2001: EUR 111,259,000) have been pledged as surety bonds for the proper execution of construction work as per contract and for advance payments received.

In order to offset currency and interest rate fluctuations, we enter into forward foreign exchange transactions and use other derivative financial instruments in our international transactions and financing arrangements. We have established guidelines that are binding for all Group companies to clearly regulate the use of these transactions, set up separate controlling measures, and specify responsibilities. Derivatives must be tied to underlying transactions. They may only be used to hedge risks. The counterparties in hedging transactions are invariably banks with a first-rate credit standing.

Underlying transactions are valued as a unit with their corresponding hedging transactions when the two types are objectively and intentionally complementary in both use and function, to the extent that gains and losses from the underlying and the hedging transaction are highly likely to cancel each other out.

The nominal amount of EUR 55,000,000 (2001: EUR 204,516,000) relates to exchange rate hedging transactions. The nominal amount allows inferences to be drawn as to the overall use made of derivatives, but does not reflect the level of risk attendant upon their use. The net market value was EUR -2,009,000 (2001: EUR -6,094,000) as of December 31, 2002.

Explanatory Notes to the Statement of Earnings

13. Sales

Following the reorganization of HOCHTIEF Aktiengesellschaft as a strategic management holding company in 2001, which involved spinning off construction operations into the legally autonomous HOCHTIEF Construction AG, the sales posted now essentially comprise income from processing older contracts in Germany, which fall within the Construction division's sphere of responsibility, together with income from carrying out holding-company functions. The older projects are being settled up by HOCHTIEF Aktiengesellschaft to optimize the tax treatment.

14. Other operating income

This category primarily includes income from the disposal of fixed assets (particularly EUR 111,350,000 from the sale of our interest in MONACHIA Grundstücks-Aktiengesellschaft, Munich, and EUR 59,525,000 from the transfer of certain real estate assets to newly founded project companies at the assets' fair values), corporate headquarters charges, sales of securities, writing back provisions, insurance payments received for damages, foreign exchange gains and write-ups. In the course of establishing HOCHTIEF's new holding structure, the value of the equity interest in HOCHTIEF Australia Limited of Sydney, Australia, was written up by EUR 66,801,000 in 2002 to match the value assessed for tax purposes. Income from releasing special reserves with an equity portion totaled EUR 69,437,000 (2001: EUR 14,951,000).

15. Materials

(EUR thousand)	2002	2001
Raw materials, supplies and purchased goods	4,790	1,878
Purchased services	168,030	108,717
	172,820	110,595

16. Personnel costs

(EUR thousand)	2002	2001
Wages and salaries	43,683	43,870
Social insurance and support	5,118	4,645
Pensions	18,987	42,831
	67,788	91,346

Employees

(average for the year)	2002	2001
Waged/industrial employees	15	14
Salaried/office employees	419	420
Total	434	434

17. Depreciation and amortization

The depreciation and amortization applies entirely to fixed assets, and is charged to the extent permitted by tax law, except that depreciation which would have been induced solely by Sec. 6b of the German Income Tax Act was not charged in the year under review. The total figure includes non-scheduled asset write-downs of EUR 12,000,000.

18. Other operating expenses

Other operating expenses primarily include changes in provisions for risks in real estate and project development and for impending losses from pending transactions, costs involved in order processing, insurance premiums, costs of semi-retirement programs for older employees, write-downs of receivables, costs of materials for administrative purposes, rentals and lease rentals, travel and other business expenses, foreign exchange losses, costs of employee shares, costs of preparing the financial statements, and other social benefits payable that are not reported elsewhere. The "other taxes" subitem reported here comes to EUR 1,614,000 (2001: EUR 2,717,000). The increase in other operating expenses relative to the previous year is primarily due to risk provisions in the real estate and project development field.

19. Income from financial assets (net)

(EUR thousand)	2002	2001
Income from profit/loss transfer agreements	228,509	41,095
Income from participating interests	97,093	82,162
Of which: from affiliated companies	[91,065]	[76,361]
Expenses from assumption of losses	(71,412)	(161,003)
Income from other securities and long-term loans	9,703	62,148
Of which: from affiliated companies	[1,782]	[1,628]
	263,893	24,402

EUR 185,928,000 (2001: EUR 30,670,000) of the income from profit/loss transfer agreements came from Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen. This com-

pany transferred part of its real estate portfolio at the properties' fair values to a newly founded project company.

EUR 50,969,000 (2001: EUR 122,161,000) of the expenses from the assumption of losses derive from HOCHTIEF Construction AG, Essen.

20. Interest (expense)/income (net)

(EUR thousand)	2002	2001
Other interest and similar income	34,882	35,548
Of which: from affiliated companies	[25,339]	[21,906]
Interest and similar expenses	(36,573)	(29,727)
Of which: to affiliated companies	[(26,230)]	[(9,719)]
	(1,691)	5,821

21. Depreciation and write-downs on financial assets and marketable securities

This item consists of adjustments to valuations of stakes in affiliated companies and other participating interests, and also the write-down on the holding of the Company's own shares and other securities investments to their listed stock exchange price as of December 31, 2002.

EUR 193,357,000 of the total charge is a write-down on special-purpose investment funds, and EUR 58,857,000 on the equity stake in Ballast Nedam N.V.

22. Income taxes

Income taxes include German trade income taxes, foreign taxes on profits, and tax refunds relating to earlier periods. Other taxes are disclosed under other operating expenses.

23. Total compensation for Supervisory Board and Executive Board

Total compensation for the Executive Board in FY 2002 was EUR 2,493,000 (2001: EUR 2,974,000). The total divides into EUR 1,639,000 in fixed compensation plus a performance-related component of EUR 854,000 for all the members combined.

Compensation for the Supervisory Board came to EUR 417,000 (2001: EUR 392,000). Pension payments to former members of the Executive Board or their survivors were EUR 1,614,000 (2001: EUR 1,542,000).

A total of EUR 19,099,000 (2001: EUR 16,186,000) has been provided to cover future pension obligations to former members of the Executive Board or their survivors.

Participating interests in the Company

Until December 31, 2001, the majority of the Company's equity was held by RWE Aktiengesellschaft, Essen. With economic effect as of January 1, 2002, RWE Aktiengesellschaft reduced its direct equity holding in HOCHTIEF Aktiengesellschaft, and no longer has the majority stake in the intermediate holding company, Francommerz Vermögensverwaltungsgesellschaft mbH. As a result of these changes in its ownership, HOCHTIEF Aktiengesellschaft ceased effective January 1, 2002 to be fully included in the consolidated financial statements of RWE, and is now treated as an associated company valued at equity.

HOCHTIEF Aktiengesellschaft
The Executive Board

Essen, March 2003

Proposal by Executive Board for Use of Net Income

We propose that the unappropriated net income of EUR 38,500,000.00 available for distribution be used to pay a dividend of EUR 0.55 per no-par-value share on the capital stock of EUR 179,200,000.00, subdivided into 70,000,000 no-par-value shares.

The dividend amount that would otherwise have been payable on own stock held by the Company on the date of the General Shareholders' Meeting—this stock is barred from receiving a dividend by Section 71b of the Stock Corporations Act (AktG)—will be carried forward to the new fiscal year.

Independent Auditor's Report

We have audited the Annual Financial Statements, together with the bookkeeping system, and the combined Management Report of HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group for the business year from January 1 to December 31, 2002. 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 management.

Our responsibility is to express an opinion on the Annual Financial Statements, together with the bookkeeping system, and the combined Management Report based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with Sec. 317 HGB (Handelsgesetzbuch: German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 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 evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the Annual Financial Statements and the combined 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 management, 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, the Annual Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. On the whole the combined Management Report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Essen, March 4, 2003

PwC Westdeutschland
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Schwarzhof
Wirtschaftsprüfer
(German Public
Auditor)

Kunst
Wirtschaftsprüfer
(German Public
Auditor)

Subsidiaries, Associates and Other Significant Participating Interests of the HOCHTIEF Group at December 31, 2002

	Percentage of stock held	Local currency (thousand)	Shareholders' equity EUR thousand	Profit/(loss) for the year (EUR thousand)
I. Affiliated companies included in the Consolidated Financial Statements				
Airport division				
HOCHTIEF AirPort GmbH, Essen	100		135,000	- *
Airport Partners GmbH, Düsseldorf	60**		147,597	40
HAP Hamburg Airport Partners GmbH & Co. KG, Hamburg	80**		319,679	4,939
KSA Interinvest GmbH & Co KG, Essen	100**		25	(3,609)
Sydney Airport Investment GmbH & Co. KG, Essen	100**		175,465	504
Construction division				
HOCHTIEF Construction AG, Essen	100		203,662	- *
STREIF Baulogistik GmbH, Essen	100**		1,277	- *
Dipl. Ing. Hugo Durst GmbH, Vienna, Austria	100**		6,472	(107)
HOCHTIEF (UK) CONSTRUCTION Ltd., Melksham, UK	100**	GBP	790	1,215
HOCHTIEF Fertigteilebau GmbH, Essen	100		3,071	- *
Development division				
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen	100		17,490	- *
DEBAUSIE Immobilien GmbH & Co. KG, Essen	100**		79,577	(78)
HOCHTIEF Projektentwicklung GmbH, Essen	100		7,670	- *
HOCHTIEF Facility Management GmbH, Essen	100		1,093	- *
Americas division				
HOCHTIEF Americas GmbH, Essen	100		542,524	- *
Turner Corporation, Dallas, Texas, U.S.A.	100**	USD	385,374	369,770
HOCHTIEF CANADA Inc., Toronto, Canada	100	CAD	57,411	35,047
HOCHTIEF do Brasil S.A., São Paulo, Brazil	91.42	BRL	23,785	6,409
HOCHTIEF Argentina S.A., Buenos Aires, Argentina	100	ARS	1,382	392
Asia Pacific division				
HOCHTIEF Asia Pacific GmbH, Essen	100		705,025	- *
Leighton Holdings Limited, Sydney, Australia	50.28**	AUD	845,493	456,651

	Percentage of stock held	Shareholders' equity Local currency (thousand)	EUR thousand	Profit/(loss) for the year (EUR thousand)
International division				
HOCHTIEF Polska Sp. z o.o., Warsaw, Poland	99	PLN 79,310	19,825	164
HOCHTIEF VSB a.s., Prague, Czech Republic	94.66	CZK 508,833	16,161	3,793
Corporate Headquarters				
VERBAU Gesellschaft zur Vermittlung von Bauversicherungen mbH, Essen	100		779	- *
Contractors' Casualty & Surety Reinsurance Company S.A., Strassen, Luxembourg	100**	USD 3,500	3,358	-
Builders' Credit Reinsurance Company S.A., Strassen, Luxembourg	100**	USD 2,502	2,401	-
II. Associated companies consolidated at equity				
Airport division				
Flughafen Düsseldorf GmbH, Düsseldorf	50**		60,570	8,214
Athens International Airport S. A., Athens, Greece	39.94**		290,361	(9,639)
Flughafen Hamburg GmbH, Hamburg	49**		63,760	21,044
Americas division				
AECON Group Inc., Toronto, Canada	48.70**	CAD 99,776	60,909	8,342
KITCHELL CORPORATION, Phoenix, Arizona, U.S.A.	32.41**	USD 68,522	65,748	9,016
International division				
Ballast Nedam N. V., Nieuwegein, Netherlands	48		215,000	(50,000)
P. T. Ballast Indonesia Construction, Jakarta, Indonesia	47.44	USD 5,264	5,051	(231)
Concor Limited, Johannesburg, South Africa	49.99	ZAR 164,322	16,802	1,768

* Profit/loss transfer agreement ** Indirect participating interest *** Consolidated result for group

Boards

Supervisory Board

- * Supervisory Board member representing employees
- a) Membership in other supervisory boards prescribed by law
- b) Membership in comparable domestic and international corporate governing bodies

Dr. jur. Dietmar Kuhnt

Essen, Chairman,
Former Chairman of the Executive Board of RWE AG, Essen

- a) Allianz Versicherungs-AG
Dresdner Bank AG
Hapag-Lloyd AG
Heidelberger Druckmaschinen AG (Chairman)
mg technologies ag
RWE Plus AG (Chairman)
RWE Power AG (Chairman)
TUI AG
- b) Innogy Holdings plc. (Chairman)
Thames Water plc. (Chairman)

Gerhard Peters *

Butzbach, Deputy Chairman, Administrative Officer
a) HOCHTIEF Construction AG

Alois Binder *

Wyhl, Construction Plant Operator

Detlev Bremkamp

Munich, Member of the Executive Board of Allianz AG, Munich

- a) Allianz Global Risks Rückversicherungs AG (Chairman)
Asea Brown Boveri AG
- b) ACIF
AGF RAS Holding B.V. (Chairman)
Allianz Financial & Insurance Services GmbH
Allianz General Insurance Company S.A.
Allianz Life Insurance Company S.A.
Allianz Portugal S.A., Companhia de Seguros
Allianz Risk Transfer
Allianz, Companhia de Seguros y Reaseg. S.A. (Chairman)
Assurances Générales de France
Dresdner Kleinwort Wasserstein (Japan) Limited
Elmonda Assistance (Chairman)
Lloyd Adriatico
RAS International II B.V.
RAS International N.V.
RINV (NewCo) (Chairman)
Riunione Adriatica di Sicurtà S.p.A.
Royal Nederland Verzekeringsgroep
Zwolsche Algemeene N.V.

Günter Haardt *

Frankfurt am Main, Executive Manager, Vermögensverwaltungs- und Treuhandgesellschaft mbH der Industriegewerkschaft Bauen-Agrar-Umwelt (the asset management and trust company of the Construction, Agricultural and Environmental Employees' Union), Frankfurt am Main

- a) HOCHTIEF Construction AG
- b) Union Druckerei und Verlagsanstalt GmbH

Ulrich Hartmann

Düsseldorf, Chairman of the Executive Board of E.ON AG,
Düsseldorf

- a) Deutsche Lufthansa AG
E.ON Energie AG (Chairman)
IKB Deutsche Industriebank AG (Chairman)
Münchener Rückversicherungs-Gesellschaft AG (Chairman)
RAG Aktiengesellschaft (Chairman)
- b) ARCELOR
Henkel KGaA
Powergen plc (Chairman)

Josef Hess *

Vilshofen, Warehousekeeper and Works Council Chairman
(in Munich)

Dipl.-Ing. Gerhard Hilke *

Rödermark-Urberach, Management Chairman,
Southwest Division of HOCHTIEF Construction AG

Dr. rer. pol. h. c. Martin Kohlhausen

Frankfurt am Main, Chairman of the Supervisory Board of
Commerzbank AG, Frankfurt am Main

- a) Bayer AG
Commerzbank AG (Chairman)
Heraeus Holding GmbH
Infineon Technologies AG
Karstadt-Quelle AG
Linde AG
Schering AG
ThyssenKrupp AG
- b) Verlagsgruppe Georg von Holtzbrinck GmbH

Udo Paech *

Berlin, Technical Employee

Dr. jur. Dr.-Ing. E. h. Heinrich v. Pierer

Munich, Chairman of the Executive Board of Siemens AG,
Berlin & Munich

- a) Bayer AG
Münchener Rückversicherungs-Gesellschaft AG
Volkswagen AG
- b) Siemens AG Österreich (Austria)

- * Supervisory Board member representing employees
- a) Membership in other supervisory boards prescribed by law
- b) Membership in comparable domestic and international corporate governing bodies

Prof. Dr. Jürgen Strube

Ludwigshafen, Chairman of the Executive Board of BASF AG, Ludwigshafen

- a) Allianz Lebensversicherungs-AG
Bayerische Motoren Werke Aktiengesellschaft
Bertelsmann AG
Commerzbank AG
Hapag-Lloyd AG
Linde AG

Dr. phil. Klaus Sturany

Dortmund, Member of the Executive Board of RWE AG, Essen

- a) Commerzbank AG
Hannover Rückversicherungs-AG
Heidelberger Druckmaschinen AG
RAG AG
RWE Dea AG
RWE Power AG
RWE Solutions AG
- b) Innogy Holdings plc.
RWE Trading GmbH
Thames Water plc.

Fritz Voelkner *

Duisburg, Assistant Foreman

Dr.-Ing. E. h. Heinrich Weiss

Hilchenbach-Dahlbruch, Chairman of the Executive Board of SMS AG, Düsseldorf

- a) Commerzbank AG
Deutsche Bahn AG
Ferrostaal AG
J.M. Voith AG
SMS Demag AG (Chairman)
- b) Concast Holding AG (President)
Concast AG (President)
Thyssen-Bornemisza Group

Klaus WieseHügel *

Frankfurt am Main, National Chairman of the Construction, Agricultural and Environmental Employees' Union, Frankfurt am Main

- a) Zusatzversorgungskasse des Baugewerbes WvG, Wiesbaden (Chairman)

Executive Board

Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel

Essen, Chairman

- a) HOCHTIEF Construction AG (Chairman)
IVECO MAGIRUS AG
National-Bank AG
Vitterra AG
- b) Ballast Nedam N.V.
Leighton Holdings Limited
Pilkington plc.
The Turner Corporation

Hans-Wolfgang Koch

Meerbusch

- a) Flughafen Düsseldorf GmbH (Chairman)
HOCHTIEF Construction AG
IV-AG Immobilien Aktiengesellschaft
Schefenacker Vision Systems International AG
- b) AECOM Group Inc.
HOCHTIEF Polska Sp. z. o.o.
HOCHTIEF VSB a.s.
The Turner Corporation
Turner Construction – International LLC

Dr. rer. pol. Peter Noé

Essen

- b) Builders' Credit Reinsurance Company S.A.
Contractors' Casualty & Surety Reinsurance Company S.A.
eAEC global Holding B. V.
Leighton Asia Limited

Dr. rer. pol. Hans-Georg Vater

Ratingen

- a) HOCHTIEF Construction AG
SAB Spar- und Anlageberatung AG
- b) Athens International Airport S.A.