

HOCHTIEF

Corporate portrait

International construction services provider / EUR 12.78 billion turnover in 2002

HOCHTIEF is one of the leading international providers of construction-related services. With a work-done volume of EUR 12.78 billion and 33,231 employees in FY 2002, the company is represented in all the world's major markets. In Germany, the USA – the world's biggest construction market – and in Australia, HOCHTIEF is market leader; it also has a leading position in Southeast Asia. In Europe, the Group is in fourth place, internationally, it takes fifth position. HOCHTIEF has five corporate divisions: HOCHTIEF Airport, HOCHTIEF Development, HOCHTIEF Construction Services Americas, HOCHTIEF Construction Services Asia Pacific und HOCHTIEF Construction Services Europe. The Group generates around 84 percent of its work-done volume in the international market; around 29 percent of its total sales come from services.

In 1998, HOCHTIEF began systematically increasing the service-related proportion of its revenues. Service-generated sales rose from around EUR 1.5 billion (about 18 percent) in 1999 to some EUR 3.8 billion (approximately 29 percent) in 2003. By 2007, this proportion is set to grow to over 50 percent. Services are provided across all the corporate divisions. So HOCHTIEF is undergoing a far-reaching transformation: from traditional construction group to international vendor of multicomplex services. The Group is, for instance, not only one of the world's biggest independent airport operators, it is also a worldwide leader in the field of privately financed infrastructure projects (public-private partnerships), contract mining and facility management.

HOCHTIEF

Facts & Figures

History:

1875	Founded by Philipp and Balthasar Helfmann in Frankfurt am Main
1896	Conversion into a joint-stock company
1922	Head office moved to Essen

Current data:

Head office: Essen, Deutschland

Corporate divisions: HOCHTIEF Airport
HOCHTIEF Development
HOCHTIEF Construction Services Americas
HOCHTIEF Construction Services Asia Pacific
HOCHTIEF Construction Services Europe

Output 2002: EUR 12.78 billion

Employees 2002: 33,231 (average for year)

International sales proportion: approx. 84 percent

Service-related proportion: approx. 29 percent of total output (EUR 3.8
billion)

Main shareholder: RWE, Essen (56 percent)

Press release

HOCHTIEF: No. 1 construction-related services provider in Germany

**Sales revenues of around EUR 3.8 billion in service sector /
Sophisticated range in high-tech growth fields**

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HOCHTIEF is the No. 1 provider of construction-related services in Germany. With an **output of about EUR 3.8 billion in the service sector alone**, the Group – formerly exclusively a construction company – has set itself off clearly from competitors. It now focuses particularly on high-tech industrial services. “We provide high-tech services such as satellite-aided mining, complex logistics operations and the development of risk-minimization strategies. In the automotive segment, we even interface directly with the manufacturing processes”, says Dr. Peter Noé, member of the executive board of HOCHTIEF Aktiengesellschaft. Services already account for 29 percent of the consolidated work-done volume and this proportion is to be systematically increased. “By 2007, services will represent over 50 percent of our output.”

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This has necessitated a full-scale corporate transformation, which HOCHTIEF has pursued consistently in the past few years, boosting sales revenues from services from around EUR 1.5 billion in 1999 to the present level of EUR 3.8 billion. The proportion which this sector contributes to total output has risen from 18 to 29 percent. Services are now provided right across the Group:

- **HOCHTIEF Construction Services Asia-Pacific** accounts for about 47 percent of the consolidated services volume. This division’s main service-related fields are project development, public-private partnership models, such as running the ADrail line in North Australia, and especially contract

mining, a highly complex business both technically and in terms of logistics, which involves operating facilities on behalf of clients, optimizing output, satellite-supported exploration and careful rehabilitation to minimize environmental impact.

- **HOCHTIEF Construction Services Americas** contributes around 32 percent to the consolidated service volume, above all in the field of construction management, i.e. overall responsibility for design, planning and coordination. During the preconstruction phase, the focus is reducing costs and risks by bringing together all those concerned in the project and optimizing the complex subsequent construction operations on behalf of the client.
- **HOCHTIEF Development**, which is geared exclusively to the provision of services, accounts for around 13 percent of the Group's total service-related output. In addition to project development, the core of the division is HOCHTIEF Facility Management (HTFM), a pan-European vendor of integrated facility management services in the industrial sector. Working in close cooperation with clients, it provides technical, commercial and infrastructural services which extend well into the various manufacturing processes.
- **HOCHTIEF Construction Services Europe** is the Group's traditional building construction and civil engineering division. But it too already generates around 5 percent of the Group's total service volume, especially in the areas property development, construction logistics and design/build contracts (e.g. PreFair).
- **HOCHTIEF Airport** (HTA) – which has stakes in the airports of Athens, Düsseldorf, Hamburg and Sydney and in the steadily growing consultancy sector – is an outstanding example of services vending. The company's employees provide advisory services at the international level in the field of process optimization/process management and generate around 1 percent of the Group's total service-related output (2002).

Service and BOT activities Position Paper

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1. Airport

HOCHTIEF: Athens International Airport

Eleftherios Venizelos Airport is the world's first and so far the only example of a successful public-private partnership in the airport market in which the planning, financing, construction, and operation all come from a single source – from HOCHTIEF. In October 2000, the completed airport was handed over to Athens International Airport S.A. (AIA), in which HOCHTIEF AirPort GmbH holds just under 40 percent. Then came the start of trial operations and extensive relocation and logistics management. The new airport was opened at the end of March 2001. In this first construction phase, the main two-story terminal and its satellite are designed to deal with 16 million passengers a year, but the central handling facilities can be extended to create an annual capacity of 50 million passengers. HOCHTIEF AirPort will operate Athens International Airport Eleftherios Venizelos jointly with its partner ABB and the Greek state for 25 years. The private partners hold 45 percent (HOCHTIEF stake: 39.875 percent) of the shares in the airport, the Republic of Greece 55 percent.

HOCHTIEF: Düsseldorf International Airport

Düsseldorf International was the first airport in Germany to be partially privatized. That was at the end of 1997. HOCHTIEF AirPort and its Irish partner Aer Rianta together hold 50 percent (HOCHTIEF stake: 30 percent) of the stock of Flughafen Düsseldorf GmbH. The other 50 percent remains with the City of Düsseldorf. HOCHTIEF AirPort played a key role in overseeing the restructuring of the airport company, a process aimed at optimizing the airport's market position, broadening its fields of business, and increasing its operating efficiency. In 2004, the airport expects around 14 million passengers. Within the framework of the biggest investment project in the airport's history, in which HOCHTIEF played a major part, the new central building and the new Gate B were opened in July 2002 and the enlarged hall in front of Gate C was put into operation in 2003.

HOCHTIEF: Hamburg Airport

In July 2000, HOCHTIEF AirPort, together with its Irish partner Aer Rianta, was awarded the contract for the partial privatization of Flughafen Hamburg GmbH. With the acquisition of a 36 percent stake in the company, HOCHTIEF AirPort underlined its aim of becoming one of the leading international airport groups. As the most profitable German airport, Hamburg offers potential for further entrepreneurial development and a valuable exchange of knowhow within the network of HOCHTIEF AirPort holdings. In terms of passenger numbers, Hamburg is the fifth-largest of Germany's 16 passenger airports. Early in 2002, the stake in the Hamburg Airport company was increased to 40 percent (HOCHTIEF share: 32 percent).

HOCHTIEF: Sydney Airport

In June 2002, HOCHTIEF AirPort was awarded the contract for the privatization of Sydney Airport Corporation Ltd. (SACL). The "Southern Cross" consortium, which is led by HOCHTIEF AirPort, Macquarie Bank Ltd., Australia's biggest investment bank, and Commonwealth Bank of Australia Ltd., acquired 100 percent of the airport company's stock (HOCHTIEF stake: 10.28 percent). HOCHTIEF is the only industrial company in the consortium, and contributes the requisite airport management knowhow. The decisive factors prompting HOCHTIEF AirPort's involvement were the good prospects for Australian aviation and the dominant position of the airport (which is named after the aviation pioneer Charles Kingsford Smith) on this continent. In 2003, Sydney Airport continued its steady growth trend.

2. Road projects

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HOCHTIEF: Herren Tunnel in Lübeck

In March 1999, the go-ahead was given for the first toll-route in Germany when the Hanseatic City of Lübeck and Herrentunnel Lübeck GmbH & Co. KG signed the concession contract for a road tunnel under the River Trave. Herrentunnel Lübeck, a joint project company owned by HOCHTIEF Projektentwicklung GmbH and Bilfinger Berger BOT GmbH, is planning, financing and building the EUR 150 million project and from 2005 onwards will also operate it. The new one kilometer-long tunnel will replace the existing bascule bridge which permits only restricted use. Construction work started in October 2001. From 2005 onwards the tunnel will enable road traffic to flow freely without hindering shipping. 30 years later, utilization rights will revert to the Hanseatic City of Lübeck. The German government is contributing EUR 86 million to financing the project, which is what it would have had to spend to build and maintain a new bridge.

HOCHTIEF: Toll highway in Chile

At the end of 2001, HOCHTIEF Projektentwicklung – the company’s project development arm – was awarded a contract by the Ministry of Public Works in Chile for the 30 kilometer northwestern section of the beltway around Santiago de Chile. This BOT (Build, Operate, Transfer) project, “Américo Vespucio Norte”, is part of the ongoing Chilean concession program and comprises the planning, building, financing, and subsequent operation of the toll highway with a total investment volume of about EUR 530 million. The HOCHTIEF consortium, which includes the Spanish construction group Dragados and two local partners, defeated powerful international competition in this trailblazing project. HOCHTIEF’s share is about 45 percent. Construction work commenced in April 2003 and the toll-based highway section is due to go into operation in 2005. As a member of a joint venture, HOCHTIEF Construction AG is involved in the construction work.

The beltway will ease traffic congestion in the Chilean capital, with its some six million inhabitants. The privately structured investment of about EUR 480 million will be recouped during the 28-year operating phase by means of toll charges. The construction volume amounts to about EUR 260 million. The tolls will be collected by means of a fully electronic system that does not hinder the flow of traffic. The project represents a technological milestone in the increasingly important market for fully electronic systems for toll collection and traffic management.

HOCHTIEF: Bridge project in Argentina

In Argentina, HOCHTIEF operates a road and bridge connection about 60 kilometers long between the Argentinean cities of Rosario and Victoria. The centerpiece is a cable-stayed bridge with a span of 608 meters across the Paraná River. HOCHTIEF has a 26 percent share in the project company, which comprises international and local companies. The concession for the construction and operation of the route runs for 25 years. The contract volume for the construction works including financing costs is about EUR 380 million. About one-third of the finance is being raised privately, the other two-thirds are being contributed by the state. Construction work began in 1998 but was interrupted for a year because of the difficult economic situation in Argentina. It was resumed in 2003 and brought to a successful conclusion. The long-awaited toll route connects the provinces of Santa Fé and Entre Ríos in Argentina and forms an important link in a vital long-distance corridor between Argentina and Brazil.

Leighton: WestLink M7

HOCHTIEF's Australian subsidiary, Leighton Holdings Limited, together with partners, has secured the contract to plan, finance, build and operate the WestLink M7 (formerly the Western Sydney Orbital), a 40 kilometer-long toll route around Sydney. The go-ahead came in mid-February 2003 with the financial close between the parties involved. The investment volume is EUR 1.24 billion, of which EUR 830 million is for construction work. Leighton has a 50 percent share

in the building consortium which will construct the link and subsequently also be responsible for maintenance and repairs throughout the operating phase.

Leighton also has a ten percent stake in the concession company, which will collect tolls fully electronically. The WestLink M7 is due to open to traffic in 2007. Leighton and its partners will then operate it for a period of 30 years. The route connects with three existing highways and will thus help to improve traffic flow and travel times in the Greater Sydney region. The new link will be the largest toll-based road in Australia and probably the second-biggest in the world.

Aecon: Cobequid Pass Toll Highway in Canada

HOCHTIEF's Canadian associated company Aecon operates toll projects in North America and the Middle East via its 60 percent stake in the Canadian Highways Infrastructure Corporation (CHIC). CHIC is one of the leading international players in the development, construction, operation and maintenance of toll routes. The remaining 40 percent is held by HOCHTIEF. In Canada, CHIC has developed, planned, financed and built the Cobequid Pass Toll Highway and is also responsible for operating it. The 45 kilometer-long highway was opened in late 1997. It follows the course of the old stagecoach route through areas of wilderness and across the Cobequid Mountains in the north of Canada. The new link not only provides greater safety for motorists in the region but also much shorter travel times. CHIC is responsible for the maintenance and repair of the EUR 105 million project for a total of 30 years.

John Holland and Thiess: Lane Cove Tunnel in Sydney

In addition to the WestLink M7, HOCHTIEF's Australian subsidiary Leighton Holdings has been awarded the contract for another section of Sydney's orbital motorway network. In a project led by two subsidiaries, John Holland Group Pty Limited and Thiess Pty Limited, Leighton – together with partners – is to design, finance, build and subsequently operate the 3.4 kilometer-long Lane Cove Tunnel in Sydney, the final section of the orbital motorway network. Following the financial close at the beginning of December 2003, construction work is due to commence mid-2004. The tunnel is expected to be opened to traffic in 2007. The investment volume is EUR 968 million, with construction – to be completed entirely by the Leighton subsidiaries – accounting for some EUR 665 million of this. Leighton's stake in the consortium which will operate the tunnel for a period of 33 years is just over 21 percent. The Lane Cove Tunnel will join the Gore Hill Freeway with the M2 motorway, and thus result in faster journey times between the city and Sydney's northwest.

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Leighton: North Luzon Expressway in the Philippines

On Luzon Island in the Philippines, Leighton Asia Limited, a subsidiary of HOCHTIEF's participating interest Leighton Holdings, is modernizing the North Luzon Expressway on the basis of a PPP contract. The existing 84 kilometer-long toll road is the main traffic artery between the capital Manila and the Clark Special Economic Zone. The project volume is about EUR 144 million. Leighton Asia has a 16.5 percent share in the concession company which will operate the toll road for 30 years, including construction time. The construction works, which started in early 2003 and will last two years, are being executed exclusively by Leighton. The expressway will have four new interchanges and an additional overpass. Moreover, nine existing interchanges, 22 bridges, 31 overpasses and three toll plazas will be modernized and widened. Leighton will also install the required infrastructure for the toll collection system and telecommunications.

Aecon: Cross Israel Highway in Israel

In Israel, Aecon is a partner in the Derech-Eretz Consortium, which developed, financed and planned the Cross Israel Highway near Tel Aviv, and which will now operate the highway for 30 years. The 87 kilometer toll route, consisting of four lanes for most of its length, has ten interchanges, two tunnels and 94 bridges. Construction work on the EUR 1.2 billion project began at the end of 1999. Since July 2002, Derech Eretz has been operating and maintaining the first section of this highway. Another 15 kilometers were opened to traffic a year later. The entire project was completed at the beginning of 2004. Aecon's involvement is via its subsidiary Canadian Highways Investment Corporation, which has a 33 percent share in the Derech-Eretz Consortium. The Cross Israel Highway is Israel's first toll route. Its fully automated toll collection system makes it one of the most modern highways of this type in the world.

Concor Limited: Huguenot Toll Tunnel in South Africa

The Huguenot Toll Tunnel near Cape Town, completed in 1988, was built by a joint venture involving HOCHTIEF and its South African associated company, Concor Limited. Since then, Concor has been responsible for operating this tunnel on behalf of the South African Ministry of Transport/National Roads Agency. The scope of the contract includes collecting tolls, vehicle inspections, organizing assistance services and the complete mechanical, electrical and structural maintenance and repair of the four kilometer-long tunnel with its 33 kilometers of approach roads. The concession runs until March 2004.

Concor: Bakwena Toll Road in South Africa

Within the framework of an international joint venture, Concor is involved in building the 380 kilometer-long Bakwena Toll Road in South Africa between Johannesburg and the Botswana border. It is the third-largest toll route project in South Africa. The investment volume totals around EUR 500 million. Concor has a 17 percent stake in the construction work and a 3.5 percent interest in the operating consortium. Construction began in May 2001 and will be completed by 2005. Thanks to the good progress made in construction work, 200 kilometers of the toll road have already been opened to traffic, ahead of schedule. The operating concession lasts a total of 30 years.

Concor Limited: Chapman's Peak Drive Toll Road in South Africa

One of the most spectacular coastal roads in South Africa is Chapman's Peak Drive, which was built between 1915 and 1922 by blasting a way through rock that was in places perpendicular. In 1999, following severe rockfall accidents, the over ten kilometer-long road had to be closed. At the beginning of 2003, Concor was commissioned – on the basis of a concession contract – to make the road safe for traffic again. This was achieved by means of a short tunnel and a gallery, with other hazardous sections secured by nets. The project has a volume of around EUR 17 million. Concor has a 58 percent share in the concession company which will operate the toll route – which was re-opened in December 2003 – for a period of 30 years.

John Holland: ADrail line in Australia

The John Holland Group, owned by HOCHTIEF's Australian subsidiary Leighton Holdings, has a 20 percent share in the joint venture responsible for planning and building a 1,420 kilometer-long rail link between Alice Springs and Darwin on the northern coast of Australia. The project also involves the construction of about a hundred bridges. Work began in April 2001 and is due to be completed in March 2004. The contract is worth around EUR 670 million. On completion, the rail link will be operated for a period of 50 years by Asia Pacific Transport Pty Limited, in which John Holland has a 50 percent share.

3. Facility Management

HOCHTIEF: Facility Management for the automotive industry, trade fairs and airports, and in the manufacturing of medical technology and IT components

In 2000, together with VW Kraftwerke GmbH and VW Immobilien Service GmbH, HOCHTIEF Facility Management GmbH took over the technical and infrastructural facility management services for Volkswagen's Auto City in Wolfsburg and the Transparent Factory in Dresden. Leadership is in the hands of HOCHTIEF Facility Management. In partnership with Volkswagen, the company was also able to secure the Audi works in Hungary as a client. In 2001, HOCHTIEF Facility Management and VW founded the jointly owned company car.e Facility Management GmbH. This joint venture is geared to serving companies in the automotive industry both within the VW Group and outside it. car.e has already taken over the functions of HOCHTIEF and VW in the Transparent Factory, in Auto City and the Audi works in Győr. Other clients are Bugatti in Molsheim, VW Transport and the Forum Autovision.

A similar strategy is being pursued by HOCHTIEF Facility Management in the airports product market segment. In February 2001, with retrospective effect from October 1, 2000, its subsidiary HOCHTIEF Hellas S.A., Athens, took over key FM areas at the new Athens International Airport Eleftherios Venizelos. At the end of the year, this contract was extended.

In addition, via its subsidiary HOCHTIEF Gebäudemanagement, HOCHTIEF is responsible for the operation of all the key locations of Siemens AG (administration and manufacturing) in Germany. Within the framework of the assignment for the Siemens affiliate Infineon, the services go deep into the IT component manufacturing environment, including for instance the connection/relocation of clean-room production equipment.

HOCHTIEF Facility Management has also established itself in the field of trade fairs and exhibitions. Together with Messe Berlin (the Berlin trade fair company) and GegenbauerBosse GmbH & Co.KG, it owns Capital Facility GmbH, which is responsible for all technical and infrastructural services in connection with trade fairs, exhibitions and conventions, and also for the basic supply of the entire Berlin trade fair and congress site. The ten-year contract represents the first instance of outsourcing in the trade fair sector in Germany.

One example of facility management in the property sector is the provision of technical and infrastructural building management for the Commerzbank Service Center in Frankfurt am Main, for which HOCHTIEF Facility Management has been responsible since April 2001. The center, which is packed with complex technology, provides workplaces for around 4,600 people and houses Europe's biggest trading room, with an area of 4,000 square meters.

Since January 1, 2002, the newly-founded subsidiary HOCHTIEF Facility Management Hungaria Kft has been managing more than 800 buildings in the region of Budapest and Northern Hungary for two regional utilities.

Thiess: Track maintenance in Australia

Thiess Pty Ltd. is a wholly owned subsidiary of Leighton Holdings Limited, in which HOCHTIEF has a 50.02 percent interest. In August 1999, with the privatization of the public transport system in Melbourne, Thiess extended its field of operations to include the maintenance of public transport routes. It founded the division Thiess Infraco, which maintains railroad tracks and stations. In 2002, the company had a work backlog of over EUR 570 million in this business area.

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The National Express Group (NEG) commissioned Thiess Infraco to handle infrastructure maintenance and renovation works for Bayside Trains and Swanston Trams in the state of Victoria and cooperation agreements have been concluded for periods of 15 and 12 years respectively. In a joint venture with Rail Services Australia, Thiess itself provides services for Thiess Infraco. The company is responsible for the maintenance of close on 800 kilometers of track, 17 kilometers of underground parallel routes, 118 stations, 358 bridges, and underground electric cables and 404 trams stops and 19 subway stations.

Thiess has also been successful in New South Wales, where the Rail Infrastructure Alliance (RIA) between Thiess and the Railway Services Authority (RSA) – has secured a contract worth around EUR 50 million for all capital works and maintenance on the Blacktown-Richmond railroad line in New South Wales. The assignment comprises regular, punctual maintenance of the track infrastructure, planning and building new main and secondary lines and work on signaling and communications facilities.

4. Contract Mining

Thiess: Mining and hydraulic engineering projects in Australia

On behalf of the Hunter Valley Coal Corporation, Thiess designed and constructed the Mt Owen open-cut coal mine and subsequently began operating it. The mine is situated in mineral-rich Hunter Valley, 20 kilometers north of Singleton in New South Wales. The contract is based on the partnership agreement concluded in April 1995 with the goal of increasing production capacity from one million tons of marketable coal a year to 3.6 million tons. Thiess designed and constructed the mine infrastructure, including coal washing and processing equipment, purchased mobile plant equipment and will operate the mine through its programmed life, estimated at 15 years.

Thiess' mining activities also extend to other parts of Australia. In December 1995, Portman Mining Limited contracted Thiess to build and operate the Burton Coal Mine. Originally planned for a production output of two million tons a year, the mine was extended in 1998 by the addition of a new section to permit the production of 400 tons of coal an hour. In the meantime, Thiess has completed construction contracts worth a total of EUR 57 million for the Burton infrastructure project. Construction output is planned to rise to 415 million euros by June 2005. In 1999, Essen-based RAG Coal International AG acquired 95 percent of the stock of the Burton Coal Mine from Portman Mining. The remaining five percent is held by Thiess. The concession period for the construction and operation of the mine is 15 years.

Thiess Services, a subsidiary of Thiess Pty Ltd, also operates a turnkey- completed water treatment plant for the heavily polluted wastewater from the cokery gas processing facility. The plant cleans around 1.4 million cubic meters of wastewater a year from cooling, cleaning and compression processes in the manufacture of steel.

Thiess Services is involved in the design, construction, operation and maintenance of a wastewater treatment plant for BHP in Port Kembla, New South Wales. The project runs for a period of 15 years. BHP is one of the world's biggest production companies in the field of mineral raw materials.

Thiess: Contract mining in Indonesia

In October 2003, Thiess secured important new mining contracts in Indonesia worth a total of EUR 1.02 billion. The existing contracts on the operation and expansion of the Indonesian mines Senakin and Satui were extended to life-of-mine contracts and a new contract was awarded to operate and expand one of the world's biggest coal mines, Kaltim Prima in East Kalimantan. Over the next five years alone, Kaltim Prima represents a contract volume of around EUR 466 million. The mine, which is considered highly profitable, employs around 2,700 people. The extension of the contracts for operating the Senakin and Satui mines represents a total volume of around EUR 551 million in the same period. Together, the three contracts are expected to generate earnings well in the double-digit million range.