

# General Shareholders' Meeting 2009

May 7, 2009

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Dr.-Ing. Herbert Lütkestratkötter  
Chairman of the Executive Board

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Check against delivery.

Dear shareholders,

Dear shareholder representatives,

Ladies and gentlemen,

I wish you a warm welcome to our General Shareholders' Meeting 2009. We are delighted to greet you in person here in Essen again this year, and to tell you all about what has been happening in and around HOCHTIEF. I also extend a very cordial welcome to the members of the press, as well as all the HOCHTIEF employees among us today as staff shareholders and helpers.

I would like today to look back with you over fiscal year 2008, to give you an insight into the HOCHTIEF Group today, and to describe to you how we have positioned ourselves strategically for the future. And I would like to begin by saying that these are unusual times which pose huge challenges for us all.

The **financial crisis** has changed the economic environment across the globe. Every day, we read and hear about new developments. There are no rules of thumb or prescribed courses of action for dealing with a global crisis on this scale. The extent of the upheaval we are seeing could not have been predicted.

All political and economic forecasts, including those specifically for the current fiscal year, stand in the shadow of this uncertainty.

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But let me also say that I personally think nothing of all the doom-saying that is often almost gleefully spread about. The crisis was not originally an economic one, it was a banking crisis. When it erupted, the economy was in tip top condition—including HOCHTIEF. The systems, ideas and solutions of companies and their capabilities are still out there. Whining is of no use to anyone, we just have to get through it. And that means throwing ourselves into it. At least, that's how we see things at HOCHTIEF.

Our company is producing all kinds of good news and successes. Our consistent strategy in the past of conservative planning and action has paid off for us. HOCHTIEF's positioning and strategic alignment are proving their worth, especially now in the crisis.

You, as our shareholders, are also to profit once again from the positive business performance of your company. We attach great importance to this aspiration, which we ourselves have undertaken to fulfill. Today, we are proposing to the General Shareholders' Meeting to increase the **dividend** again to EUR 1.40 per no-par value share. This represents just short of eight percent growth on the prior year and a payout ratio at over 55 percent of consolidated net profit. I believe it is also proof of our confidence with regard to our company's future business development.

This confidence is based on the past fiscal year and the fact that our company continues to be in good shape. Let's look at the main events at HOCHTIEF in 2008:

### **Review of 2008**

After massive strategic acquisitions in 2007 to further expand the Group, we concentrated in 2008 on integrating the new companies into HOCHTIEF. The civil engineering company Flatiron in the USA, aurelis Real Estate, the airport

holding in Budapest, the activities taken on in facility and energy management — all new enterprises have now been completely integrated with great success, and are contributing to earnings and further growth.

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Our primary focus is currently on organic growth and we are continuously developing our business further. We are concentrating in particular on certain regions and markets with high growth potential: for example, North America, where we have great expectations for our public-private partnership business.

But we also see potential in the expansion of our product range. A good example is the whole spectrum of energy efficiency services. The film you have just seen showed just how wide-ranging our activities are in this area. I am confident we can grow further here.

Ladies and gentlemen, the recipe for HOCHTIEF's success is and remains the extensive range of construction-related services we offer. We rigorously implement our continued strategy of covering the entire life cycle of construction projects. In this way, we span the full value chain of infrastructure projects, real estate and facilities, from designing, financing and building through to operation. For our clients, this means tailored one-stop solutions for their projects. All over the world. With top quality and dependable adherence to deadlines.

Our strategy is coming into its own, especially in these times of crisis. Thanks to our broad, international business base, we can compensate for fluctuations in individual regions and fields of business. Also, our services and concessions business means that we have long-term, calculable agreements in our contract portfolio.

We are therefore aiming to expand the services business in particular, where we have received a lot of interest. We place special emphasis on sophisticated services in the energy management sector. I think it was clear in the film just there that we are acting forcefully, especially in the energy sector, that we have a

lot to offer—and that, in view of the fact that energy prices will continue to rise in the future, what we offer is exactly what clients need.

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Our long-term strategy of life cycle management is the result of a change process that has been underway since the 1990s—a process which many of you, ladies and gentlemen, have yourselves been following. The master builder from Germany has evolved into an international construction services provider—indeed, with a share of 87 percent, the most international in the world. A development of which we are proud. And a development which, even now in this crisis, has given us a solid footing. Twice in the course of 2008, we were able to raise our guidance—and we have met all of our targets.

This brings me to the main results for 2008:

### **Key figures 2008**

- **New orders** climbed to EUR 25.28 billion—an increase of 7.5 percent and thus well above the prior year.
- Group **work done** likewise grew strongly, by 15.3 percent. In boosting work done to EUR 21.64 billion, we passed the EUR 20 billion mark for the first time.
- Yet another record: Our **order backlog** rose by 3.4 percent to EUR 30.92 billion. Adjusted for exchange rate effects, the figure even exceeded EUR 34 billion.

This means we have set new records in orders and work done for the fifth year in succession.

- **Sales** increased to EUR 19.10 billion—a gain of 16.1 percent or EUR 2.65 billion on 2007. This is all the more remarkable considering exchange rate developments, with the US dollar weaker and the Australian dollar falling. The sales growth was achieved both in our international markets and our German

business.

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- We additionally improved **profit before taxes**, which was 3.8 percent higher than in 2007 at EUR 520.1 million.
- **Profit after taxes** gained slightly compared with the prior year to EUR 342.2 million.
- We also achieved a further marked rise in **consolidated net profit**. This jumped by 24.4 percent to EUR 175.1 million.

You will find all relevant details on these and other key figures relating to the annual and consolidated financial statements in our latest annual report.

As I think you can see from the figures mentioned, based on our strong international lineup, we have delivered a further set of outstanding results. We continue to stand on sound foundations and in a position of strength. We have upheld the healthy balance sheet ratios that were just as important to us in the past as they are today. We took further precautions in 2008 and boosted our cash reserves. We can consequently muster larger equity stakes for development projects as necessary by ourselves. We are ready for the eventuality of higher interest on borrowed funds.

We further enhanced and extended our financial flexibility in April: Our existing syndicated guarantee facility for a total of EUR 2 billion—set to last as established until the end of 2012—has been amended with the syndicate banks so that we now have a EUR 1.5 billion guarantee facility and alongside it an additional EUR 400 million credit facility. As a result, we now have a flexible choice of financing options under the same contractual framework. Together with the other contractual financing arrangements that remain available to the HOCHTIEF Group, this means we can respond in the best way possible to the needs of the project business.

I am positive that the figures reflect the strength and solidity of HOCHTIEF. Despite the turbulence on the financial markets and in the entire world economy, we have stayed successful. This confirms us in our chosen track.

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After all the positive results, I would like to take a moment now to say **thanks**. Because success is the outcome of teamwork. And our success is the outstanding joint accomplishment of what are now more than 64,000 HOCHTIEF employees who, in 2008, once again knuckled down with skill, dedication and passion for what we do, for our—for your—company. For that, a loud “thank you”! I am sure I am speaking for all our shareholders when I say our **workforce** deserves your applause.

There is something else I think it is very important to say at this time, where many feel moved to speak with varying degrees of authority about management and dealings with the workforce. Yes, we have had to adjust resources in restructuring our German construction activities at HOCHTIEF, too, and I will come back to this later. But we have endeavored to offer alternative employment within the Group—in areas that promise future growth and job security.

Despite resource adjustments at home, HOCHTIEF had about 850 more employees in Germany at the end of 2008 than at the beginning. Proof that when we say “thank you” to our workforce, it is not just because it sounds good here—it is because of a mutual obligation that we uphold. After all, that is the real, strong foundation of our lasting success.

Now to a topic of special interest to you as shareholders: the performance of HOCHTIEF **stock**. As you can imagine, we are more than unhappy with the trajectory traced by the price of HOCHTIEF stock. Our stock price has borne—and still bears—no relation to the strong performance of the Group. It is far out of line with the value of the business. The cause is irrational volatility on international capital markets. Movements in the stock price unfortunately do not obey the laws of common sense: Ours has been dragged down by falling stock markets the world over. And a stock price that reflects worldwide fears of

recession, panic and stock market rumors doing the rounds of the financial centers simply has nothing more to do with the actual performance of the business. Over the course of 2008, our stock lost a total of EUR 56.26 to close 61.2 percent down on the prior year.

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On the plus side, this leaves huge scope for a recovery in our stock price. We have already felt this in the first few months of 2009: We closed yesterday evening at EUR 39,30 — compared with a low for the year to date of EUR 20.93.

This is in line with assessments by external analysts, the majority of whom recommend buying our stock.

In this connection, ladies and gentlemen, I would like to mention a few changes in our **ownership structure**. Rasperia Trading, a company owned by investor Oleg Deripaska, sold its entire holding of HOCHTIEF stock in the course of 2008. Acting on authorization granted at last year's General Shareholders' Meeting, we launched a stock buy-back program in October and brought it to completion in December. We acquired a total of 4.95 percent of the company's own stock in this connection via the stock market. HOCHTIEF Pension Trust also purchased 4.99 percent of HOCHTIEF stock. HOCHTIEF's free float at the end of 2008 stood at 64.9 percent. At the beginning of this year, ACS, our Spanish major stockholder, increased its holding from 25.08 percent to 29.98 percent.

### **Divisions at a glance**

At this point, I would like to turn to our divisions. We have had six divisions since 2008. Let's go through them one by one.

First, there is **HOCHTIEF Americas**. In the United States, our business flourished again in 2008. Our subsidiary Turner had splendid new achievements to report, especially in the particularly strong education and healthcare property segments, along with green building. And we already have good news to announce for 2009: Among other things, Turner has just secured a new contract

in Virginia through its subsidiary Tompkins Builders. The company is to build a new facility for the US Army Corps of Engineers in Fort Eustis.

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Our new, now fully integrated subsidiary Flatiron also had a very healthy year and is working on a number of civil engineering projects in the United States and Canada. In the first quarter of 2009, Flatiron landed its largest contract ever secured—building the Port Mann Bridge in Vancouver, Canada, a project worth more than EUR 1.5 billion. In the second quarter currently underway, Flatiron added attractive contracts totaling EUR 100 million to the pipeline. Among other projects, our subsidiary will lead a joint venture expanding Route 92 south of Salt Lake City, Utah.

On the whole, infrastructure construction in the United States carries huge potential due to planned economic stimulus spending, which includes funds for building projects. As the number one general builder and one of the top ten companies in the infrastructure segment, we are well positioned in all areas. We expect that the initial contracts resulting from the economic recovery package, which is worth billions, will be implemented in the second half of 2009. Already, we are seeing specific projects in the bid phase that are funded by this program. We therefore anticipate the US construction markets to remain largely stable. In addition, Flatiron can team up with Turner to provide end-to-end solutions—something which these two companies are already doing in the case of Sacramento Airport, where they are building a new terminal.

And to bring you right up to date, I am happy to announce another joint project today: Turner has just secured the contract to design and build the expansion of Terminal 2 at San Diego International Airport in California. And among the joint venture partners contracted with the building work is none other than our US subsidiary Flatiron. The airport project worth upward of EUR 375 million is targeting LEED Silver certification from the United States Green Building Council upon completion in 2012.

We plan to expand this type of collaboration in the future to further boost our competitiveness.

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There are additional opportunities in this market that stem from joint projects with the US arm of HOCHTIEF PPP Solutions—I will come back to that in a minute.

First, I would like to report that **HOCHTIEF Asia Pacific** also had another successful year in 2008. The Leighton Group's performance was strong thanks to major infrastructure, building construction and contract mining projects. Our activities in the Gulf states were notably instrumental to this success.

Although some projects have been cancelled and contracts delayed due to the financial crisis, these are the exception rather than the rule, and not a reason for particular concern. The division's new contracts speak for themselves. In February, for instance, Thiess Services was awarded a contract worth EUR 233 million to provide waste management services in Abu Dhabi. In the contract mining segment alone, we have already announced new contracts valued at more than EUR 1.6 billion this year.

However, the general stock market turmoil is being reflected in this division's business, counteracting its excellent performance. The share price of listed project companies in which our subsidiary holds a stake was pulled down by the crisis, and the Board of Directors of Leighton—where we are a major influence—wrote down these investments as of December 31, 2008, partly as a precaution. This represents an accounting adjustment for a fall in stock prices. Nonetheless the operating business of these investments remains robust.

The **HOCHTIEF Concessions division**, which brings together HOCHTIEF AirPort and HOCHTIEF PPP Solutions, contributed substantially to our company's profits in 2008.

Our airport holdings boosted traffic to a total of 90 million passengers. HOCHTIEF AirPort's particular focus is currently on expanding the profitable non-aviation business.

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We were pleased with the performance of HOCHTIEF PPP Solutions again in 2008. The company is working on the Elefsina-Patras-Tsakona toll road project in Greece as part of a consortium. In Germany, we were naturally proud to be awarded the federal government's first PPP building construction project. As a result, we will operate the Fürst Wrede barracks in Munich for 20 years.

In North America, we also aim to serve the PPP market which is developing slowly but steadily. Our subsidiary, HOCHTIEF PPP Solutions North America, has been doing business there since March 2008. We can build on the knowledge and experience we have gained from projects worldwide in that market—as well as link the expertise of our PPP staff with Turner's building construction services and Flatiron's civil engineering services. Once again, this generates fantastic potential synergies. We are optimistic that we will be as successful in the United States and Canada as with our collaborations in Europe, once contracts are available in this market.

Growth is also possible in new areas of business. Our geothermal energy business, which we launched just two years ago, has already proven successful. It is possible we might transfer this successful model to other segments and, in fact, we already have plenty of ideas. We are, for instance, considering broadening our presence in the offshore wind farm business.

I would like to make one more general statement about our concessions operations. As you know, this is a capital-intensive business. The financial crisis has radically changed the financing terms for this type of major project—for instance, banks are requiring a significantly higher equity contribution. We prepared for this situation and are ready to deal with it. Of course, especially at this time, that means we need to review our return expectations for projects and their risk profiles even more critically.

If the parameters are not satisfactory, we simply don't participate in the tender. If terms change, then we step back. But when the conditions are right, we take the plunge. The German city of Moers is a good example. We were just awarded a PPP contract there to design, finance and build the new Moers town hall with an adjacent cultural and educational center, and to operate this facility for 23 years. This contract is worth around EUR 150 million. It's a strong project that will be carried out jointly by HOCHTIEF PPP Solutions, HOCHTIEF Construction and HOCHTIEF Facility Management. Once again, we were ahead of the game— thanks to our one-stop shopping approach and in-depth PPP experience.

To touch on another interesting aspect at this point: Governments are currently adopting numerous economic stimulus programs, and many are wondering when and how these programs will benefit businesses and people on the ground. Our PPP model offers a tried-and-trusted answer.

Our public-sector partner in the PPP schools project in Offenbach, Germany, refers to the project as the “biggest regional economic stimulus program in Germany since the Second World War.” HOCHTIEF structured the project, arranged its financing and performed the entire scheduling from construction to refurbishment and operation. Most of the work is done by small and mid-size businesses in the region. And this is nothing unique to Offenbach. It is the same in Cologne, Leverkusen, Moers, Gladbach, Frankfurt and everywhere we undertake PPP projects.

Hence my call to policymakers: Now especially, in implementation of economic stimulus programs, is the time to make more use of the proven, partnership-based PPP model. Partnering with the construction industry will see to it here that the policy aims of these programs succeed on the ground and reach the people.

Business in the **HOCHTIEF Europe division** was shaped especially by international success in 2008. Civil engineering and infrastructure construction in particular performed very well. Encouragingly, the planned decline in German

business due to the restructuring of public building construction was more than compensated by large-scale international infrastructure projects. Performance was good in the fourth quarter. You can see from this that we have not only mastered the crisis successfully, we have also managed to strategically reposition ourselves internationally. In 2008, international projects accounted for sixty percent of all new orders in the Europe division and more than fifty percent of work done—a good and important step for our European business.

Ladies and gentlemen, we have restructured HOCHTIEF Construction from the ground up—by which I mean that we have done much more than merely adapt our resources. Our know-how is clearly in demand, especially in international business. There are many markets in which we can achieve higher margins than in Germany. So we are on the right path to secure our workload on the one hand and to achieve our target margins on the other.

The best example of this is a superlative new large-scale project: Just two weeks ago, HOCHTIEF Construction bagged the largest single contract in its history so far. In the capital of Qatar, Doha, the Barwa Commercial Avenue, an eight-kilometer-long shopping center is being built for EUR 1.3 billion. We have been involved in this center for retail, office and residential units since the planning stages, under our partnership-based business model PreFair, and have also used our innovative virtual construction technology from HOCHTIEF ViCon. Barwa Commercial Avenue will have a gross floor area of almost 900,000 square meters—which is about the size of 110 soccer fields.

And the first quarter of 2009 has brought even more good contracts, also in Germany: In Hamburg, for example, under a contract worth EUR 138 million, we will sustainably revitalize and extend the former Unilever highrise.

**HOCHTIEF Real Estate**, which was also established as a new division in 2008, unites our real estate business and comprises the companies HOCHTIEF Projektentwicklung, aurelis Real Estate and HOCHTIEF Property Management.

As of year-end 2008, HOCHTIEF Projektentwicklung had 30 projects in the construction phase on its books, with a total value of EUR 1.28 billion. At this time, prior to completion, 87 percent of these units had already been let and 49 percent sold to final investors. Projects have also already been sold in the current fiscal year—proof of trust in our company's products even in times of crisis.

aurelis was also successful in selling a number of sites, generating revenue of EUR 302 million. At the same time, the company engaged HOCHTIEF Property Management to manage its entire German portfolio—which comprises some 24 million square meters of land and around two million square meters of building space. This makes our company the largest provider of property management services in Germany.

And, finally, we come to the **HOCHTIEF Services division**. This division has united our service units HOCHTIEF Facility Management and HOCHTIEF Energy Management since 2008.

The companies performed convincingly in 2008, winning contracts that attest to our clients' trust. Siemens, for example, extended its contract with HOCHTIEF Facility Management for the operation of 60 sites for another six years.

There are also great new developments in this area: Hessisches Immobilienmanagement has just awarded us a contract to operate 52 properties belonging to the State of Hesse—including district courts, police headquarters, tax offices and city halls.

HOCHTIEF Energy Management, which we established at the beginning of 2008, got off to an excellent start and is already one of Germany's leading providers of energy contracting services. Our cutting-edge methods for procuring and saving energy have hit right on the nerve of the times. You have just seen some fantastic images illustrating this in the film—from hospitals and businesses to schools and zoos. The market provides clear proof that our expertise is in great demand.

That is incidentally a common denominator throughout the Group: **Sustainable thinking and action** go without saying in all divisions and companies at HOCHTIEF. Because we can make a particularly large contribution to reducing energy consumption. Viewed over the entire life cycle, the construction and real estate sector is responsible for at least 40 percent of all consumption of primary resources (i.e., materials and energy). Barely any other sector can be similarly important in mitigating climate change.

Conserving resources and the environment are part of the business at HOCHTIEF as a matter of conviction. And we also encourage our clients to choose sustainable solutions. We have compelling arguments in this regard, also in financial terms. As was recently said in the German press, “Higher rents can be obtained with energy-efficient and environment-friendly buildings than with conventional ones” (*FTD, April 16, 2009*). According to one study, sustainably constructed buildings deliver up to a six percent financial advantage. In the USA, such buildings sell at up to a 16 percent premium on their conventional counterparts (*analysis by the Royal Institution of Chartered Surveyors*). The market is huge: In the past year alone, the market for sustainable buildings in Germany came to some EUR 20 billion, and rising.

2008 was another year in which we did a great deal at HOCHTIEF to advance the cause of sustainability:

- We are a founder member of the German Sustainable Building Council and had a major hand in developing green building certification in Germany.
- We have already received a gold preliminary certificate for our “smarthouse” project in Munich, which is set to be completed in 2010. This sustainable office building from HOCHTIEF Projektentwicklung will outperform the requirements under the German energy saving legislation by more than 50 percent.

- At Turner, no fewer than 900 employees have now trained and obtained certification as sustainability experts. These LEED Accredited Professionals advise customers on how to make their projects sustainable. No wonder that Turner has long been the US market leader in green building. In 2008 alone, our US colleagues completed green building projects worth well over EUR 2 billion. Sustainable projects already make up 40 percent of Turner's order backlog.

As you can see, the market is increasingly adopting this trend and expressly demanding new solutions. Our commitment to sustainability is also noticed and recognized by the outside world. HOCHTIEF stock made it into the Dow Jones Sustainability Indexes for the third year in succession in 2008. These indexes list only companies with a documented track record of corporate sustainability.

And I believe that plays a decisive part in our good reputation worldwide. In Fortune Magazine's 2009 global ranking, HOCHTIEF comes fifth among the most admired German companies. This is something we naturally find very gratifying. Because it shows that our efforts are seen and gain recognition.

Ladies and gentlemen, you are warmly invited to learn more on the subject of sustainability on the occasion of today's meeting. We have set up a stand upstairs where our CSR Coordinator, Dr. Ute Bardelmeier, will be pleased to answer your questions. At the HOCHTIEF Energy Management stand, likewise upstairs, you can learn all about efficient energy use. And, of course, as in previous years, our human resources people are also there to take your questions.

For the future, we aim to go on presenting a compelling argument—to our clients, and to you, our stockholders. Strategically, we are maintaining our successful direction unchanged. Our focus is on the following **initiatives**:

- HOCHTIEF expanding in rapidly growing regions
- HOCHTIEF expanding its services business
- HOCHTIEF adding to its range of capabilities

- HOCHTIEF systematically exploiting synergies across the Group
- HOCHTIEF positioning itself as an attractive employer

And we aim to achieve all of this on a Group-wide basis with the goal of spanning the entire infrastructure project, real estate and facility life cycle with our full range of expertise.

Ladies and gentlemen, the global economic and financial crisis does not allow us to promise more record results, so I won't be doing that today. It is hard to make predictions for the 2009 fiscal year because too many parameters are still unclear. I am nonetheless confident that HOCHTIEF will once again be successful in 2009. Here is our **outlook** based on the assumption that financial and capital markets will restabilize from 2010 and there will not be a lasting setback in economic activity. Under these assumptions and others regarding exchange rate trends, we expect for 2009 that:

- **New orders**, the **order backlog** and **sales** will steady at normal levels, below the figures attained in 2008.
- **Profit before taxes** and **consolidated net profit** will both reach similarly high levels to 2008.

Ladies and gentlemen, that brings me to the **motions brought before the General Shareholders' Meeting**:

As mentioned at the beginning, the Supervisory Board and Executive Board are bringing before the Meeting a proposal to use the unappropriated net profit for 2008 to pay a dividend of EUR 1.40 per no-par-value share.

Under agenda item seven, the Executive Board and Supervisory Board propose an anticipatory resolution regarding holdings of our own shares. This corresponds to resolutions passed in earlier years and only needs renewal because the law stipulates an 18-month validity period. We are asking the

General Shareholders' Meeting to renew the authorization issued last year to acquire and use our own shares. There are currently no specific plans for a stock buy-back.

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The profit and loss transfer agreement which the General Shareholders' Meeting is being asked to approve under item eight of the agenda has the purpose of establishing a tax group with regard to German municipal trade tax and German corporation tax. It allows the profits and losses of HOCHTIEF Concessions GmbH to be offset at HOCHTIEF Aktiengesellschaft level, thus cutting the tax burden under both German municipal trade tax and German corporation tax.

The purpose of the amendments to the Articles of Association proposed under item nine of the agenda is to bring the Articles in line with coming legislation and additionally to update them in various ways. The amendments also aim to make the rules of procedure for the Supervisory Board more flexible.

Ladies and gentlemen, HOCHTIEF today is strong. We have grown in past crises and have made our Group fit for the future. We have a broad range of capabilities. We have international presence. Our goal is for all divisions to be among the leaders in the markets they serve. Our great strength is cooperative working within the Group. This generates a constant stream of new ideas, products and services. And it clearly sets us apart us from international competitors. We will maintain this advantage into the future.

Many thanks for your attention.