

Corporate governance report

Corporate governance is concerned with the structures and processes of good business management, monitoring and transparency.

Bilfinger Berger AG is a stock corporation under German law. The management bodies of the Company are the Executive Board, the Supervisory Board and the Annual General Meeting. Bilfinger Berger is managed in accordance with both German and international standards.

Corporate Governance Code

Bilfinger Berger supports the goal of enhancing confidence in the management and supervision of stock corporations among national and international investors, customers, employees and the public, by means of a Corporate Governance Code for all companies listed on German stock exchanges. The management of Bilfinger Berger AG complies with the criteria of the German Corporate Governance Code as set out in the version of June 2, 2005 with one necessary exception. The details are contained in the Declaration of Compliance issued pursuant to Section 161 of the German Stock Corporation Act by the Executive Board and the Supervisory Board on December 7, 2005. It states:

“Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code in the version of June 2, 2005. The sole exception is the recommendation of Clause 5.4.3, Sentence 3 (announcement to the shareholders of the proposed candidates for Chair of the Supervisory Board), because this recommendation is not compatible with the distribution of competencies laid down in the German Stock Corporation Act. The election of the Supervisory Board Chairman is the responsibility of the Supervisory Board alone.

Since issuing the Declaration of Compliance of December 2004, Bilfinger Berger has complied with all of the recommendations of the German Corporate Governance Code in the version of May 21, 2003.”

Executive Board

The Executive Board manages the Company in its own responsibility. The members of the Executive Board are appointed by the Supervisory Board. The Executive Board is composed of four members and its Chairman is Herbert Bodner.

The compensation of the members of the Executive Board comprises three components: a fixed annual basic salary, a performance-related bonus and a payment linked to the Company's long-term performance (value added) and its share price. Further information on the compensation of the members of the Executive Board is given in Note 28 of the Notes to the Consolidated Financial Statements. The existing stock-option plans are also described in the Note on shareholders' equity.

Supervisory Board

The Company's Supervisory Board has 16 members. The members representing the shareholders are elected by the Annual General Meeting. In accordance with the German Industrial Codetermination Act, the members representing the employees are elected by the workforce. The Chairman of the Supervisory Board is Udo Stark. The Supervisory Board advises and monitors the management of the Company. Within the context of the preparation of the year-end financial statements, the Supervisory Board reports to the shareholders on its activities.

As specified by Article 14 of our Articles of Incorporation, which are published on our website, the compensation of the members of the Supervisory Board comprises a fixed annual payment of €10,000 and a variable annual payment of €500 for each cent by which the dividend paid to the shareholders exceeds €0.10 per share. The Chairman is paid double these amounts, the Deputy Chairman and the members of the Presiding Committee and the Audit Committee are paid one and a half times these amounts. If a member of the Supervisory Board exercises several of the aforementioned functions, he or she is entitled only to the highest of the applicable compensations.

In addition, expenses were reimbursed in a total amount of €17,000. No compensation was paid for services rendered individually.

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	Fixed	Variable ¹	Total
Udo Stark (Chairman, Chairman of the Presiding Committee and Member of the Audit Committee)	20,000	90,000	110,000
Maria Schmitt (Deputy Chairwoman and Member of the Presiding Committee)	15,000	67,500	82,500
Hans Bauer	10,000	45,000	55,000
Dr. Horst Dietz	10,000	45,000	55,000
Wolfgang Erdner	10,000	45,000	55,000
Dr. Jürgen Hambrecht	10,000	45,000	55,000
Reiner Jäger	10,000	45,000	55,000
Rainer Knerler	10,000	45,000	55,000
Dr. Hermut Kormann	10,000	45,000	55,000
Harald Möller	10,000	45,000	55,000
Klaus Obermierbach	10,000	45,000	55,000
Thomas Pleines	10,000	45,000	55,000
Friedrich Rosner (Member of the Audit Committee)	15,000	67,500	82,500
Rolf Steinmann	10,000	45,000	55,000
Dr. Klaus Trützscher	10,000	45,000	55,000
Bernhard Walter (Member of the Presiding Committee and Chairman of the Audit Committee)	15,000	67,500	82,500
	185,000	832,500	1,017,500

¹ On the basis of the proposed dividend of €1.00 per share

The total compensation paid to the members of the Supervisory Board for the 2005 financial year thus amounted to €1,034,500 (prior year: €1,030,000).

Directors' Dealings

Pursuant to Section 15a of the German Securities Trading Act, the members of the Supervisory Board and the Executive Board and persons who are in a close relationship with those members are legally obliged to disclose any significant acquisitions or disposals of shares, options or derivatives of Bilfinger Berger AG. We have published details of any such transactions in the year 2005 on our website at www.bilfingerberger.com.