

Corporate governance report

Corporate governance is concerned with the structures and processes of good business management, supervision and transparency. Bilfinger Berger recognized the importance of good corporate governance at an early stage. With regard to its corporate management, supervision and transparency, Bilfinger Berger is oriented to national and international standards.

Corporate Governance Code

Bilfinger Berger supports the goal of the German Corporate Governance Code of enhancing the transparency and comprehensibility of the corporate governance systems and fostering trust among national and international investors, customers, employees and the public in the management and supervision of German listed companies. Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006 with one necessary exception. The details are given 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, 2006. It states:

“Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006. The sole exception is the recommendation in Clause 5.4.3, Sentence 3 (announcement to the shareholders of the proposed candidates for the 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 2005, Bilfinger Berger has complied with all of the recommendations of the German Corporate Governance Code as amended on June 2, 2005 with the exception of the aforementioned recommendation in Clause 5.4.3, Sentence 3.”

Corporate governance structure

Bilfinger Berger AG is a stock corporation under German law and as such has a dual management

and monitoring structure consisting of the Executive Board and the Supervisory Board. The third body of the Company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 15 of our Articles of Incorporation, which are published on our Internet website.

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 currently consists of five members.

Details of the compensation of the members of the Executive Board can be found in the compensation report, which is included as a section of this corporate governance report.

Supervisory Board

The Company's Supervisory Board is composed of 16 members, of whom eight are representatives of the shareholders and eight are representatives of the employees. 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 Supervisory Board advises and monitors the management of the Company by the Executive Board. Within the context of its report, the Supervisory Board informs the shareholders on its activities.

The current composition of the Supervisory Board and the committees assembled for more efficient execution of its activities can be seen in the section of the Annual Report entitled “Boards of the Company”.

The compensation of the members of the Supervisory Board is shown in the compensation report.

2006 Annual General Meeting

The Annual General Meeting is to be convened at least once each year. The Executive Board presents to the Annual General Meeting certain

documents, including the individual and consolidated financial statements, and the management reports for the Company and the Group. The Meeting decides on the appropriation of profits and on ratifying the actions of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders, and the external auditors. In addition, it makes decisions on amendments to the Articles of Incorporation and in certain other cases as specified by applicable law or the Articles of Incorporation. Each share grants entitlement to one vote in the Annual General Meeting.

Directors' Dealings

Pursuant to Section 15a of the German Securities Trading Act, the members of the Supervisory Board and the Executive Board, other persons with management duties who regularly have access to insider information on the Company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons, are legally obliged to disclose to Bilfinger Berger AG any acquisitions and disposals of Bilfinger Berger shares and related financial instruments, particularly derivatives from an amount of more than € 5,000 in any calendar year. We published details of such transactions on our Internet website at www.bilfingerberger.com without delay.

The members of the Executive Board and the Supervisory Board do not own any shares in the Company or any related financial instruments that together, either directly or indirectly, constitute more than 1% of the shares issued by the Company.

Code of Conduct

Bilfinger Berger is aware that the interests of the company and its partners can only be effectively guaranteed through responsible dealings and adherence to ethical principles. These principles have been clearly formulated in our Code of Conduct. The rules of behavior apply to each and every employee in the Group. Bilfinger Berger takes an aggressive stand against corruption, bribery, self-serving practices and waste in the

Company. We counteract bid rigging and illegal employment. We also consider socially responsible behavior in the Company as indispensable. Because of the wide variety of legal and social conditions which exist in Germany and abroad, the Code of Conduct does not include any country-specific behavioral guidelines. The Code helps us to avoid damage to the Company and to protect our employees.

Compliance System

Our Code of Conduct is complemented by a comprehensive compliance system. A network, consisting of the Chief Compliance Officer of the Group and the Compliance Officers of the operating units are responsible for the distribution and application of our Code of Conduct. To supplement the position of the internal ombudsman, we have appointed an external ombudsman to whom employees, and persons from outside the company as well, can report violations of the Code of Conduct. Through the immediate reporting of serious cases, as well as through quarterly and annual reports, the Executive Board and the Audit Committee of the Supervisory Board are informed regularly about the developments in this area.

Compensation of the Committees

The following compensation report is part of the Management Report and, at the same time, part of this corporate governance report. The Supervisory Board has included it in the approval of the Management Report and has adopted it for its reporting on corporate governance and compensation as its own.

Mannheim, March 14, 2007

Bilfinger Berger AG

The Executive Board

The Supervisory Board