Annual Report 2008

The Multi Service Group. BILFINGER BERGER

Key figures

€ million		2006	2007	2008
Output volume		7,936	9,222	10,742
Orders received		10,000	11,275	10,314
Order backlog		8,747	10,759	10,649
Capital expenditure		370	268	697
Property, plant and equipment		136	204	237
Financial assets		234	64	460
Employees (at year-end)		49,141	52,723	60,923
Balance sheet				
Balance-sheet total		5,129	6,128	6,773
Equity capital		1,206	1,332	1,141
Equity ratio	in %	24	22	17
Working capital		– 641	– 697	–890
Cash and cash equivalents		783	796	720
Liabilities to banks, recourse		139	111	328
Liabilities to banks, non-recourse		827	1,362	1,518
Capital employed		1,384	1,548	1,594
Earnings				
EBIT		170	229	298
Net profit		92	134	200
Cash flow from operating activities		207	325	357
Cash flow per share	in €	5.57	8.74	9.99
Earnings per share	in €	2.48	3.60	5.61
Dividend per share	in €	1.25	1.80	2.00
Profitability				
Return on output (EBIT)	in %	2.1	2.5	2.8
Return on equity (ROE)	in %	8.1	10.7	16.6
Return on capital employed (ROCE)	in %	16.3	18.7	23.2
Value added		80	126	202

Cover photo
Just off Denmark's western coast, Bilfinger Berger is building the foundations for Horns Rev 2, the world's largest offshore windpark. The 91 wind turbines are located on the open sea, about 30 kilometers from Esbjerg. The 140 ton bright yellow steel transition pieces serve as connectors between the foundation piles in the sea bed and the towers of the wind turbines themselves.

Business segments

Civil

€ million	2008	2007	Δ in %
Output volume	4,161	3,647	+14
Orders received	3,541	4,528	–22
Order backlog	4,482	5,507	+19
Capital expenditure	120	112	+7
EBIT	+17	+58	–71
Employees	14,221	16,440	–13

Output volume in %	
Abroad	82
Germany	18

Building and Industrial

€ million	2008	2007	Δ in %
Output volume	2,020	1,965	+3
Orders received	1,915	2,596	–26
Order backlog	2,263	2,385	–5
Capital expenditure	13	8	+63
EBIT	+14	+24	–42
Employees	3,556	3,520	+1

Output volume in %	
Abroad	55
Germany	45

Services

€ million	2008	2007	Δ in %
Output volume	4,578	3,606	+27
Orders received	4,875	4,125	+18
Order backlog	3,919	2,844	+38
Capital expenditure	96	82	+18
EBIT	+224	+180	+34
Employees	42,553	32,196	+32

Output volume in %	
Abroad	61
Germany	39

Concessions

Number / € million	2008	2007	Δ in %
Projects in portfolio	24	18	+33
thereof, under constr.	13	9	+44
Committed equity	291	161	+81
thereof, paid-in	101	71	+42
EBIT	+9	–2	
Employees	136	114	+19

Equity investments in %	
Abroad	78
Germany	22

Bilfinger Berger is an internationally active construction and services company which, as a Multi Service Group, offers its clients comprehensive solutions for real estate, industrial plants and infrastructure. Our corporate strategy is to take up and consistently expand leading positions in selected markets in Germany and abroad. The Group's operations comprise the business segments Civil, Building and Industrial, Services and Concessions.

Bilfinger Berger occupies a leading position in the design and construction of major infrastructure projects. These activities have an international focus. Technical expertise and the ability to successfully implement large-scale infrastructure projects are recognized among public-sector clients and form an important foundation of our business success.

Bilfinger Berger offers its clients a comprehensive range of services in all of a real-estate property's lifecycle phases, both in Germany and abroad. This comprehensive approach stretches from consulting, design, turnkey construction, development and financing through to maintenance and operations.

Bilfinger Berger is a leading provider of services for industrial plants, power plants and buildings. Our Industrial Services cover the maintenance, repair and modernization of production plants in the process industry. Power Services is focused on maintenance, repairs, efficiency enhancements and lifetime extensions at existing plants as well as the manufacture and assembly of components for power plant construction. Facility Services consists of technical, commercial and infrastructural services for office buildings, sport and event centers, hospitals and correctional facilities.

As a private partner to the public sector, Bilfinger Berger develops transport routes and property on the basis of long-term concession contracts. Important markets include Canada, Australia, Germany, Great Britain and Northern Ireland, Norway and Hungary.

Annual Report 2008

The Multi Service Group. BILFINGER BERGER

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Foreword

Dear Shareholders and Business Associates,
Ladies and Gentlemen,

Bilfinger Berger can look back on a good year 2008. For the first time, we surpassed the €10 billion mark in terms of our annual total output volume. Net profit increased once again. Bilfinger Berger is on solid footing and, despite the economic crisis, looks to the future with confidence.

The basis of this successful development is our positioning as a Multi Service Group. Bilfinger Berger offers a full range of services for the design, construction and operation of buildings, industrial plants, power plants and infrastructure – over their entire lifecycles. With this approach, we are less vulnerable to economic volatility.

Construction will remain a core business in the future. Although our Building division in Germany did not achieve its targets, and problems with a major project in the Civil division led to substantial charges on earnings, most of our construction units had a successful year. We will continue to pursue our goal of achieving a sustained improvement in profit margins in the Building and Industrial and Civil business segments. We have therefore further optimized our risk management system and once again made project selection more stringent.

In the civil engineering business, we are active in selected core regions and offer our clients a clearly defined range of technical services. In the building construction business, we avoid competing only on price and concentrate on projects that we can win due to our expertise. Because a buildings' sustainability is becoming increasingly important, the lifecycle approach that we have followed for many years is gaining significance.

Last year, our Services business segment surpassed its very ambitious targets. With strong organic growth and a series of acquisitions, the success story continued in all of the segment's divisions: Industrial Services, Facility Services and Power Services.

In the field of industrial services, we extended our leading market position in Europe through the acquisition of the services activities of Norsk Hydro in Norway. And due to the acquisition of Tepsco, a specialist for industrial services in Texas, we are now also well positioned in the American market.

With the acquisition of the facility management activities of M+W Zander, the output volume of our Facility Services division will double. Of particular significance here is the strong international position of Zander FM which provides us with access to East European growth markets.

The Power Services division also developed successfully. Our capacities will be fully utilized for some time to come; investment in the rehabilitation and new construction of power plants and ambitious climate-protection goals will ensure stable demand.

Not only can our Concessions business segment look back on ten years of successful operations, it also won six new projects last year, setting a new record. While it is true that the financing of public private partnership projects is becoming more difficult due to the financial crisis, we are nonetheless convinced that our business model will prove its value also in difficult times. In January 2009, we were awarded a project for the expansion of a highway in Scotland. The segment's total equity investment in its various projects will thus increase to more than €300 million.

Dear Shareholders,

Even though the financial and economic crisis has not yet significantly impacted our business, we cannot expect to remain untouched by it. For the construction business, it remains to be seen to what extent the worldwide economic stimulus packages initiated for public-sector construction will compensate for weaker demand in commercial construction.

In the services sector we anticipate a decrease in business activity. Due to long-term framework agreements for the maintenance and modernization of plants and buildings, however, the units are less susceptible to economic cycles. The expansion of our services activities therefore remains an important goal.

The Executive Board believes that the Group is well prepared for the difficult economic times ahead. Our business model is proving to be resilient and our financial stability is particularly beneficial in the face of the financial crisis. If the global economic situation does not deteriorate further, we are confident that we will achieve our goals again in 2009 and that we will continue to successfully develop Bilfinger Berger as a Multi Service Group.

Sincerely yours,

Herbert Bodner,
Chairman of the Executive Board
Bilfinger Berger AG

Bilfinger Berger AG
Executive Board

From left to right:

Joachim Müller (since November 1, 2008)
Born in Eberbach in 1959. After studying economics at the University of Heidelberg, Joachim Müller worked in the field of finance and accounting at several globally active industrial and IT companies. At SAP AG, he held various international management positions and was appointed to the Executive Board of SAP SI AG. Until mid 2008, he was Senior Vice President Corporate Finance at the SAP Group. Joachim Müller will succeed to Dr. Jürgen M. Schneider as Bilfinger Berger's CFO following the company's Annual General Meeting in May 2009.

Dr. Joachim Ott
Born in Wiesbaden in 1963. After graduating in economics at the University of Mainz, he studied business administration and took his doctorate in economics at the University of St. Gallen in Switzerland. Dr. Joachim Ott joined the Bilfinger Berger Group in 1991. His areas of responsibility on the Executive Board, to which he was appointed in 2003, include Facility Services and Environmental Technology.

Prof. Hans Helmut Schetter
Born in Albstadt in 1949. After studying civil engineering at the University of Karlsruhe and starting a career in the construction industry, he joined the Bilfinger Berger Group in 1990. Prof. Hans Helmut Schetter has been a member of the Executive Board since 1995 and is responsible for Human Resources and Group Technology, as well as parts of the German and international construction business.

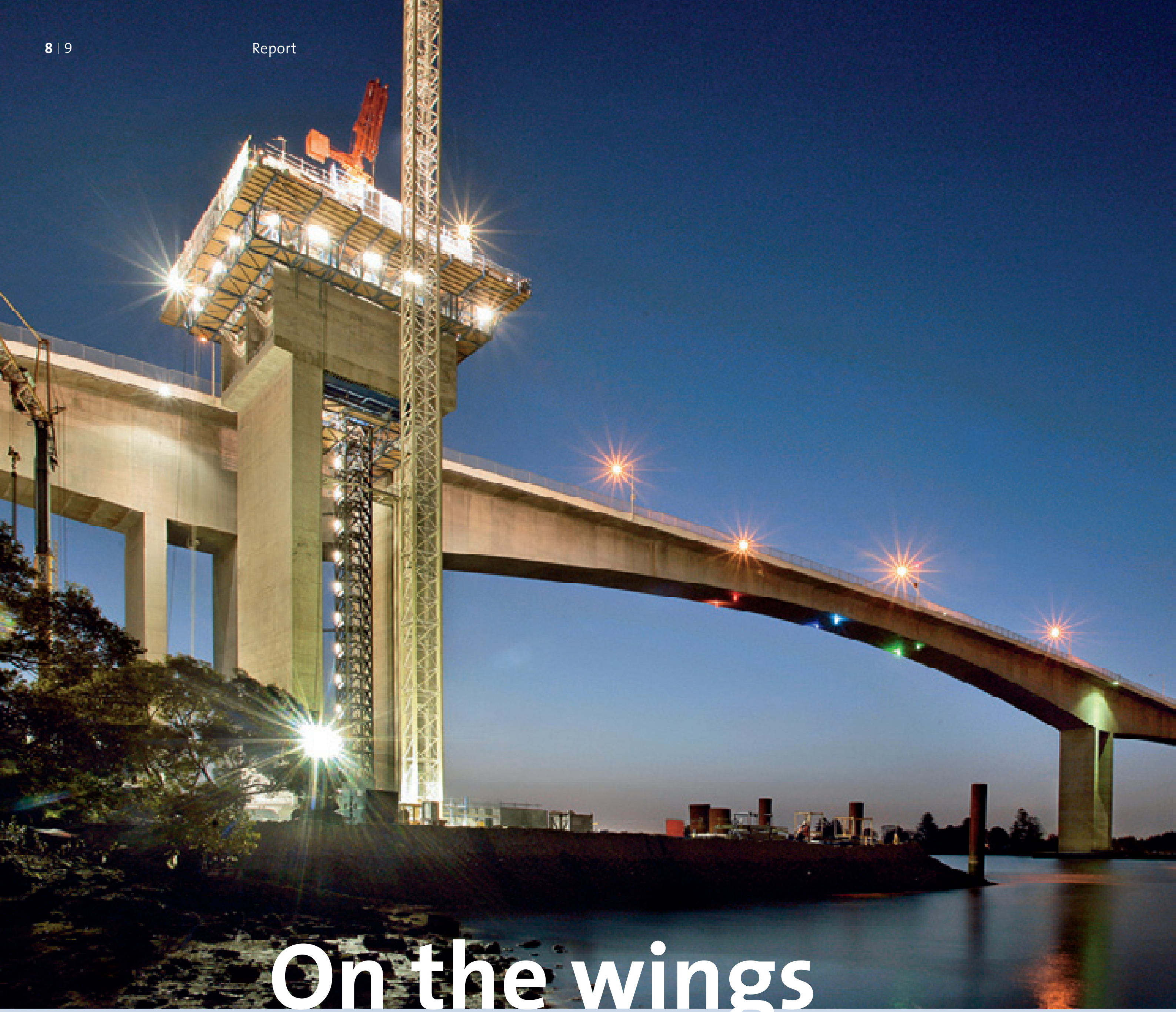
Herbert Bodner (Chairman)
Born in Graz, Austria in 1948. He studied civil engineering at the University of Stuttgart and started a career in the construction industry after completing his studies. Herbert Bodner joined the Bilfinger Berger Group in 1991. He has been a member of the Executive Board since 1997 and its Chairman since 1999; he is also responsible for Corporate Development, Corporate Communication, Legal and Industrial Services.

Klaus Raps
Born in Nördlingen in 1960. He joined the company in 1986 after studying civil engineering at the University of Applied Science in Munich as well as business administration and engineering at the Technical University of Berlin. Klaus Raps assumed leading management positions in various branches of Bilfinger Berger AG and was appointed member of the Executive Board in October 2007. He is responsible for, among other things, parts of the international construction business and Bilfinger Berger Power Services.

Dr. Jürgen M. Schneider (until July 31, 2009)
Born in Walldürn in 1946. Following his business administration studies at the University of Mannheim, he worked as a research assistant and took his doctorate in business administration. He then began his career in the area of plant engineering. Dr. Jürgen M. Schneider joined the Bilfinger Berger Group in 1983 and was appointed member of the Executive Board in 1990. His responsibilities include Accounting, Finance, Controlling and Investor Relations.

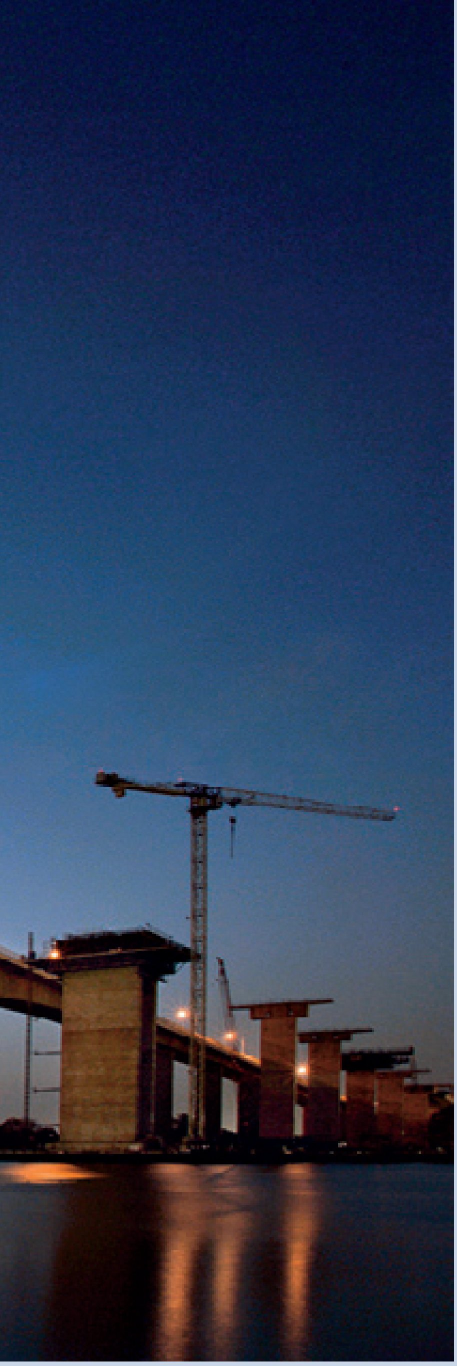
Kenneth D. Reid
Born in Hamilton, Scotland in 1965. After studying civil engineering at Heriot-Watt University, he worked in various parts of the world including the Middle East and Asia. In 1990, he started working for the Bilfinger Berger Group while studying for an MBA at the Edinburgh Business School. He was appointed to the Executive Board at the beginning of 2007 and is responsible for the Concessions and Civil business segments.

Board responsibilities as of January 1, 2009



On the wings of growth

Boom town Brisbane – the capital of the Australian state of Queensland is growing faster than the rest of the country. Two major infrastructure projects are set to keep growth running at full throttle while being as environmentally friendly as possible. Bilfinger Berger is playing a key role.



Twin bridges: Bilfinger Berger is doubling the Brisbane Gateway Bridge.

Text
Frank Reisel

Photos
Fritz Stark

Nocturnal Brisbane belongs to the flying foxes. On a small mangrove island in the Brisbane River alone, 400,000 of them hang from the branches of the trees. Once darkness falls across the city, the Chiropters with the doglike heads come to life. With piercing screams they soar into the dusk and head towards the city in search of food from eucalyptus and fig trees.

The residents of Brisbane watch the spectacle with mixed feelings. On the one hand the flying foxes descend on the fruits in gardens and parks as well, on the other hand the animals are essential for plant pollination and therefore for the delicately balanced ecosystem. Experts believe that without the flying foxes there would be no woodland in and around Brisbane. That's why in 2007 – when many flying foxes were suffer-



ing from starvation during a period of extreme drought – the city council set up a centre where the animals could be nursed back to health. Just one example of how important conservation is in Australia and in Brisbane in particular.

The capital of the state of Queensland is growing rapidly. In 1990 around 1.3 million people lived in Brisbane, in 2008 that number had already grown to more than 1.8 million. Just like with the flying foxes, this is a mixed blessing for the city.

On the one hand Brisbane's economy is booming – between 1990 and 2005 the number of jobs increased by 56%. On the other hand, the road network is now under far too much strain. By massively developing its infrastructure, Brisbane intends to keep pace with this growth, while opting for environmentally responsible solutions.

Bilfinger Berger is contributing to two major projects with its technology and know-how –

Technology for a better infrastructure

the group is working on the construction of the North South Bypass Tunnel and the extension of the Gateway Motorway. The tunnel will be a key crossing under the Brisbane River. The twin tunnels will connect the northern part of the city, which is growing exceptionally quickly, and the southern part of the city and are expected to cut journey times by up to 30%. At a length of 4.8 km, it will be the longest road tunnel in Australia.

The Gateway Motorway is a 20 km long high-speed stretch of road which is being extended by multiple lanes with traffic still running. At the heart of the project is the Gateway Bridge. A new bridge is being built right next to the current one so that a total of twelve lanes can cross the Brisbane. Once the second bridge is opened, the old construction will be renovated. The expansion of the Gateway Motorway will ensure quick access to the airport and the port of Brisbane, amongst others.

Brisbane expects a significant reduction in road congestion thanks to the projects – because the Brisbane River accommodates not just 400 000 flying foxes every day, but just as many cars. As of October 2010, around 60 000 of those should be able to cross the river using the new tunnel, allowing them to avoid up to 18 sets of traffic lights at the same time. The results expected are less stop-and-go traffic, lower fuel consumption and less pollution from exhaust fumes.

Just fitting the tunnel into the existing infrastructure is a challenge in itself. The project will connect five high-speed lanes together and as of 2012 will also have a connection to the Airport Link Tunnel. A total of 18 bridges will lead to the

Nine bridges protect mangroves

tunnel. The consortium commissioned with the construction is extending half of the bridges while traffic is still running. The other half will be new constructions. Not because this is absolutely necessary in terms of traffic, but in order to preserve and protect the rare mangroves on the north bank of the Brisbane River.

Twin tunnels: the North-South Bypass Tunnel follows the path of the Brisbane River in two separate tunnel tubes.

The North South Bypass Tunnel will be drilled using 4000 ton and 253 m long machines which have been christened Matilda and Florence. Matilda after 'Waltzing Matilda', the unofficial national anthem of Australia, Florence after Florence Taylor, Australia's first female civil engineer. At a maximum speed of 20 m a day, Florence and Matilda are digging through a wide variety of different geological formations: tuff, arenite, phyllite with quartz stones and rock warping.

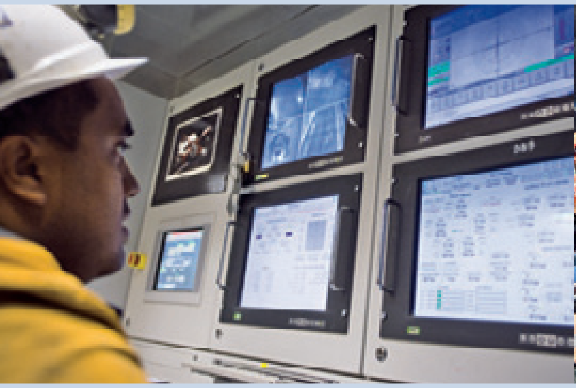
A bridge is doubled

Matilda und Florence's drill heads are 12.4 m in diameter and were designed specifically for the on-site requirements of the project.

A few kilometers east of the tunnel construction site, Bilfinger Berger is approaching the Brisbane River from the other side as well. There the company is involved in the new construction to be added to the Gateway Bridge. The existing bridge – with a total length of 1630 m and a free span length of 260 m – was the longest cantilever pre-stressed concrete bridge in the world for many years upon completion in 1980.

Environmental protection and conservation are high on the agenda for the Gateway Bridge project too. And in many respects. The construction consortium attaches great importance to protecting the water of the Brisbane River from pollution. To this end, the engineers hung a type of curtain in the water to separate the construction site from the flow of the river. The curtain prevents the stirred-up earth spreading in the river. What's more, the 20 km motorway extension was planned so that the koala bears living there would lose as little of their habitat as possible. Tunnels have also been dug under many of the road sections to allow the animals to cross the road safely.

Precision work: the most modern technology available keeps the tunnel-boring machine on course.



The two tallest pillars of the Gateway Bridge are 54 m high and will have to be able to stand up to particularly extreme weather conditions. Due to its proximity to the Pacific, the

Engineering hot spot

bridge will not only have to cope with strong winds, the salt content of the water in the Brisbane River means particularly high quality concrete has to be used with additional protection provided by steel frames.

The two major North South Bypass Tunnel and Gateway Bridge projects make Brisbane one of the world's current hot spots for engineering achievements – achievements which will be of lasting benefit to the city and its surroundings. Finally, even in years to come, the flying foxes should be able to soar into the dusk every evening as usual to contribute to the preservation of the ecosystem. For Bilfinger Berger there will be immediate returns. The group's share in the total volume amounts to over €1 billion.

Service shaft: below the tunnel's driving surface, service channels are being installed.


The return of the engineers

Climate change and its consequences are probably the greatest challenge we face in the coming decades. Which concepts is Bilfinger Berger putting forward to deal with it? An interview with Executive Board member Prof. Hans Helmut Schetter.

Interview
Angela Recino

Photos
Fritz Stark

‘Green building’ is the latest buzzword in the real estate sector – just a passing trend?

The development isn’t a passing trend; we are at a turning point. After all, climate protection is about the energy efficiency of buildings. 40% of greenhouse gases arise in conjunction with the use of buildings. So effective climate protection is impossible if we don’t build in a sustainable way.

Justice Center Chemnitz
At the first public private partnership project in the German state of Saxony, computer-aided forecast tools were used to simulate and analyze the complex connections between architecture, facade, technical building equipment, structural analysis and construction physics as well as operating costs. The Justice Center bears the German seal of approval for sustainable construction.

Energy saving measures are nothing new. What’s different this time?

Previously, the tendency was to look at the different phases in the life cycle of a property separately. First the client and planner designed the concept. Then there was the call for tenders and the contract was awarded to the cheapest bidder. It was only after that that operating costs came into play – which by then, all the way at the end of the chain, were very difficult to influence. The seemingly inexpensive building might then turn out to be expensive in the long run. And this process carried on for years without ever being called into question. But it’s self-evident – if you want to build in a resource and cost-saving way then you have to take the entire property life cycle into consideration. That might mean an apparently high level of investment in the construction phase. If, however, it leads to a significant reduction in costs and resources later on, then there’s no doubt about the advantages.

Bilfinger Berger has been working with clients on the basis of a life cycle approach for many years now. What have your experiences of this been so far?

We have a close and constructive dialogue with our clients right from development to design through to completion. That’s the key advantage of public private partnership and partnering models. The costs and environmental impact a building will have are decided at the drawing board – long before the first spade cuts the ground.

LBBW Headquarters Karlsruhe
The facade design is characterized by a balanced relationship between transparent and closed surfaces – providing a maximum of natural lighting and a minimum of heating. Primary energy consumption is 45 percent lower than the average for comparable buildings.

Our clients have noticed that operating costs greatly outweigh construction costs. Today they pay very close attention to how sound their investment will be in the long run. High operating costs make a property a non-starter.

For public sector projects Public Private Partnerships are increasingly popular. How are you convincing the private sector that partnering models are a good idea?
For our customers there are two key questions – first their decision on whom to award the contract has to be audit-proof, that's to say it has to make sense logically and economically. At the same time they want to be sure that the price projections are founded and accurate. That's why we create as much transparency as possible. Our 'glass pockets' allow clients an in-depth insight into our economic efficiency calculations. Even before the client makes a decision we are there for them as planning partners. In staggered contract models the client can request one step after the other. Only when the client judges the cooperation as wholly positive are the construction and operation contracts concluded. Confidence is the key to success.

What is your competitive advantage over rival companies?
Our strength is the wide-ranging competence of several thousand in-house engineers. In addition to that there's our substantial expertise in the operation of buildings that we've successfully continued to develop after setting up our facility services. A lead that we will not just maintain but extend further. Compared to our competitors we believe we are strategically well-placed and definitely in the front row.

Gummersbach University of Applied Sciences
The complete solution including design and construction minimizes operating costs: energy consumption at the modern campus for 2,700 students is 87 percent below the requirements of the low energy guidelines. Heat is generated with a carbon-dioxide neutral wood chip system.

Bilfinger Berger played a key role in developing the German seal of approval for sustainable construction. What are you hoping will come out of this certification?
Here, again, it was a matter of transparency. We worked intensively to advocate a universally applicable seal in Germany. It's an independent authority in matters of energy efficiency and sustainability and provides reliable criteria that investors and tenants can use as a guide. This is exactly the kind of tool that was lacking in the real estate sector up until now.

What role will the construction industry play in the field of climate protection in the future?
We will make an important contribution to combating the negative effects of climate change, I'm certain of that. Our country is now recognizing once more its most important resource, the technological ingenuity and creativity of engineers that have already allowed us to achieve great things in the past. And that won't just benefit businesses but society as a whole.

Global Training Center, Daimler AG Stuttgart
The technical building equipment at this ultra-modern training center displays an innovative climate concept with component activation. The concept calls for the use of cooling ceilings, cooling beams and floor heating.

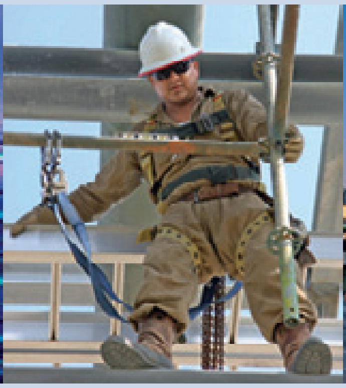
The 80-kilometer long Ship Channel connects Houston with the Gulf of Mexico.

Text
Bernd Hauser

Photos
Tepsco
Fotosearch
Getty Images
Vario Images

The Ship Channel of Houston is the main artery into the heart of the American oil industry. Countless tankers carrying oil and gas come in from the world's seas and offload their cargoes at the terminals on the 80 km long channel which connects Houston and the Gulf of Mexico. The raw material is then pumped onwards through 53,000 km of pipelines by around 4,000 pumping systems in the Gulf . The US oil industry draws around a million barrels of oil from here every day (one barrel is 159 liters).

Nowhere else in the world is there such an accumulation of petroleum refineries and petrochemical industry as in Houston. "It's unbelievably impressive" says Thomas Töpfer, Chairman of the Executive Board of Bilfinger Berger Industrial Services AG: "The industrial plants seem unending." The oil is used for car tires, insecticides, artificial fertilizers and countless other products.



At the heart of the American oil industry

Up until now, Bilfinger Berger Industrial Services AG was active in 17 European countries. With the acquisition of Texas-based Tepsco, the opportunities in a further extremely large sector of activity grow – the process industry in North America.

But Thomas Töpfer saw more than tanks, pipelines, cooling towers and process plants when he visited Houston. What he saw were the opportunities for Bilfinger Berger's industrial services. "Developing our business activities in North America is the next logical step in our growth strategy."

The business has developed rapidly in the young industrial services sector. Traditionally, up until a few years ago, operators would carry out the maintenance of their plants largely with their own staff. But the economic pressure to concentrate on core production activities became increasingly strong, and with it the pressure to transfer maintenance to external service providers. Bilfinger Berger picked up on this macroeconomic trend, bought companies throughout Europe and extended their range of services. "For us it's all about linking technology with a service mentality", explains Thomas Töpfer. "We don't just perform what the client requests, we actually think about what the customer needs for them and with them, offering constantly better solutions."

While some subsidiaries used to only carry out certain maintenance services such as corrosion protection or insulation work for their clients, now in many places they have become a 'full service' provider and take on the full spectrum of maintenance tasks for process plants. Today Bilfinger Berger Industrial Services AG,

Industrial services: providing a link between technology and service.

based in Munich, consists of subsidiaries in 18 countries with a total of 23,000 employees. The subsidiaries operate very independently and can therefore achieve a high degree of proximity to their clients and a high level of service.

In the USA, Bilfinger Berger Industrial Services was already present on the market with three subidiaries. But when the Texan industrial services provider Tepsco L.P. went up for sale, the managers in Munich quickly realized that the company "would fit us and our growth-oriented strategy very well", says Töpfer. 1,100 employees, an annual output volume of around $270 million; long-standing clients in the petroleum and petrochemical industry; broad expertise in surfaces protection, piping construction, mechanics, electrics, control technology, fire and noise control; and not least a management with a similar service mentality to that of Bilfinger Berger. "It's the employees that make the difference", says Marty Eckert, General Manager of Tepsco: "only if they look forward to coming to work in the morning will they do a good job".

The prospects for industrial services in the American process industry are very good, Hans-Petter Hansen, Director of the North America Division of Bilfinger Berger Industrial Services, is certain. "There's a huge investment build up that can't be delayed any longer." Furthermore, industry analysts expect strong demand for additional refinery capacities in the USA. In the next twenty years they are expected to increase by a third. Tepsco also receives a large part of its orders from clients dealing with oil and after-products storage and transportation– and this sector of the petroleum industry is said to be less susceptible to fluctuations in the oil price than extraction and refining.

"We now benefit from the reputation and the world-wide contacts of Bilfinger Berger", says Tepsco General Manager Marty Eckert. The US subsidiary is now planning to implement a similar service contract in a BASF plant in Houston to the one usually applied in Germany. In the USA to date there are mostly only contracts in which a service provider merely adds an extra percentage margin onto the cost of a particular job. This means there's not much incentive to make the work as cost-effective as possible. Bilfinger Berger's sophisticated service contracts on the other hand reward the most efficient solutions. "For example, there are contracts that guarantee both the availability of the plant and a reduction in maintenance costs over many years", explains Thomas Töpfer. "With these contracts we'll have a unique selling proposition."

Marty Eckert also believes in close cooperation between the industrial service subsidiaries in the USA under the umbrella of Tepsco. Salamis, for example, is an offshore specialist based in the neighboring state of Louisiana that should be able to serve as a stepping stone to the Gulf for the Texans – and Salamis will also benefit, as its clients can be offered a wider range of services: Salamis has expertise in surfaces treatment, Tepsco can bring in its expertise in electrics and mechanics.

In the USA, with President Barack Obama, a new environmental policy will be pursued. This policy will aim to reduce dependence on oil, including through the use of more efficient car engines. Thomas Töpfer doesn't see this as a threat to business, on the contrary – "environmentally friendlier engines need better fuel. If you want to bring the octane rating in America up to the European level, the refinery facilities will have to be modernized."

Fossil fuels will continue to be the basis for transport and for many production processes in the chemical industry for many decades to come. "Now what it comes down to is using them more efficiently", says Töpfer. "We'll be doing our bit."

Bilfinger Berger's ingenious service contracts reward the most efficient solution.

Without them, surgeons would have to sterilize their operating instruments themselves, nurses would have to feed their own patients, bank clerks would have to double up as their bank's security guards, pilots would have to de-ice their own planes. Facility managers are the unsung heroes who make it all possible day in, day out. They make sure that specialists concentrate on what they do best – their core business.

Text
Angela Recino

Photos
Fritz Stark

Facility management is far more than supervising a building; it's the work of trained all-rounders and experts with a great affinity to technology and business management in industry, trade and commerce. Be it in the office, manufacturing or leisure. Whether it's running and maintaining buildings and facilities, works security services, fire safety, fleet maintenance or security checks at the airport – everywhere there's a facility manager you can rely on working in the background.

Facility Management: the work of experts with a strong affinity for technology and economics.

Making it happen

With the takeover of M+W Zander's facility management activities, Bilfinger Berger becomes the largest provider of facility management services in Germany.

Right up until the mid 90s the term facility management was largely unknown in Germany, but now the sector has left its wallflower image firmly behind it. In Germany alone the market has a volume of around €50 billion – and there's still plenty

Market leader in Germany

of potential yet to be tapped. Experts say that annual growth rates could reach over 10%.

With the takeover of M+W Zander FM and the merger with HSG Technical Service under the umbrella of Bilfinger Berger Facility Services, the largest German provider of facility management was born. 12,800 employees in 18 countries generate an annual output volume of more than €1 billion.

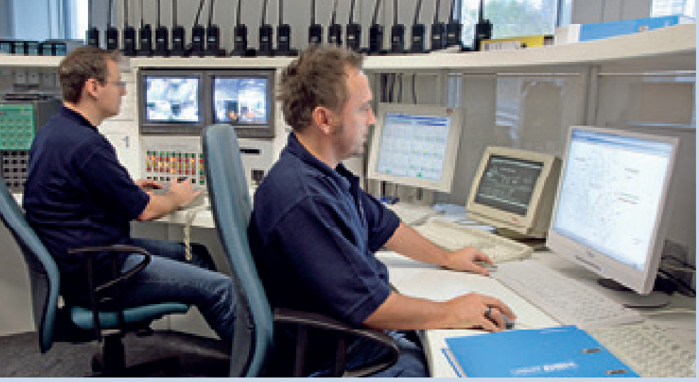
"HSG und M+W Zander are the perfect fit", Executive Manager Otto Kajetan Weixler firmly believes. Zander brings renowned industrial businesses and financial service providers such as IBM, EADS or Deutsche Bank with it into the merger and specializes in technical facility management. HSG's portfolio encompasses the full breadth and depth of facility management from technology to property management, from consulting and energy management through to PPP projects.

One of the most seductive arguments for the merger was M+W Zander's strong presence

An eye for growth

in Eastern Europe, especially in Russia. In Russia, facility management is still in its infancy. "It's good that we're involved right from the word go. It opens up interesting new development opportunities for us", says the head of HSG Zander. The excellent market position in the German-speaking market abroad and in Eastern Europe and the leading position in integrated facility, property and asset management in Germany – all these factors reinforce the business' good starting position to be able to develop into a successful European provider as well.

HSG Zander sees new business growth potential above all with industrial clients known to be under heavy pressure from costs and who hand over secondary processes to a competent partner. Facility managers analyze and optimize all technical, infrastructural and commercial processes related to planning, construction and use of buildings and facilities and make suggestions for improvements. "At the end of the day it's always about optimizing processes, improving quality and lowering costs", says Weixler. "All clients are



interested in relieving their structures of activities which do not form part of their core business. This is where we score as experts with many years of experience."

In addition to strategy, a highly motivated team is the most important precondition for sustained success as a business. The increasingly international profile and innovativeness of Bilfinger Berger's services division offers employees interesting new career development prospects following the merger. This is one of the messages accompanying the integration process of the German market leader. With "strength through team-work" as its slogan, in a very short space of time HSG Zander was able to forge an effective team from both of these long-standing businesses. A dedicated team, whose explicit aim is to contribute to the economic success of their clients through their professional work.

Strength through team-work

Specialists from Bilfinger Berger ensure trouble-free property management.

24 hours a day, 365 days a year

Bilfinger Berger operates 18 schools and four hospitals in the United Kingdom, making the company a leader in the market for public private partnerships.

There's a white telephone in the middle of Brian Jenkinson's office. A red one, however, would be more appropriate because all of the calls for help from the various wards of Gloucestershire's Royal Hospital land here.

Text
Christian Schnohr

Photos
Ralf Bille

The hospital in Western England is a Bilfinger Berger concession project and Brian Jenkinson is the Facility Manager from HSG Zander, a Bilfinger Berger subsidiary. Burned out light bulbs, problems with the heating or the renovation of an entire ward – together with his team of five technicians and two office staff the 50-year old is responsible for the trouble-free operation of the clinic. "We take care of the technology in the new buildings and carry out maintenance work. 24 hours a day, 365 days a year."

Bilfinger Berger is responsible for ensuring that everything runs smoothly at the Gloucestershire Royal Hospital.



A modern cafeteria, a friendly atmosphere and lots of sports: the right environment for a good education.

New construction and modernization of the 18,000 square-meter building cost about €50 million. It houses cardiology, emergency and pediatric wards, among others. The goal: short distances between the wards and the creation of a friendly atmosphere for the 3,500 employees as well as the nearly 50,000 in-patients and over 100,000 out-patients that visit the hospital annually. The result: a modern, practice-oriented structure, bright rooms and a spacious lobby that offers an elegant two-storey atrium with an integrated café and comfortable sitting areas. Perfectly functioning equipment, however, is even more important to the operators than the lounge-feeling. Jenkinson's staff usually has only a limited amount of time available to carry out necessary repairs. Pure stress. But they manage to shake it off – with British humor and a cup of tea. With a steaming hot cup of Earl Grey standing in front of him Brian Jenkinson painstakingly sorts through the pile of tasks ahead. "No two days are the same."

No two days are the same

Jenkinson's line manager is Ian Bolden. The Bilfinger Berger Operational Manager refers to himself with an ironic smile as the 'Landlord' of the hospital. He wears a smart pinstripe suit and has full responsibility for the site. He not only monitors the management of the building but also acts as an intermediary between the client – the Gloucestershire Hospitals NHS Foundation Trust – and the parties to the contract. "The user's problems are my problems". Only if everything is up and running properly are payments made in full to Bilfinger Berger. Every breakdown costs money.

Putting a smile on children's faces

With clever resource management, the running times of individual components can be optimized and the building and its infrastructure can be kept in perfect condition all the time. "The project has been up and running since 2005. The processes are all running smoothly, on average I'm now only busy with the clinic one day a week", says the 60 year-old. That leaves Bolden time for new operator projects – "I enjoy planning and solving problems."

Public Private Partnership offers public authorities and investors many advantages. But the real winners are eslewhere, you will find them in white shirts, black trousers and jumpers: "I was there when the first pupils entered the new building", reports Operational Manager Nick Harris. "Their eyes just lit up. That was the best reward for me after all the hard work."

When Nick Harris walks across the grounds of East Malling School in the south-west area of London which bears the same name, the diggers are long gone. Instead, there are three two-storey school buildings on the green lawn and an administrative building. All out of red brick, black slatted walls and white plaster. Around 600 pupils from 11 to 18 study here for their General Certificate of Standard Education. Every classroom is equipped with a whiteboard and projector, internet connections for laptops are mandatory. Harris looks on proudly, "we wanted to create the right environment for a good education."

Six schools were built for a total of €130 million by the directors of the Kent Education Partnership, set up in 2005, and

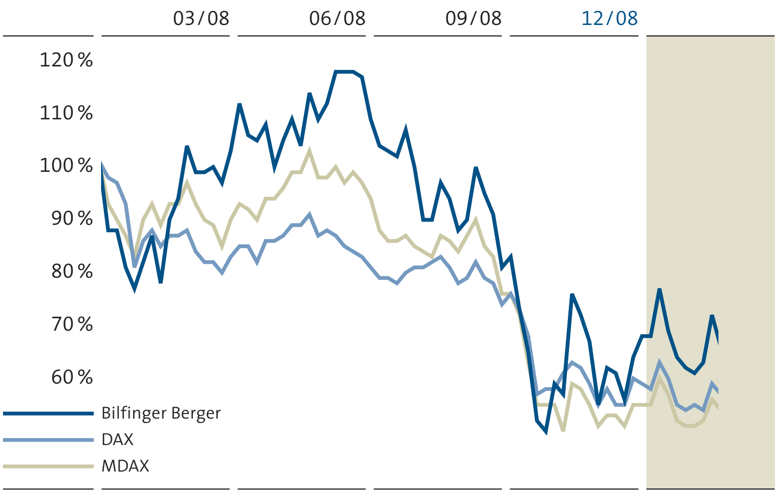
in which Bilfinger Berger has a 70% share. Everything was ready in just two years. A tough job. The 49 year-old still regularly attends meetings with public authorities, the head staff of the different schools and the parties to the contract. He also rents out the buildings and sports halls in the evenings to local clubs. "I act as an intermediary between the parties", he says with a smile, and runs his fingers through his short graying hair. "But sometimes it's a very lonely job." Each group has their own ideas and above all economic interests. "You often have to take tough decisions." The British Education Minister, Ed Balls, praised the project as a role model for the entire country. Delegations from India and Australia have already visited the schools in Kent.

Whether the new learning environment will have a positive impact on performance in the classroom has not yet been proven. But everyone, from canteen staff to teachers, says that the pupils have become quieter and more responsible. 12 year-old Nancy sums it up the best: "now I almost enjoy going to school", she says and hurries off to her next class. Just a few minutes later she's flying through the air in the hall next door. Even the trampolines are new.

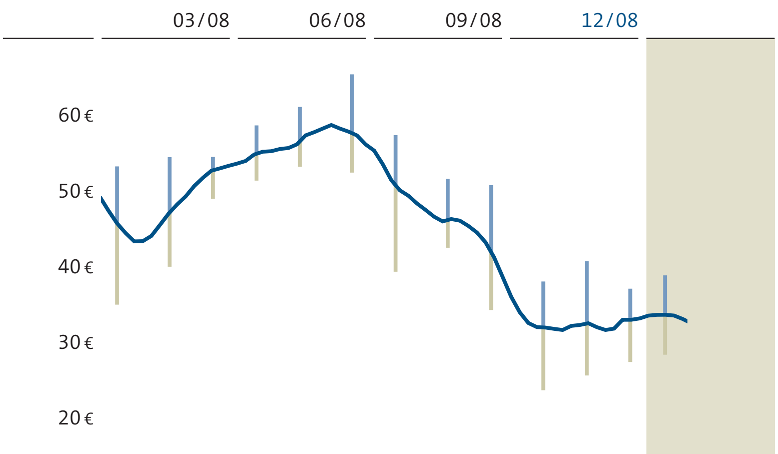
One of six new schools in Kent: the East Malling School.

Bilfinger Berger shares

Relative performance of our shares



Moving 30-day average in combination with monthly highest and lowest prices



- **Downward trend of stock exchanges**
- **Development of Bilfinger Berger shares better than the market**
- **Dividend yield of 5.4 percent**

Downward trend of stock exchanges

The international financial crisis and rapidly worsening economic prospects had a major impact on stock exchanges in 2008. Although there were several temporary phases of recovery during the first half of the year, the negative trend accelerated in the second half. Hopes that the real economy would resist the turbulence of the financial sector disappeared at the latest following an accumulation of negative news from the banking sector in September. Financial stocks and sectors regarded as economically sensitive suffered particularly dramatic price falls. Even concerted interest-rate reductions by central banks and far-reaching state assistance for commercial banks were unable to prevent the crisis from spreading to the real economy. Numerous economic stimulus packages were implemented, but many major economies entered into recession nevertheless. Capital was increasingly withdrawn from the stock markets, accelerating the downward trend of share prices.

The Bilfinger Berger share price reacted to the general uncertainty concerning the effects of the real-estate crisis with a high degree of volatility in the first several months of 2008. At the beginning of the year, our share price fell faster than the overall market and the construction sector, without any underlying company-specific reasons. Investors' interest in our stock increased again following the publication of our preliminary results of operations in the year 2007. The announcement of new acquisitions and the start of the share buyback program provided further stimulus, and due to positive news about Bilfinger Berger, our shares performed better than the market in the following months. The develop-

Key figures on our shares

€ per share	2004	2005	2006	2007	2008
Earnings	1.39	1.80	2.48	3.60	5.61
Dividend	1.00	1.00	1.25	1.80	2.00
Dividend-yield [1]	3.3%	2.5%	2.3%	3.4%	5.4%
Pay-out ratio [2]	72%	56%	50%	50%	36%
Highest price	32.41	46.44	55.75	74.73	64.65
Lowest price	25.50	30.18	37.71	47.35	23.90
Year-end price	30.25	40.30	55.52	52.78	37.32
Book value [3]	30.20	31.20	32.00	35.20	31.70
Market value / book value [3]	1.0	1.3	1.7	1.5	1.2
Market capitalization [5] in € million	1,112	1,499	2,065	1,963	1,388
MDAX weighting [1]		2.0%	2.2%	2.1%	3.1%
Price-to-earnings ratio [1]	21.7	22.4	22.4	14.7	6.7
Number of shares (in thousands) [4,5]	36,745	37,196	37,196	37,196	37,196
Average daily volume (no. of shares)	83,414	165,946	286,756	377,923	485,628

All price details refer to Xetra trading
[1] Based on the year-end closing price
[2] Based on earnings per share
[3] Balance-sheet shareholders' equity excluding minority interests
[4] Based on the year-end
[5] 2008: including treasury shares

Additional data

ISIN	DE0005909006 / GBF
WKN	590900
Stock-exchange abbreviation	GBF
Stock exchange	XETRA / Frankfurt, Stuttgart
Deutsche Boerse segment	Prime Standard
Component of	MDAX, Prime Construction Perf. Idx., DJ STOXX 600, DJ EURO STOXX, MSCI Europe

ment of our share price significantly surpassed the performance of the sector, which came under considerable pressure, as well as the DAX and MDAX indices. Following the announcement of the charge on earnings in the Civil business segment at the end of July, however, it fell back to the general market level once again.

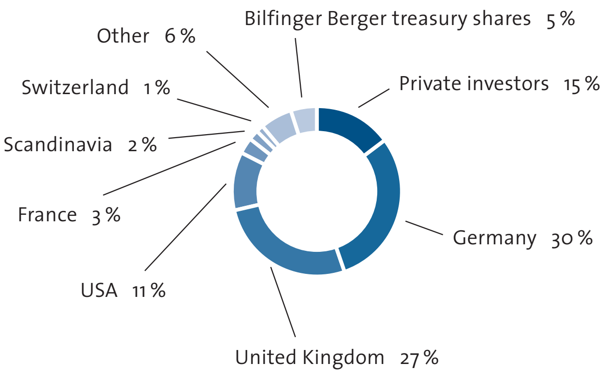
In the second half of the year, our share price was unable to escape the market's general downward trend, despite some brief phases of recovery. The DAX ended the year at 4,810 points or 40 percent below its level at the end of the prior year, while the MDAX closed at 5,602 or 43 percent lower than a year earlier. At the end of 2008, Bilfinger Berger shares were listed at €37.32 or 27 percent lower than a year earlier. This represents market capitalization of €1.4 billion.

Represented in major mid-cap indices with high liquidity

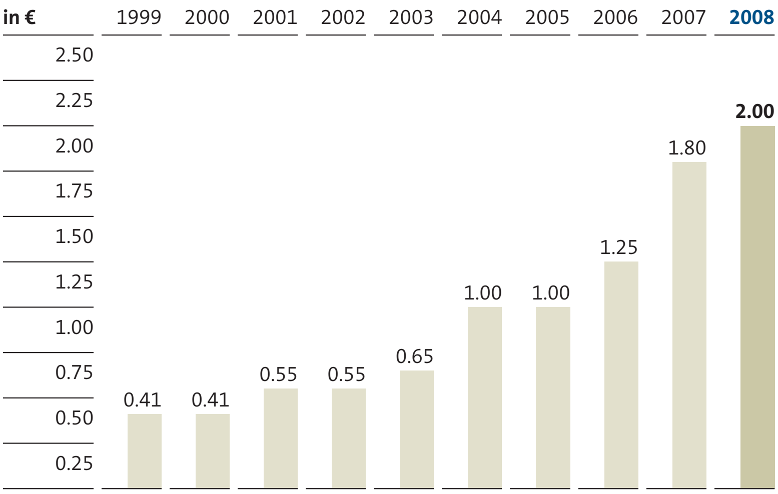
Our shares displayed a high degree of liquidity also in 2008. Trading volumes increased once again: an average of 500,000 shares changed hands on each day of trading (2007: 380,000), so more than triple our market capitalization was traded between January and December 2008. The average daily transaction volume measured in monetary terms remained constant.

Bilfinger Berger shares are represented in numerous mid-cap indices: the MDAX, DJ STOXX 600, DJ EURO STOXX and MSCI Europe. With a weighting of 3.1 percent (2007: 2.1 percent) in the MDAX at the end of December 2008, our shares were ranked 11th by market capitalization (2007: 16th) and 10th by trading volume (2007: 16th).

Institutional investors by region (as of December 31, 2008)



Dividend development Bilfinger Berger shares not including bonus dividend



Broad international shareholder structure

As in previous years, we carried out two shareholder surveys in 2008. The analysis of December 31, 2008 showed that besides shareholders from Germany, shareholders from the United Kingdom and the United States were once again the most prominent.

Institutional investors continued to dominate our shareholder structure; the proportion of private shareholders rose to 15 percent (2007: 12 percent). Five percent of our shares are currently held as treasury stock.

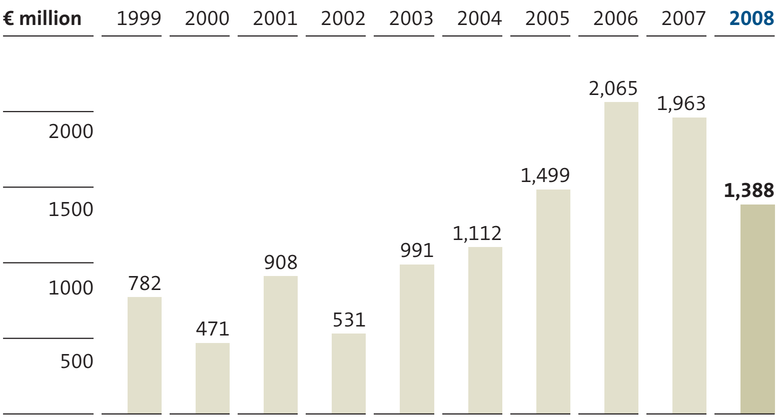
Dividend yield of 5.4 percent

In our dividend policy, we continue to place emphasis on continuity. A proposal will be made to increase the dividend for the year 2008 by 11 percent to €2.00 per share (2007: €1.80). In relation to the share price at the end of 2008, this represents a dividend yield of 5.4 percent.

Increased capital presence at Annual General Meeting 2008

Attendance at the 2008 Annual General Meeting increased again to 51 percent of the share capital entitled to vote (2007: 47 percent). We continued taking measures to motivate our shareholders to exercise their voting rights – either personally or through a proxy. All of the resolutions at last year's Annual General Meeting were passed with large majorities.

Market capitalization Bilfinger Berger share



In dialogue with our investors

Our investor relations activities remained at an unchanged high level in the year 2008. We are in constant contact with a total of 16 financial analysts, of whom 13 currently recommend our shares as 'buy', two recommend 'hold' and one recommends 'sell'.

We also provided information to institutional investors in more than 250 individual discussions, some of them at roadshows in 19 cities in Germany and abroad, as well as by participating in seven investor conferences.

Share buyback program

In February 2008, we started a program to buy back the company's own shares in a volume of up to €100 million. The program was based on the authorization granted by the Annual General Meeting of May 23, 2007 to buy back up to 10 percent of the company's share capital. Bilfinger Berger ended the share buyback program as planned on April 30, 2008. A total of 1,884,000 shares, equivalent to 5.065 percent of the share capital, were bought back for an average price of €53.07 per share.

In order to maintain the company's financial flexibility, there are currently no plans to cancel the shares. At a later date, the use of the shares as currency for transactions or their sale will be considered as options.

Corporate governance report

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

Corporate Governance Code

Bilfinger Berger supports the goal set out by 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 6, 2008 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 3, 2008. It states:

"Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 6, 2008. 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 2007, Bilfinger Berger has complied with all of the recommendations of the German Corporate Governance Code as amended on June 14, 2008 with the exception of the aforementioned recommendation in Clause 5.4.3, Sentence 3."

Bilfinger Berger also fulfills nearly all nonbinding proposals of the German Corporate Governance Code. Excepted from this are only the accessibility of the proxy representative of the shareholders, also during the Annual General Meeting (Clause 2.3.3), the broadcast of the Annual General Meeting through modern communications methods such as the internet (Clause 2.3.4) and the inclusion of components of Supervisory Board compensation based on the long-term performance of the enterprise, (Clause 5.4.6).

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 consists of seven members until July 31, 2009 and thereafter it will consist of six members (see page 183).

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 (see page 37).

Supervisory Board

The Company's Supervisory Board is composed of 20 members, of whom ten are representatives of the shareholders and ten 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 (see page 44).

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' (see page 178).

The compensation of the members of the Supervisory Board is shown in the compensation report (see page 42).

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.bilfinger.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 percent of the shares issued by the Company.

Compliance System

The Code of Conduct is a significant component of our Compliance System. 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 Behavioral Guidelines, which apply to all Group employees, include fundamental rules for the counteraction of corruption, bribery, bid rigging, illegal employment as well as guidelines on secrecy, donations and social behavior in the company. 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.

A network, consisting of the Chief Compliance Officer of the Group and the Compliance officers of the operating units that report to him are responsible for the distribution and application of our Code of Conduct. To complement the function of internal ombudsmen, we have appointed an external ombudsman, Dr. Erich G. Bähr, attorney (tel. +49 (0) 69 74 50 50) through whom employees, and also persons outside of the company, can point out misconduct. The control systems we have implemented to ensure compliance with the Code of Conduct include both routine and extraordinary audits from Internal Auditing, special controls with regard to compliance with regulations for competition and employee deployment as well as regulating and controlling the use of third parties in connection with order acquisition. Our Code of Conduct and the Compliance System are components of events for employees, employee reviews and comprehensive training measures. Through the immediate reporting of serious cases, as well as through quarterly and annual reports from the Chief Compliance Officer, the Executive Board, the Audit Committee of the Supervisory Board and the Plenum of the Supervisory Board are informed regularly about the developments in this area.

A Compliance Committee made up of the Heads of Legal, Internal Auditing and Human Resources, which meets at least once in each quarter, supports the Chief Compliance Officer in the general framework and the further development of the Compliance System.

Any misconduct that is discovered will result in organizational measures and personnel consequences. The insights gained from reporting, the comparison with other systems and the evaluations from external specialists all lead to the ongoing development and improvement of our Compliance System.

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 10, 2009

Bilfinger Berger AG

The Executive Board   The Supervisory Board

Compensation report

In this compensation report, details on the compensation of the members of the Executive Board and Supervisory Board are given. This compensation report is a constituent part of the Corporate Governance Report and the Group Management Report.

Executive Board Compensation

The compensation for 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 and its share price (long-term incentive plan).

Beginning with the version of the German Corporate Governance Codex as amended on June 6, 2008 and pursuant to Clause 4.2.2, the compensation system for the Executive Board including the significant contract elements are, based on a recommendation of the Presiding Committee, approved and regularly checked by the Plenum of the Supervisory Board. Previously, the Supervisory Board was regularly informed by its Presiding Committee on the structure of the compensation system for the Executive Board, while the setting of Executive Board compensation itself was the sole responsibility of the Presiding Committee.

For Executive Board members Mr. Müller, Mr. Raps, Mr. Reid and Dr. Ott, differing compensation rules apply.

Newly appointed Executive Board members initially receive reduced payments. This applies to Mr. Reid (until the end of June 2008), Mr. Raps (until the end of March 2009) and Mr. Müller (until the end of April 2009).

Annual salary

The fixed annual salary is reviewed every two years. In consultation with external experts, it was set, with effect on July 1, 2008, at €674,000 (until June 30, 2008: €642,000) for the Chairman and €449,000 (until June 30, 2008: €428,000) for the remaining Executive Board members. Mr. Raps (until the end of March 2009) and Mr. Müller (until the end of April 2009) receive an annual salary that is 20 percent lower. In addition to the fixed salary, the members of the Executive Board also receive fringe benefits (benefits in kind) in the form of insurance cover and the use of company cars, the value of which is shown in accordance with applicable tax law.

Bonus

In accordance with the bonus rules applicable for financial year 2008, the goal for the variable components of compensation were agreed upon between the Presiding Committee and the Executive Board at the beginning of the financial year. The level of bonuses depends on the development of the Group's earnings before taxes (EBT). If the relevant goal is achieved, the bonus amounts to 83 percent of the fixed annual salary. Bonus payments are not made if at least 50 percent of the EBT goal is not reached (Mr. Bodner, Professor Schetter, Dr. Schneider) or 75 percent of the goal (Mr. Müller, Dr. Ott, Mr. Raps, Mr. Reid) and is limited by a cap of 150 percent of the target value.

Effective January 1, 2009, variable compensation will be changed to a profit sharing model in which all Executive Board members receive €2,400 and the Chairman €3,600 for each €1 million in EBT achieved by the Group. As is the case with the fixed annual salary, the bonus for newly appointed members of the Executive Board will be 20 percent lower during the period described in 'Executive Board Compensation'. The amount of bonus paid-out will be limited by a cap of €640,000 for newly appointed members and €800,000 for full members as well as €1,200,000 for the Chairman of the Executive Board. In addition, the calculated bonus can be cut by up to 20 percent if EBT is significantly increased by non-periodic earnings.

Long-term incentive plan

Compensation with a long-term incentive element is paid in accordance with a long-term incentive plan (LTI), which for Mr. Bodner, Professor Schetter and Dr. Schneider has the following main features: If the value added achieved in a certain year exceeds the agreed minimum for that year, the members of the Executive Board are granted phantom shares in the form of so-called performance share units (PSU). The value of the PSUs granted varies during a waiting period of two years in line with the development of the Bilfinger Berger share price. After the end of the waiting period the existing value of the PSU is paid out. For Mr. Bodner, Professor Schetter and Dr. Schneider, payment is made after a waiting period of two years – 65 percent in cash (taxable) and 35 percent in Bilfinger Berger shares which may not be sold until a further two-year lockup period has expired. A four-year waiting period has been determined for Mr. Müller, Dr. Ott, Mr. Raps and Mr. Reid, after which the total value of the PSU (after taxes) is paid out in cash. If Bilfinger Berger shares underperform compared with the comparative index, the MDAX, the number of PSUs granted can be reduced by up to 20 percent.

The applicable value added is the difference between the return and the cost of capital. The return is determined by EBIT plus depreciation on intangible assets from acquisitions, interest income and the value added from the concession project portfolio. The cost of capital results from the multiplication of the capital employed by the weighted average cost of capital (see page 174 ff.). If the minimum value added agreed upon for the relevant year is not achieved during the waiting period, this leads to the allocation of negative PSUs, which eliminate an equal number of PSUs already held (this affects Mr. Bodner, Professor Schetter, and Dr. Schneider), or a PSU credit is cancelled (affects Mr. Müller, Dr. Ott, Mr. Raps and Mr. Reid). There is also a cap (for the Chairman of the Executive Board until June 30, 2008: €525,000, from July 1, 2008: €551,300; for a full Executive Board member until June 30, 2008: €350,000, from July 1, 2008: €367,500; for newly appointed Executive Board members during the period described in 'Executive Board Compensation' until June 30, 2008: €280,000, from July 1, 2008: €294,000), which limits the payment from the LTI to an absolute maximum annual amount.

For the 2008 financial year, the members of the Executive Board were granted a total of 34,064 PSUs, whose maximum payment amount is limited by the cap to €2,519,000.

At the balance-sheet date, the members of the Executive Board held a total of 259,857 PSUs. The level of the cash flow that will result from these PSUs depends on the further development of the plan parameters. On the basis of the Bilfinger Berger share price at the end of 2008 of €37.32, from today's perspective under consideration of the cap, this would lead to a total amount to be paid out of €4,244,000.

No loans or advances were made to the Executive Board in financial year 2008. Compensation for the execution of Group mandates was not paid in financial year 2008. They would be – insofar as they exceed €20,000 – applied against Executive Board Compensation.

Compensation with a long-term incentive effect (long-term incentive plan)

	Number of PSUs Status Jan. 1		Number of PSUs paid-out		Number of PSUs granted		Number of PSUs Status Dec. 31	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Herbert Bodner (Chairman)	79,323	70,351	7,569	–	7,139	8,972	78,893	79,323
Joachim Müller	–	–	–	–	837	–	837	–
Dr. Joachim Ott	55,168	46,895	5,047	–	6,132	8,273	56,253	55,168
Klaus Raps	1,656	–	–	–	4,905	1,656	6,561	1,656
Kenneth D. Reid	6,626	–	–	–	5,533	6,626	12,159	6,626
Prof. Hans Helmut Schetter	52,865	46,895	5,047	–	4,759	5,970	52,577	52,865
Dr. Jürgen M. Schneider	52,865	46,895	5,047	–	4,759	5,970	52,577	52,865
	248,503	**211,036**	**22,710**	**–**	**34,064**	**37,467**	**259,857**	**248,503**

	Value at granting for PSUs granted in financial year		Theoretical amount to be paid out for PSUs Status Dec. 31		Expense recognized in financial year for PSUs Status Dec. 31	
€ thousand	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Herbert Bodner (Chairman)	198	338	1,126	1,398	249	454
Joachim Müller	20	–	31	–	5	–
Dr. Joachim Ott	146	282	888	966	140	274
Klaus Raps	116	56	245	70	36	14
Kenneth D. Reid	131	226	454	280	59	56
Prof. Hans Helmut Schetter	132	225	750	931	165	302
Dr. Jürgen M. Schneider	151	225	750	931	269	302
	894	**1,352**	**4,244**	**4,576**	**923**	**1,402**

€ thousand	Fixed salary 2008	Fixed salary 2007	Bonus 2008	Bonus 2007	Total cash compensation 2008	Total cash compensation 2007	Long-term incentive (value at granting) 2008	Long-term incentive (value at granting) 2007
Herbert Bodner (Chairman)	658	642	797	797	1,455	1,439	198	338
Joachim Müller	60	–	59	–	119	–	20	–
Dr. Joachim Ott	439	428	531	531	970	959	146	282
Klaus Raps	351	86	346	101	697	187	116	56
Kenneth D. Reid	396	342	440	405	836	747	131	226
Prof. Hans Helmut Schetter	439	428	531	531	970	959	132	225
Dr. Jürgen M. Schneider	439	428	531	531	970	959	151	225
	2,782	**2,354**	**3,235**	**2,896**	**6,017**	**5,250**	**894**	**1,352**

€ thousand	Probable annual pension entitlement upon retirement	Payments to a relief fund 2008	Payments to a relief fund 2007	Capital returned to the Company from the pension fund 2008	Capital returned to the Company from the pension fund 2007
Herbert Bodner (Chairman)	330	332	338	–92	–90
Joachim Müller	78	162	–	–	–
Dr. Joachim Ott	200	183	183	–13	–7
Klaus Raps	88	154	154	–	–
Kenneth D. Reid	137	164	164	–	–
Prof. Hans Helmut Schetter	237	200	204	–66	–64
Dr. Jürgen M. Schneider	237	339	346	–17	–69
	1,307	**1,534**	**1,389**	**–188**	**–230**

Total Compensation

The Compensation for the Executive Board is disclosed in the table on the opposite page.

The members of the Executive Board also received non-cash compensation in the form of the use of company cars and contributions to insurance policies in a total amount of €233,000 (2007: €200,000).

Retirement Benefits

Since 2006, the system of retirement benefits for the members of the Executive Board has consisted of contribution oriented commitments and has been transferred to external institutions (insurance-type pension fund and reinsured relief fund). Thus, future pension entitlements will be fully funded, so that after reaching retirement age the members of the Executive Board will no longer place a financial burden on the Company. For the Executive Board members Mr. Bodner, Professor Schetter and Dr. Schneider, pension commitments in the case of invalidity remain with the company, their present value amounts to a total of €19,000. For the Executive Board members Mr. Raps and Mr. Reid, pension commitments exist with an obligation value of €78,000 and €43,000 respectively; these were acquired prior to their appointment to the Executive Board. With these exceptions, the transfer of retirement benefits of the Executive Board to external institutions has been completed.

The Company will make annual payments to a relief fund for the future periods of office of the members of the Executive Board. In the table (see page 40), contributions to the pension fund for the financial year and pension entitlements already reached as well as capital returned to the Company from a pension fund are listed. In the case of death, there is entitlement to a widow's pension equivalent to 70 percent of the normal pension.

Further Provisions

The members of the Executive Board receive from the Company a transitional payment if the Executive Board membership ends due to the revocation or non-extension of their Executive Board appointment by the Company or due to termination of their contracts of service because of an important reason to be justified by the Company. Entitlement to a transitional payment only exists if the reason for termination occurs after the beginning of the second period of office and after reaching the age of 50.

With the version of the German Corporate Government Codex as amended on June 6, 2008, the adoption of a severance cap of a maximum two years' salary in the case of a termination of Executive Board duties without good cause was moved up from a suggestion to a recommendation (Clause 4.2.3, Sentences 4 and 5). We have adopted this requirement.

In the case of a change of control, that is, if a shareholder in the Company reaches or exceeds a shareholding of 30 percent of the Company's voting rights and in addition, due to an allocation of responsibilities decided upon by the Supervisory Board a significant change in board responsibility occurs, or if the Company enters into a control agreement as the controlled company, the members of the Executive Board have an exceptional right of termination for their contracts of service. They then receive severance compensation for the remainder of their contract periods, but for a maximum of three years. The severance compensation comprises the fixed annual salary and bonuses (average value of the past 5 years); in addition, following the remaining contract period covered by the severance compensation, they are entitled to a transitional payment if the individual conditions for such payment are fulfilled. PSUs are not granted for the time following departure from the Executive Board. In accordance with the recommendation in Clause 4.2.3, Sentence 5 of the German Corporate Governance Codex, severance compensation in the case of a change of control is limited to 150 percent of the above-mentioned severance cap.

Pensions

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to €2,481,000 (2007: €2,438,000). The present value of future pension obligations for these persons calculated according to IAS 19 amounted to €27,035,000 (2007: €29,034,000).

Supervisory Board compensation

As specified by Article 14 of our Articles of Incorporation, which are published on our Internet website, the compensation of the members of the Supervisory Board comprises a fixed annual payment of €40,000 and a variable annual payment of €300 for each cent by which the dividend paid to the shareholders exceeds €0.80 per share. The Chairman of the Supervisory Board is paid double these amounts, the Chairmen of the Committees, with the exception of the Committee pursuant to Article 31, Paragraph 3 of the Co-Determination Act and the Nomination Committee, receive one and three quarter times these amounts. The Deputy Chairman of the Supervisory Board as well as members of the Committees with the exception of the Committees pursuant to Article 31, Paragraph 3 of the Co-Determination Act and the Nomination Committee, receive 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 €43,000. The total compensation of the members of the Supervisory Board for the 2008 financial year thus amounted to €1,651,000 (2007: €1,317,000).

No compensation is paid nor advantages granted to members of the Supervisory Board for personal services rendered such as consulting or agent services.

Supervisory Board compensation			**2008**				**2007**
€ thousand	Fixed compen-sation	Variable compen-sation	Total	Fixed compen-sation	Variable compen-sation	Volun-tarily waived	Total after waiver
Bernhard Walter (Chairman, Chairman of the Presiding Committee and member of the Audit Committee)	80	72	152	20	170	–50	140
Maria Schmitt (Deputy Chairwoman and member of the Presiding Committee; until May 21, 2008)	23	21	44	15	128	–38	105
Stephan Brückner (Deputy Chairman and member of the Presiding Committee; from May 21, 2008)	37	33	70	–	–	–	0
Hans Bauer	40	36	76	10	85	–25	70
Volker Böhme (from May 21, 2008)	24	22	46	–	–	–	0
Dr. Horst Dietz	40	36	76	10	85	–25	70
Britta Ehrbrecht (from May 21, 2008)	24	22	46	–	–	–	0
Wolfgang Erdner (until May 21, 2008)	16	14	30	10	85	–25	70
Dr. John Feldmann (from May 21, 2008)	24	22	46	–	–	–	0
Dr. Jürgen Hambrecht (until May 21, 2008)	16	14	30	10	85	–25	70
Andreas Harnack (from May 21, 2008)	24	22	46	–	–	–	0
Reinhard Heller (from May 21, 2008)	24	22	46	–	–	–	0
Reiner Jager (until May 21, 2008)	16	14	30	10	85	–25	70
Rainer Knerler	40	36	76	10	85	–25	70
Prof. Dr. Hermut Kormann	40	36	76	10	85	–25	70
Harald Möller	40	36	76	10	85	–25	70
Klaus Obermierbach (member of the Audit Committee; from May 21, 2008)	52	47	99	10	85	–25	70
Thomas Pleines	40	36	76	10	85	–25	70
Friedrich Rosner (member of the Audit Committee; until May 21, 2008)	23	21	44	15	128	–38	105
Dr. Rudolf Rupprecht (from May 21, 2008)	24	22	46	–	–	–	0
Dietmar Schäfers (from May 21, 2008)	24	22	46	–	–	–	0
Rainer Schilling (from May 21, 2008)	24	22	46	–	–	–	0
Bernhard Schreier (from May 21, 2008)	24	22	46	–	–	–	0
Udo Stark (Member of the Presiding Committee and Chairman of the Audit Committee)	70	63	133	15	128	–38	105
Rolf Steinmann (until May 21, 2008)	16	14	30	10	85	–25	70
Prof. Dr. Klaus Trützschler	40	36	76	10	85	–25	70
	845	**763**	**1,608**	**185**	**1,574**	**–464**	**1,295**

Report of the Supervisory Board

Bernhard Walter
Chairman of the Supervisory Board

During the year under review, the Supervisory Board performed the duties incumbent upon it in accordance with the law and the Articles of Incorporation and continually advised and monitored the Executive Board. The Supervisory Board was regularly kept informed about business developments and the situation of the Company. It supervised the management of the Company by the Executive Board in particular on the basis of written and verbal reports. The benchmarks for the supervision were the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. Executive Board reporting fulfilled the requirements set by the law, by good corporate governance and the Supervisory Board in terms of both their subject matter and their scope. As well as the reports, the Supervisory Board also received additional information from the Executive Board. The reports and information issued by the Executive Board were examined in terms of its plausibility and was critically acknowledged and questioned by the Supervisory Board. A catalogue created by the Supervisory Board and constantly checked for necessary adjustments lists the kinds of business transactions for which the Executive Board requires the approval of the Supervisory Board. Business transactions requiring Supervisory Board approval were examined and discussed with the Executive Board. The Supervisory Board gave its approval for, among other things, the acquisition and sale of shareholdings, for the submission of bids for major projects and for the investment budget.

In face-to-face discussions outside the Supervisory Board meetings and its committees, the Chairman of the Supervisory Board and the Chairman of the Executive Board examined the situation of the Company, its further development and issues above and beyond that.

With the conclusion of the Annual General Meeting on May 21, 2008, the period in office of all sitting members of the Supervisory Board ended. Because more than 20,000 people are regularly employed in Germany and in accordance with Article 7, Paragraph 1, No. 3 of the German Co-determination act, the number of Supervisory Board members increased to 20, of which 10 are shareholder representatives and 10 employee representatives. Following the new election, Dr. John Feldmann, Rudolf Rupprecht and Bernhard Schreier joined the Supervisory Board for the first time as representatives of the shareholders elected by the Annual General Meeting. From the employees, Britta Ehrbrecht, Stephan Brückner, Volker Böhme, Andreas Harnack, Reinhard Heller, Dietmar Schäfers and Rainer Schilling were newly elected to the Supervisory Board. Those leaving the Supervisory Board were, as shareholder representative, Dr. Jürgen Hambrecht and as employee representative Maria Schmitt, Wolfgang Erdner, Reiner Jager, Friedrich Rosner and Rolf Steinmann. The Supervisory Board would like to thank those members who left for their commitment and cooperation.

Supervisory Board meetings

In financial year 2008, in addition to the constituent meeting, seven meetings of the Plenum of the Supervisory Board were held.

At the Supervisory Board meetings, in addition to matters relating to current business and major projects, issues including the economic developments and the potential impact of the worldwide crisis in the financial markets, corporate strategy, risk management, company financing, the Group's IT structures, development of junior managers as well as the position of Bilfinger Berger in relation to its competitors were discussed in detail with the Executive Board. The Supervisory Board also dealt intensively with the acquisitions of Hydro Production Partner Holding / Produksjonstjenester, iPower Solutions and M+W Zander D.I.B. FM and approved each of them. Before issuing approval of the acquisition, all major aspects were examined, such as the results of the due diligence, the earnings situation, business plan, quality of management, effects on the consolidated financial statements and integration concept. Following a thorough examination, the sale of Razel as well as the BAB A1, Northwest Anthony Henday Drive, Motorway M80 and Autobahn M6 concession projects were also approved. The Supervisory Board received regular reports on the actual development of new subsidiaries compared with the assumptions made at the time of acquisition and discussed the implementation of corporate strategy in detail.

A further focus of consultations in the plenary sessions of the Supervisory Board was the Group's earnings development. The causes of the charge against earnings from a Norwegian transport infrastructure project were discussed in detail with the Executive Board on the basis of previous examination in the Audit Committee, whereby there is agreement with the Executive Board with regard to the consequences that are to be taken. The Supervisory Board was informed, on an ongoing basis, on the development of all concession projects and the findings of Risk Management. The conclusion of the spin-off of the former Building and Civil divisions of Bilfinger Berger AG as well as corporate planning, investments, return-on-capital-employed controlling and the comparison of business development with the expected figures were also dealt with in detail. The shareholder structure and changes in it were discussed with the Executive Board twice in the past financial year. Upon the proposal of the Audit Committee, the Supervisory Board decided on the main areas for the audit of the individual and consolidated financial statements for the 2008 financial year.

The Supervisory Board has dealt extensively with the issue of compliance and, through its Audit Committee, has accompanied the form and application of the Bilfinger Berger Compliance System which was implemented in its current structure in 2006.

The Supervisory Board again dealt in detail with the German Corporate Governance Code; among other things, it evaluated the efficiency of its own activities. The Declaration of Compliance that was jointly issued by the Supervisory Board and the Executive Board on December 3, 2008 pursuant to Section 161 of the German Stock Corporation Act states that Bilfinger Berger AG complies with all of the recommendations of the Code as amended on June 6, 2008. The sole exception is the recommendation of Clause 5.4.3, Sentence 3 (announcement to the shareholders of 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. The Declaration of Compliance has been posted on the Company's website, where it is permanently available to the shareholders. No conflicts of interest arose in the Supervisory Board during the year under review (see page 35 of the Annual Report for further details).

Committees

In order to enhance the efficiency of its activities, the Supervisory Board formed a Presiding Committee, an Audit Committee and – in accordance with section 5.3.3 of the German Corporate Governance Codex in its newest version – a Nomination Committee. In addition, in accordance with Article 11, Paragraph 2 of the Articles of Incorporation, a committee of the Supervisory Board has been formed to perform the duties described in Article 31, Paragraph 3 of the German Industrial Codetermination Act (Mediation Committee). The current composition of the Supervisory Board and its committees can be seen in the section of the Annual Report entitled 'Boards of the Company' (see page 178 of the Annual Report). The Audit Committee includes independent members who have expertise in the areas of accounting and auditing.

The Chairmen of the Committees reported to the plenary session of the Supervisory Board in its meetings concerned with the work of their respective committees.

Presiding Committee of the Supervisory Board

The main tasks of the Presiding Committee include, in particular, regulating the personnel issues of the Executive Board, unless the provisions of the German Stock Corporation Act and the German Corporate Governance Codex stipulate that they are to be regulated by the plenum of the Supervisory Board, and the decision on certain business dealings and transactions. The Presiding Committee also prepares the plenary meetings and makes recommendations on important resolutions. In financial year 2008, three meetings of the Presiding Committee took place. In addition, a number of resolutions were made in writing. The Committee, within the scope of its competence, primarily dealt with and approved major projects as well as the acquisition of Clough Engineering & Maintenance, the sale or acquisition of further smaller subsidiaries, the privately financed concessions business and the buy-back of the company's own shares. The focus of the personnel issues in the Executive Board were the appointment of a new member of the Executive Board and the compensation and service contracts of the Executive Board.

Audit Committee

The Audit Committee deals, among other things, with questions of accounting, risk management, compliance and auditing. In the six meetings held over the course of the past financial year, the main issues that were dealt with included the consolidated financial statements 2007 and the quarterly reports 2008, including the corresponding interim financial statements. The Committee, after examination of their independence, recommended the external auditors to the Supervisory Board for election through the Annual General Meeting and prepared the audit assignment and the fee agreement. The Audit Committee received information on the development of the risk situation from the quarterly risk reports of the Executive Board, which were also submitted to the Presiding Committee of the Supervisory Board. Furthermore, the Audit Committee dealt extensively with the deployment of Project Controlling and the activities of Internal Auditing. For the audit of risk management, the two corporate departments submitted annual reports to the Committee. The Audit Committee is of the opinion that the risk-management system in its current form is fully appropriate to meet the demands made of it. The Audit Committee dealt intensively with the risk structure of major projects on the basis of an investigation commissioned by it and carried out by internal and external experts; the conclusions to be drawn from this investigation were discussed with the Executive Board. The Committee evaluated the efficiency of its work.

The Chairman of the Audit Committee met with the Chief Financial Officer, also outside of Committee meetings, and in face-to-face discussions reviewed the interim financial statements and the consolidated financial statements.

In addition, the Audit Committee also dealt extensively with compliance questions and promoted the further development of the compliance system. External consultants called in by the Committee confirmed that the Bilfinger Berger Compliance System (see page 35 of the Annual Report) in its current form with internal and external ombudsmen, fulfills all of the requirements placed on such a function. The Chief Compliance Officer submits quarterly and annual reports on his activities to the Executive Board and the Audit Committee; in urgent cases, immediate reports are submitted.

Nomination Committee

In accordance with the recommendation in Section 5.3.3 of the new version of the German Corporate Governance Code, the Supervisory Board formed a Nomination Committee made up exclusively of shareholder representatives whose purpose it is to recommend suitable candidates to the Supervisory Board for its own recommendations to the Annual General Meeting. The Nominating Committee compiled recommendations in preparation for the Supervisory Board elections in 2008.

Mediation Committee

It was not necessary to convene the Mediation Committee in the 2008 financial year.

Audit of the individual and consolidated financial statements

The annual financial statements, prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards as well as the applicable trade regulations in accordance with HGB Paragraph 315a along with the management reports of Bilfinger Berger AG and the Group for the 2008 financial year have been audited and each has been issued with an unqualified audit opinion by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, of Mannheim. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to the members of the Supervisory Board in good time. The Audit Committee of the Supervisory Board, in preparation for the audit and treatment of these documents in the Presiding Committee of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of profits in the presence of the auditors.

The Supervisory Board undertook a detailed examination of the individual financial statements, the consolidated financial statements and management reports of Bilfinger Berger AG and the Group for the 2008 financial year, as well as the proposal of the Executive Board on the appropriation of profits – following an explanation of these documents from the Executive Board – and dealt with these matters in its meeting on March 10, 2009. This meeting was also attended by the external auditors in the persons of two of the signing auditors, who explained their audit and its results and answered questions from the Supervisory Committee on the results of the audit as well as its form and scope. Here they also reported on the internal control and risk management system as it relates to the accounting process. There were no reasons to doubt the external auditor's impartiality. The Audit Committee of the Supervisory Board was informed of any additional services performed by the auditor beyond the auditing services. The Supervisory Board was convinced that the audit by the external auditors was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditors. Following the final results of the Supervisory Board's own examination carried out on this basis, no objections were to be made. At its meeting held on March 10, 2009, the Supervisory Board approved the financial statements of the Company and the Group and the management reports for the 2008 financial year as submitted by the Executive Board. The Company's financial statements have thus been adopted. The Supervisory Board, in its estimation of the situation of the Company, agrees with the estimation of the Executive Board in its management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of profits particularly with regard to the compelling nature of balance sheet and dividend distribution policy, the effect on liquidity, creditworthiness and future financing needs as well as under consideration of shareholder interest. In accordance with the recommendation of the Audit Committee, it agrees with the Executive Board's proposal for the use of unappropriated retained earnings.

Auditor's review of interim consolidated financial statements and interim group management report

The auditor was also commissioned with the task of reviewing the interim financial statements and the interim group management report from June 30, 2008. The auditor participated in the treatment of the half-year financial statements and report by the Audit Committee and explained the auditor's review that was carried out with a positive result.

In its meeting on September 30, 2008, the Supervisory Board appointed Mr. Joachim Müller as a member of the Executive Board with effect as of November 1, 2008. He was previously Senior Vice President Corporate Finance at the SAP Group and, following the Annual General Meeting on May 7, 2009, will succeed Dr. Jürgen M. Schneider as Executive Board member responsible for accounting, finance, controlling and investor relations; Dr. Schneider will leave the Board after 19 years of successful membership upon reaching the relevant age limit.

The Supervisory Board hereby expresses its sincere thanks to the Executive Board and all of the Company's employees for their individual efforts in the past financial year.

Mannheim, March 10, 2009

Bernhard Walter
Chairman of the Supervisory Board

Overview of 2008

2008 was another successful year for Bilfinger Berger. The Group continued its strong growth; EBIT and net profit increased again significantly.

Growth

Output volume surpassed the €10 billion mark for the first time, representing an increase of €1.5 billion compared with the prior year. The expansion of our Services business segment was particularly strong. Our Industrial Services, Power Services and Facility Services divisions boosted their output volumes as a result of organic growth and acquisitions. Bilfinger Berger Facility Services is now the market leader in Germany. Bilfinger Berger Industrial Services is the market leader in Europe; its output volume has increased by a factor of three in the past three years and its earnings by a factor of five. The Concessions business segment also experienced a record year.

Development of the Group

In order to further expand the services business, the Group acquired companies for a total amount of €500 million in 2008. In Germany, we acquired the facility management business of M+W Zander, which represents a substantial growth boost for our Facility Services division. In the United States, we acquired Tepsco, thus extending our industrial services business in the US to the oil and gas industry. In Scandinavia, we acquired the repair and maintenance activities of the Norsk Hydro Group. In view of the situation of the French market and the resulting limited development opportunities there for Bilfinger Berger, we sold Razel, our French civil-engineering subsidiary.

Projects

Global demand for infrastructure projects was strong last year. For the first time, we succeeded in obtaining a public-private partnership project in the field of highway construction in Germany. We will plan and widen a 73-kilometer section of the autobahn between Hamburg and Bremen. One of the contracts we gained in Australia was to build what will be the continent's biggest hotel in Melbourne as a turnkey project. In Sydney, we took on the expansion of the Port Botany container docks. In view of our high utilization of capacity, we only processed new projects that were assessed as particularly attractive in terms of risk and return criteria.

The E18 transport infrastructure project in Norway generated substantial additional costs, which are covered by the provisions we recognized in the second quarter of 2008. The project should be handed over on schedule in fall 2009.

Group structure

In order to harmonize the Group structure, the Building and Civil Engineering divisions have been separated from Bilfinger Berger AG. They are now independently active in the market as limited liability companies (GmbH). Bilfinger Berger Hochbau GmbH and Bilfinger Berger Ingenieurbau GmbH therefore have more independence and responsibility and a clearer profile. The new companies remain wholly-owned by Bilfinger Berger AG, to which they are linked through domination agreements. Group headquarters' specialist competence vis-à-vis the subsidiaries has been extended.

The Bilfinger Berger Group

Business activities and strategy

Bilfinger Berger is an internationally active construction and services company. As a leading Multi Service Group in the fields of real estate, industrial plant and infrastructure, we are active with our business segments Civil, Building and Industrial, Services and Concessions. Our long-term corporate strategy aims to consistently strengthen our positions in domestic and international markets.

- Our stated goal is to achieve significantly higher earnings in our *Civil* business segment. In the future therefore, we will only work on projects in our core regions that are of great strategic significance or projects with particularly good earnings prospects combined with a controllable risk profile. With intensified risk management and more efficient organization, we have created the right conditions for growing financial success.

- We also want to improve the profitability of our *Building and Industrial* business segment. In order to reduce risks and achieve sustained appropriate margins in Germany, we have streamlined our organization and refocused our activities. We seek to compete on terms of competence and to avoid pure price competition. We therefore focus on public private partnerships with public-sector clients and on the partnering model with clients in the private sector.

- We see good opportunities for success in our *Services* business segment also in the future. Repair and maintenance services on the basis of long-term framework agreements are less susceptible to economic cycles than the construction business, which is driven by new investment. We continue to apply the highest standards in connection with acquisitions.

- The portfolio of our *Concessions* business segment should continue to grow. It is still our goal to increase the Group's total equity investment in this field to €400 million. The financing of new projects has become more difficult due to the financial market crisis. However, as we only pursue projects with a favorable risk profile, we see good prospects of continuing the successful expansion of our concessions business in the future.

Structure of the business segments

Civil	Building and Industrial	Services	Concessions
Bilfinger Berger Civil	Bilfinger Berger Building	Bilfinger Berger Industrial Services	Bilfinger Berger Project Investments
Bilfinger Berger Environmental Technology		Bilfinger Berger Power Services	
Bilfinger Berger Polska		Bilfinger Berger Facility Services	
Bilfinger Berger Nigeria			
Bilfinger Berger Australia			

The key performance indicators for measuring the success of our construction and services units are EBIT and cash flow. In addition, we increasingly assess the financial success of the divisions and the Group with the use of value added, as defined by our system of return-on-capital-employed controlling. Another relevant performance measure is the Group's net profit after taxes and minority interests.

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. The Group is managed in accordance with both German and international standards. Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 6, 2008 with one necessary exception (see page 34).

Our operating business is organized in a decentralized manner. The subgroups act as independent profit centers. Controlling and monitoring functions are based on close management by the Executive Board, strong Group headquarters with clearly defined tasks, and a risk management system that encompasses the entire Group.

We can only achieve our strategic goals with qualified and motivated employees. Our continuous growth in combination with acquisitions, an expanding workforce and a broad range of products constantly presents our Human Resources department with new challenges concerning staff recruitment, development and retention, which we successfully met also in the year under review.

Economic environment

Economic developments

The year 2008 was impacted by the global economic crisis, which originated in the United States and first affected the financial markets, but increasingly spread to other areas of the real economy in the second half of the year. Although the industrialized countries were able to stabilize their banking systems by means of state assistance, the negative effects on real economic development continued to grow and their final extent is difficult to predict. Growth of the world economy, which had been around 5 percent per annum in recent years, still reached approximately 3 percent in 2008. But in view of the accelerating downturn at the end of the year, this cannot be regarded as a basis for future projections.

Economic growth in the European Union cooled down significantly during 2008. A number of member states were unable to avoid slipping into recession in the second half of the year. The region's growth rate fell from 2.9 percent in 2007 to 1 percent last year. These average rates conceal great differences within the EU: While Ireland was particularly hard hit by the financial and real-estate crisis and was in fairly deep recession with negative growth of minus 2 percent in 2008, Eastern European member states such as Romania and Bulgaria still recorded positive growth rates of over 5 percent.

Germany also suffered from the global economic downturn in the second half of the year. Although German real estate is not overvalued and German industry is highly competitive, the cooling off of the world economy still had substantial effects due to the country's high export rate. Growth in gross domestic product (GDP) fell from 2.5 percent to 1.3 percent. The labor market – a lagging indicator – developed positively once again: the number of persons employed increased by a good half a million compared with a year earlier.

The downturn was particularly sharp in the United Kingdom, where GDP growth fell to 0.7 percent from 3.0 percent in the prior year. This was primarily due to falling real-estate prices and the severe effects of the financial crisis on London in its role as a financial center. The situation of state finances also developed unfavorably, with an increase in the budget deficit to 4.6 percent of GDP.

In Scandinavia, Finland performed well with growth of 1.5 percent, while GDP expansion in Sweden was only 0.5 percent and Denmark experienced a drop in economic growth to minus 0.6 percent. In Western Europe, developments in Austria, the Netherlands and Switzerland were still satisfactory, with growth rates of over 1.5 percent.

Among the countries of Eastern Europe, Poland's growth remained robust at 5 percent. In Hungary, however, GDP growth dropped to just 0.9 percent. The country's high current account deficit required financial assistance from the European Union and the International Monetary Fund.

Gross domestic product – growth by region

%	2008	2007
Germany	1.3	2.5
Europe	1.0	2.9
United States	1.2	2.2
Australia	2.5	4.3

The defining factor for North America is the situation in the United States, where the extent of the downturn can be seen from the loss of more than a million jobs in 2008, although GDP still grew by 1.2 percent. Some support for the US economy came from the good development of exports – due to the weak dollar – and from the fall in the price of oil towards the end of the year. But these factors were unable to prevent the slump in US consumer spending. Rising unemployment, falling real-estate and equity prices and high private debt mean that consumers are significantly less willing to spend money. Public-sector deficits have risen rapidly and exceed 5 percent of gross domestic product.

Although Canada profited from a significantly better fiscal situation, it was unable to escape the downturn of its most important trading partner, with the result that GDP expanded by only 0.5 percent in 2008.

In the Arabian Gulf region, the financial crisis and the abrupt drop in the price of oil primarily affected credit-financed projects.

The Australian economy cooled off perceptibly in 2008 with growth falling to 2.5 percent. However, the country's banking system has proven to be fairly robust, thanks to a good equity situation and relatively little bad debt so far.

German construction industry

The construction industry in Germany can look back on a year in which real construction investment rose by a good 3 percent, though the rate of growth fell over the year as a whole following a strong first quarter, which had benefited from the mild winter weather.

There was nominal growth of 0.3 percent in orders received until November, with commercial construction compensating for the decrease in residential and in public-sector construction. Demand fell significantly towards the end of 2008, so the economic crisis has apparently also reached this sector; the situation for commercial construction is now a concern. The ongoing development of the construction industry will depend on the extent and speed of implementation of state actions to stimulate the economy and improve the country's infrastructure.

International construction industry

Following 13 years of uninterrupted growth, the construction industry in the United Kingdom contracted significantly in 2008 due to the slump in residential construction. The situation was better for British public-sector investment in roads, railways, hospitals and educational facilities.

The development of the construction industry in Eastern Europe remained positive in 2008. There is still a substantial need to modernize the countries' infrastructures. In Poland, for example, eight airports with a total investment volume of more than €25 billion are to be newly built or modernized before the European soccer championship in 2012. Commercial construction also continued to develop positively in Poland. Developments were less favorable in Hungary, where infrastructure investment fell due to the difficult economic situation and tight public-sector finances.

Australia's construction industry benefited once again from the development of the country's infrastructure. The focus of investment continued to be on expanding the road and rail networks, but also on ports. Due to many years of public-sector surpluses and low state debt, major investment projects can still be financed.

In Canada, overall demand for construction fell, but there was no real collapse. Substantial public-sector investments are still being made in the construction of roads and bridges, in the supply of water and in public-sector building construction. And major investment continues to take place in the areas of mining and energy.

Services

Companies' investment in plant and equipment increased in most of the OECD countries in 2008, although growth rates fell towards the end of the year. Long-term investment in the energy sector proved to be very stable. Towards the end of the year, however, the economic downturn had a negative impact on the chemicals industry, with the exceptions of petrochemicals and pharmaceuticals. But over the year as a whole, investment in the chemicals industry also increased again compared with the prior year. Against this backdrop, demand for industrial services rose once again in the year under review.

Providers of services for power plants were faced with fairly stable demand, despite the economic developments. The International Energy Agency anticipates a need for investment in worldwide power generation of €13.6 trillion by the year 2030. In Europe, approximately 40 percent of all thermal and electric power plants are more than 25 years old. Furthermore, the EU climate decisions on the third stage of EU emission trading require energy-efficient and environmentally friendly plants. This will lead to a great need for modernization in many countries of Europe, such as Germany, the United Kingdom, Scandinavia and the Benelux.

Investments in oil and gas exploration and related services are of a long-term nature, and are hardly affected by falling prices of raw materials in the short term. Ongoing investment in these areas will be stabilized by the political goal of making a country less dependent on energy imports – the United States is a good example here. But a sustained low oil price would lead to a slowdown of investment activity.

With regard to facility management services, the trend towards stronger concentration is continuing, even though the market still features a large number of smaller providers. In the future, on the one hand an impact is to be expected from real-estate owners' attempts to cut costs, on the other hand there will also be concrete opportunities from increased outsourcing by banks and industrial companies.

Concession projects

Many industrialized countries are currently using instruments of fiscal policy to fight the danger of recession. In this context, investment projects that use public-sector initiatives to mobilize private-sector capital are attractive. The focus of the cooperation between state and private sector varies: Whereas building construction projects still dominate in Germany, in Canada these partnerships are increasingly used for infrastructure financing. The decisive point in the near future will be the extent to which such financing possibilities develop worldwide.

Business developments

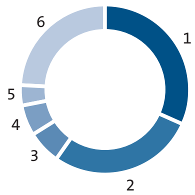
- **Output volume and earnings increased**
- **Sound financial situation**
- **Higher dividend proposed**

Output volume, orders received, order backlog

€ million	2008	2007	Δ in %
Output volume	10,742	9,222	+16
Orders received	10,314	11,275	–9
Order backlog	10,649	10,759	–1

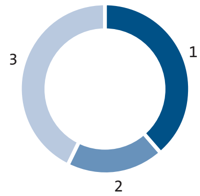
Output volume by region

€ million	2008	2007	%
1 Germany	3,430	3,040	32
2 Rest of Europe	2,989	2,356	28
3 America	684	679	6
4 Africa	633	653	6
5 Asia	431	253	4
6 Australia	2,575	2,232	24
	10,742	**9,222**	**100**



Output volume by business segment

€ million	2008	2007	%
1 Civil	4,161	3,647	39
2 Building and Industrial	2,020	1,965	19
3 Services	4,578	3,606	42
Consolidation, other	–17	4	
	10,742	**9,222**	**100**



Bilfinger Berger concluded the 2008 financial year with clear increases in both output volume and earnings.

Output volume was increased by 16 percent to €10,742 million, 68 percent of which was generated on international markets (2007: 67 percent). Services activities in Germany contributed 18 percent of Group output volume (2007: 16 percent), the amount contributed by construction activities in Germany was 14 percent (2007: 17 percent).

Orders received at €10,314 million were 9 percent lower than the prior year level. This was due to strict order selection in the construction business. Order backlog reached the prior year level at €10,649 million. Adjusted for the effect from the sale of the French subsidiary Razel, it increased by 4 percent. Exchange rate fluctuations led to mathematical reductions in output volume (by approximately €200 million) in orders received (by approximately €600 million), and in order backlog (also by approximately €600 million).

Earnings increased once again

EBIT rose by 30 percent to €298 million (2007: €229 million). This figure includes a positive exceptional item in the amount of €45 million resulting from a €90 million book gain from the sale of Razel, minus a one-time charge of €45 million from a more careful evaluation of projects, particularly those in early stages of completion. Net profit grew by 49 percent to €200 million (2007: €134 million). On an after-tax basis, the exceptional item amounts to €60 million.

Consolidated income statement (abridged)

€ million		2008	2007
Revenue		9,757	8,634
Cost of sales		–8,684	–7,623
Gross profit		**1,073**	**1,011**
Selling and administrative expenses		–876	–812
Other operating income and expenses		101	30
EBIT		**298**	**229**
Net interest result		–15	–1
Earnings before tax		**283**	**228**
Income tax expense		–79	–88
Earnings after tax		204	140
thereof minority interest		4	6
Net profit		**200**	**134**
Average number of shares	in thousands	35,753	37,196
Earnings per share	in €	5.61	3.60

EBIT

€ million	2008	2007
Civil	+17	+58
Building and Industrial	+14	+24
Services	+224	+167
Concessions	+9	–2
Consolidation, other	+34	–18
Consolidated Group	**+298**	**+229**

Change from EBITA to EBIT
Beginning with the annual financial statements for 2008, reporting will be changed from EBITA to EBIT (earnings before interest and taxes). This applies at both Group and segment level. The prior year figures have been adjusted for the purpose of comparability. The amortization of intangible assets from acquisitions in the amount of €24 million (2007: €13 million) is now part of costs of sales in the income statement. This relates solely to the Services business segment. This change is being made in order to adapt to common practice.

Revenues increased by 13 percent to €9.8 billion (2007: €8.6 billion). A major part of this rise was recorded in services, both through organic growth and acquisitions. The revenue figure does not include our share of the output volumes generated by joint ventures. This is the main reason for the difference between the revenue figure disclosed in the consolidated income statement and the output volume of €10.7 billion presented in the Group Management Report.

Despite the one-time charge on earnings in the second quarter of €65 million in the Civil business segment, gross profit increased to €1,073 million (2007: €1,011 million). In relation to output volume, the gross margin thus fell to 10 percent (2007: 11 percent. Selling and administrative expenses rose to €876 million (2007: €812 million), in relation to output volume this figure was reduced to 8.2 percent (2007: 8.8 percent).

Depreciation on property, plant and equipment and intangible assets, which is included under cost of sales as well as under selling and administrative expenses increased to €144 million (2007: €113 million). The amortization on intangible assets from acquisitions of €24 million (2007: €13 million) are included in cost of sales for the first time; they had previously been disclosed as a separate item in the income statement. This relates to amortization on capitalized items from acquired order backlogs and long-term customer relations from acquisitions in the services business.

The net from other operating income and expenses rose to €101 million (2007: €30 million). This was impacted in particular by the exceptional item of described above as well as other gains from disposals.

In Civil, due to the one-time charge of €65 million reported in the second quarter, EBIT decreased to €17 million (2007: €58 million). In Building and Industrial, EBIT fell to €14 million (2007: €24 million) as a result of additional costs from projects in Germany.

The services business again performed very well in 2008. EBIT grew by 34 percent to €224 million (2007: €167 million). Initial consolidation effects contributed €24 million to this figure and organic growth contributed €33 million.

In the Concessions business segment EBIT improved to €9 million (2007: minus €2 million). To assess our success in the concessions business, we primarily consider annual changes in the present value of future cash flows. The development of the value of our project portfolio is explained in detail in the section of the Annual Report dealing with the Concessions business segment (see page 80).

EBIT not allocated to the business segments rose to €34 million (2007: minus €18 million) as a result of the exceptional item described previously.

The net interest result dropped to €13 million (2007: €18 million). This was caused by increased interest expenses from the promissory note loan of €250 million placed in the middle of the year. The interest expense from the allocation to pension provisions netted off with revenue from plan assets went up as a result of higher pension obligations to €10 million (2007: €7 million). The interest expense for minority interests and for earn-out obligations increased to €18 million (2007: €12 million). Overall, the interest result fell to minus €15 million (2007: minus €1 million).

Earnings before taxes increased to €283 million (2007: €228 million). Income taxed nevertheless decreased to €79 million (2007: €88 million). The reason for this was the tax exemption for the book gain in the amount of €90 million from the sale of Razel.

After deducting minority interests of €4 million (2007: €6 million), net profit amounted to €200 million (2007: €134 million). This includes the previously described exceptional item of €60 million after taxes. Earnings per share amounted to €5.61 (2007: 3.60) €.

Higher dividend of €2.00 per share proposed

The net profit for 2006 of Bilfinger Berger AG, whose company financial statements are prepared in accordance with the regulations of the German Commercial Code, amounts to €71.0 million (2007: €67.0 million). Including the profit carryforward in the amount of €3.4 million (2007: €0.0 million), unappropriated retained earnings were €74.4 million (2007: €67.0 million).

A proposal will be made that a dividend of €2.00 (2007: €1.80) per share be paid out. This corresponds to a total dividend payout of €70.6 million (2007: €63.6 million) related to dividend-entitled equity capital on February 20, 2009.

Value added well above previous year

One of the key-financial-controlling systems at Bilfinger Berger is return-on-capital-employed controlling. With this method, we measure the value added by our business segments and by the Group. Capital is employed where it can create the greatest benefit for the Company.

The basic idea behind this concept is that positive value added is only achieved for the Company when the return on capital employed (ROCE) exceeds the cost of capital. The weighted average cost of capital (WACC) for the Group amounted to 10.5 percent before taxes in 2007, as in the prior year. In order to reflect the various risk profiles of the business segments, we calculated specific cost-of-capital rates for each segment, as in 2007.

Details and explanation of the calculation are provided in the chapter of this Annual Report dealing with return-on-capital-employed controlling (see page 174 ff.).

The Group's ROCE increased to 23.2 percent (2007: 18.7 percent), leading to a clear increase in value added to €202 million (2007: €126 million).

In Civil, ROCE decreased to 7.6 percent (2007: 18.6 percent) due to the reduced EBIT. Value added was negative at minus €23 million (2007: €23 million).

In Building and Industrial ROCE was nearly unchanged at 25.9 percent (2007: 26.1 percent).

Value added	Capital employed € million		Return € million		ROCE %		Cost of capital %		Value added € million	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Civil	427	405	33	75	7.6	18.6	13.0	13.0	–23	23
Building and Industrial	112	146	29	38	25.9	26.1	13.0	13.0	15	19
Services	1,000	901	248	180	24.8	20.0	9.0	9.0	158	99
Concessions	124	105	21	12	17.4	11.3	9.8	9.8	9	2
Total of segments	**1,663**	**1,557**	**331**	**305**	**19.9**	**19.6**	**10.5**	**10.5**	**159**	**143**
Consolidation, other	–69	–9	38	–16	–	–	–	–	43	–17
Consolidated Group	**1,594**	**1,548**	**369**	**289**	**23.2**	**18.7**	**10.5**	**10.5**	**202**	**126**

The lower return could be compensated through reduced capital employed. Value added nevertheless decreased to €15 million (2007: €19 million).

The Services business segment continues to account for the largest share of capital employed at the Group. As a result of acquisitions, it increased to €1,000 million (2007: €901 million) including €901 million of goodwill (2007: €653 million). The working capital need, on the other hand, decreased. ROCE rose again to 24.8 percent (2007: 20.0 percent). Value added recorded an increase to €158 million (2007: €99 million).

In the concessions business, capital employed rose to €124 million (2007: €105 million) as a result of capital contributions to project companies. In order to calculate the return, we consider not only EBIT but also the portfolio's growth in value compared with a year earlier. The calculation of value added of €12 million (2007: €14 million is explained in detail in the chapter of this Annual Report dealing with concessions projects. With a ROCE of 17.4 percent (2007: 11.3 percent), value added amounted to €9 million (2007: €2 million).

The value added by the headquarters and by consolidation was, due to the previously mentioned exceptional item, positive at €43 million (2007: minus €17 million).

Unchanged good financial situation and capital structure

The balance sheet total grew by €645 million to €6.8 billion (2007: €6.1 billion). The expansion of our concessions business contributed a good €300 million to that total. Initial consolidations and deconsolidations increased the balance sheet total by a net of about €470 million, whereby exchange rate effects led to a mathematical reduction.

On the assets side, non-current assets grew again to €3,964 million (2007: €3,139 million).

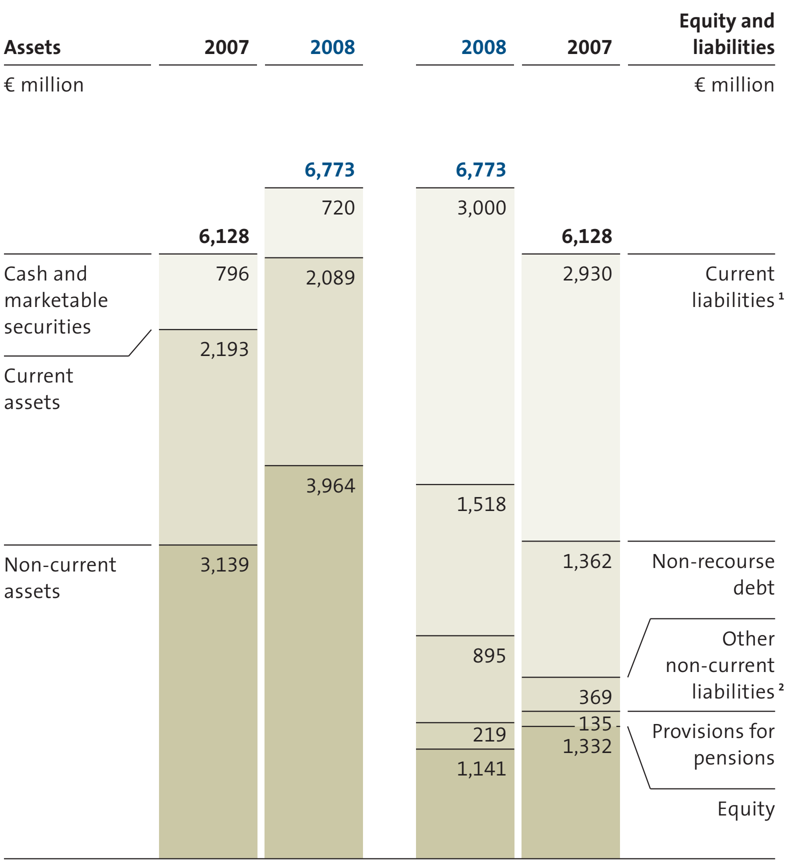
€451 million of this growth relates to acquired goodwill as well as intangible assets from acquisitions which increased to €1,083 million (2007: €700 million) and €136 million (2007: €68 million) respectively.

Property, plant and equipment rose only slightly to €599 (2007: €581 million). Receivables from concession projects and other non-current assets in this business segment increased by €328 million to €1,846 million (2007: €1,518 million).

The increase in deferred tax assets to €188 million (2007: €104 million) related in particular to deferred tax balances for the negative market value of hedging instruments.

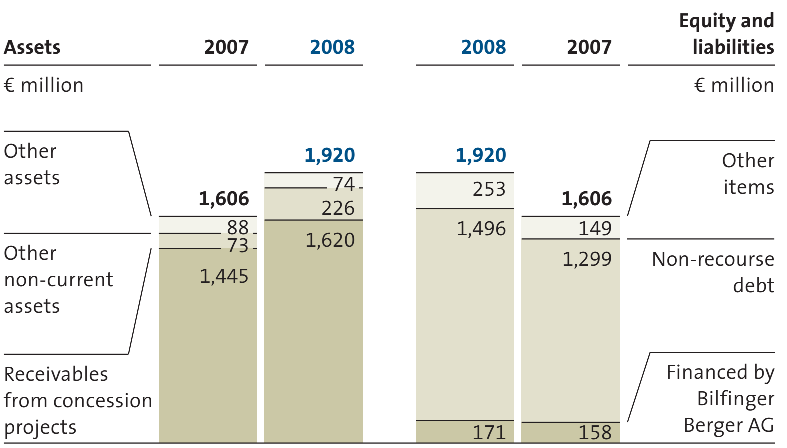
Current assets fell to €2,089 million (2007: €2,193 million).

Structure of consolidated balance sheet



¹ Including financial liabilities of €22 million (2007: €41 million)
² Including financial liabilities of €306 million (2007: €70 million)

Structure of Concessions balance sheet



The structure of the balance sheet in the Concessions business segment clearly shows the increasing influence of the segment on our consolidated balance sheet.

Despite lively investment activity, cash and marketable securities remained at the high level of €720 million (2007: €796 million). Financial liabilities – excluding project debt on a non-recourse basis – rose to €328 million (2007: €111 million). The reason for the increase was the promissory note loan in the amount of €250 million which was placed at the beginning of July in connection with financial investments.

Bilfinger Berger's financial situation was not impaired by the crisis in the financial markets. The Group has no short-term refinancing needs. Sufficient sources of financing are available to us for the further development of our business.

Non-recourse debt, for which the Group is not liable, increased in line with receivables from concession projects to €1,518 million (2007: €1,362 million) . Of this, €1,496 million (2007: €1,299 million) is accounted for by the financing of concession projects.

Provisions for pensions rose, primarily due to the acquisition of M+W Zander, to €219 million (2007: €135 million). Pension obligations in the amount of €145 million, mostly relating to Bilfinger Berger AG and the German construction business, were not included here because they are fully netted off with corresponding plan assets.

The increase in other non-current liabilities was attributable to financial liabilities with €236 million and to other liabilities with €314 million and here for the most part to the negative market value of interest rate hedging transactions in our concessions business.

Current liabilities grew only slightly to €3,000 million (2007: €2,930 million).

With a working capital of minus €890 million (2007: minus €697 million), the working capital need was reduced further.

Shareholder's equity decreased, despite the net profit of €200 million, to €1,141 million (2007: €1,332 million). The reason for this, in addition to the buyback of own shares in the amount of €100 million, was primarily the recognition, with

Statement of cash flows

€ million	2008	2007
Cash earnings	**322**	**289**
Changes in working capital	161	53
Gains on disposals of non-current assets	–126	–17
Net cash inflow from operating activities	**357**	**325**
Investments in tangible and intangible assets	–237	–204
Proceeds from the disposal of property, plant and equipment	129	21
Net cash outflow for tangible and intangible assets	**–108**	**–183**
Proceeds from the disposal of financial assets	**92**	**10**
Free cash flow	**341**	**152**
Investments in financial assets	**–460**	**–64**
Net cash inflow / outflow from financing activities		
Buyback of own shares	–100	0
Dividends	–68	–52
Borrowing (+) / repayment of loans (-)	251	–18
	83	**–70**
Other adjustments	**–40**	**–5**
Changes in cash and marketable securities	**–76**	**13**
Cash and marketable securities at January 1	796	783
Cash and marketable securities at December 31	**720**	**796**

no effect on profit or loss, of the negative market values from hedging transactions as well as exchange rate effects. The equity ratio was thus 17 percent (2007: 22 percent). The elimination of non-recourse debt, which has the effect of extending the balance sheet, would result in an equity ratio of 22 percent (2007: 28 percent).

Cash flow from operating activities above very good prior year figure

Cash earnings grew to €322 million (2007: €289 million). After deducting gains on the disposal of non-current assets in the amount of €126 million and considering the positive effects from a lower working capital need in the amount of €161 million, cash flow from operating activities rose to €357 million (2007: €325 million).

Investments in property, plant and equipment and intangible assets totaled €237 million (2007: €204 million). These outflows were countered by cash inflows of €129 million (2007: €21 million) especially from the sale of real-estate properties used by the company, so that the net cash outflow decreased to €108 million (2007: €183 million).

Proceeds from the disposal of financial assets, especially from the sale of Razel, resulted in a cash inflow of €92 million (2007: €10 million).

This led to an unusually high free cash flow of €341 million (2007: €152 million).

Investments in financial assets increased substantially to €460 million (2007: €64 million). €401 million of that total was for acquisitions in the services business (2007: €50 million). Of particular note here were the acquisitions of the industrial services provider Hydro Production Partner, Norway and Tepsco, USA, as well as the takeover of M+W Zander, Germany in the Facility Services division. For capital contributions to concession companies, €29 million was used (2007: €14 million). In addition, loans totaling €30 million were granted to concession companies during the reporting period.

The cash flow from financing activities in the amount of €83 million (2007: minus €70 million) is a reflection of net borrowing of €251 million, most significantly from the placement of a promissory note loan of €250 million. There was a cash outflow of €100 million for the buyback of own shares. The dividend to the shareholders of Bilfinger Berger AG for financial year 2007 amounted to €64 million (2006: €47 million). €4 million (2006: €5 million) was paid out to minority interests .

The effects of currency translation led to a mathematical decrease in cash and marketable securities of €40 million (2007: €5 million).

Financial resources amounted to €720 million (2007: €796 million) at the end of the year.

Development of the business segments

Civil

- **Full utilization of capacity**
- **Strong demand**

Our Civil business segment is a leader in the core technologies of tunneling, bridge building, road construction and foundation engineering. We concentrate our business on selected regions. In Europe, these are primarily Germany, Scandinavia, Poland, Great Britain and Northern Ireland, Austria and Switzerland. As we saw insufficient development opportunities for Bilfinger Berger in France, we sold Razel S.A., until then a 100 percent subsidiary, to Fayat S.A. in 2008. Australia was our biggest civil engineering market once again last year. The focus of our business in North America has shifted to Canada. The Arabian Gulf region continues to be attractive for our activities. We are represented in Africa through our associated company Julius Berger Nigeria.

Our capacities are fully utilized. We have a selective approach to tendering and concentrate on projects with good margins. We have intensified our risk management and have carefully extended our criteria for the acceptance of new projects.

Civil's output volume increased in 2008 by 14 percent to €4,161 million. Orders received decreased compared with the prior year by 22 percent to €3,541 million. Order backlog was 19 percent below the prior year value at €4,482 million. €120 million went into investments. Following the sale of Razel, the number of persons employed decreased to 14,221. Due to the charges on earnings from the Norwegian infrastructure project, E 18, the earnings of the Civil business segment fell to €17 million.

Germany: stable business

Our civil engineering business remained stable in Germany with an output volume of €733 million. A particularly positive result was that we were awarded the contract for one of the country's first public-private partnership projects in the field of highway construction. For this project in Lower Saxony, a company under the leadership of Bilfinger Berger will take over the planning and widening of a 73-kilometer stretch of the A1 autobahn. The project comprises reconstruction and widening to 6 lanes between the Buchholz and Bremen intersections, and includes the construction of no fewer than 74 bridges. With an investment volume of €650 million, this is Germany's biggest public-private partnership project to date.

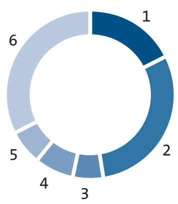
Northeast of Berlin, a new ship lift will be built next to the existing Niederfinow lift that went into operation in 1934. A consortium under our leadership has been awarded the contract to construct the new ship lift by 2013. This will allow container ships of up to 115 meters length to overcome a height difference of 36 meters in the Havel-Oder Waterway. After the project is completed, the Berlin-Stettin route will then be competitive also for container transport by waterway.

Key figures for Civil

€ million	2008	2007	Δ in %
Output volume	4,161	3,647	+14
Orders received	3,541	4,528	–22
Order backlog	4,482	5,507	–19
Capital expenditure	120	112	+7
Depreciation	72	58	+24
EBIT	+17	+58	–71
Employees (number at December 31)	14,221	16,440	–13

Civil: Output volume by region

€ million	2008	2007	%
1 Germany	733	720	18
2 Rest of Europe	1,249	982	30
3 America	246	292	6
4 Africa	308	381	7
5 Asia	274	148	7
6 Australia	1,351	1,124	32
	4,161	**3,647**	**100**



Europe: an important market

Europe continues to offer us good opportunities. Scandinavia is still an attractive market; at present we are involved in seven projects in the region. With the transport infrastructure project E 18 in Norway, which is being executed in extremely difficult terrain, substantial additional costs arose, which are covered by provisions recognized in the second quarter of 2008. We plan to hand over the road on schedule in the autumn of 2009. From today’s perspective, the project is not expected to cause any further financial burdens.

Our involvement in the construction of offshore windparks is developing positively. In the year under review, as part of the Horns Rev 2 project off the coast of Denmark, we installed 92 foundations upon which wind turbines will subsequently be fitted. This group of wind turbines in the North Sea constitutes the biggest offshore windpark in the world and will cover the energy needs of 200,000 households.

We were awarded the contract for another windpark project last year. Together with a partner company, Bilfinger Berger will be responsible for the design and construction of foundations for the windpark Roedsand 2, which is to be completed in the Baltic Sea in 2009. The client is the Swedish subsidiary of the German company E.ON. Roedsand 2 will also provide 200,000 households with electricity.

In Malmö, Sweden, we have successfully completed our work on the City Tunnel, which is to pass beneath Triangeln, a downtown business district. After going into operation in 2011, the 5-kilometer tunnel will provide a better connection between Malmö’s main train station and the railway network.

We generated a total output volume of about €320 million in the Scandinavian civil engineering market in 2008.

Great Britain and Northern Ireland are also major markets for Bilfinger Berger's Civil business segment. In Scotland, the city of Edinburgh awarded the contract to build a new urban tram to Bilfinger Berger and Siemens. The consortium under our leadership will be responsible for the turnkey construction of the main section of the system with a length of 18.5 kilometers. This contract is worth €350 million and our share amounts to €190 million. The double-tracked tram line, which is due to go into operation in the middle of 2011, will connect the airport and the northern suburbs of Edinburgh with the inner city.

Also in Scotland, at the beginning of the year 2009, we received a contract to upgrade a stretch of highway north of Glasgow in the form of a privately financed model. The M80 project calls for the widening of an existing highway from four to six lanes over a length of ten kilometers and for the construction of a new section eight kilometers long. The investment volume amounts to €340 million.

Poland has a great need for infrastructure investment, two thirds of which is financed by the European Union. We are among the leading providers due in particular to our competence in the fields of road construction, bridge building and special foundations. Our capacities were well utilized last year, and the prospects for 2009 are also good.

Australia: ongoing strong demand

Accounting for more than €1.3 billion of output volume, Australia was Bilfinger Berger's biggest civil engineering market. We operated successfully on this continent of just 21 million inhabitants once again in 2008. Australia benefits from its wealth of raw materials and large volumes of investment are still flowing into the country's infrastructure. Despite great uncertainty concerning the world economy, from today's perspective, demand in the Australian civil engineering market seems likely to remain at a high level. As one of the leading bidders, we are in a position to profit from this situation.

Together with a partner, at the beginning of the year we received the contract to expand Sydney's deep-sea port at Botany Bay with five new berths for container ships. The order volume totals €300 million, of which Bilfinger Berger accounts for €220 million. For this project, 60 hectares of land will have to be excavated, where a complete port infrastructure will then be installed. Port Botany is the continent's second largest container port and its capacity will be doubled through this expansion: 3.2 million containers will pass through the port each year as of 2011.

In Melbourne, we are expanding and modernizing the West Gate Freeway, one of the city's most used transport links. We are widening sections of the highway and constructing new lanes. The order is worth €100 million and the work is to be completed by mid 2010. The Bilfinger Berger Group is already responsible for widening another section of the same highway.

The focus of our civil-engineering activities is currently Brisbane. Work is far advanced on the North-South Bypass, a 5.2-kilometer new road connecting the suburbs in the north and the south of this major Australian city. The key component of the order, which has a total volume of good €1.2 billion, is a 4.8-kilometer long tunnel. Our work on the expansion of the Gateway Motorway is also progressing rapidly. This project entails the construction of a new 20-kilometer section of highway, which is being widened to multilane operation while in use. The core of the project is the Gateway Bridge.

Numerous projects in Australia are awarded as alliance contracts, which is a form of contract mainly used when output volumes cannot be finally defined until the project is running. This is a pragmatic contract model with well-balanced risk distribution that allows decisions to be made quickly during the construction phase. Our experience with alliancing models is very positive.

Canada: major project in Vancouver

In North America, our civil engineering activities are focused on the Canadian market. The construction of the Golden Ears Bridge, a thousand-meter-long bridge over the Fraser River in Vancouver, is to be completed in the first half of 2009. Golden Ears Crossing is one of the biggest public-private partnership projects in the country. Together with partners, Bilfinger Berger has taken over the design, financing, construction and long-term operation of the bridge.

Africa: highway construction in Abuja

Bilfinger Berger provides engineering services to its associated company Julius Berger Nigeria, supports it with specialist personnel, and secures its successful further development by providing technical and commercial expertise. At present, Julius Berger Nigeria is primarily occupied with infrastructure projects in the country's capital, Abuja, and in Akwa Ibom State. The company is currently working on expanding Abuja's urban highway. In the government district, a ten-lane stretch of highway with numerous intersections is being built. Julius Berger Nigeria has withdrawn from parts of the Niger Delta due to the security situation in that area; its capacities are being transferred to other federal states.

Arabian Gulf states: selective approach

In the Arabian Gulf region, our major project is under way in Doha, Qatar, where we are building a new suburb for more than 20,000 inhabitants. The project is worth approximately €1 billion and comprises the turnkey construction of nearly 6,000 homes. In the Emirate of Fujairah, we have constructed and put into operation a sewerage treatment plant for 80,000 inhabitants, including the required 185-kilometer sewer network. Follow-up orders are likely. In general, we are maintaining our very selective approach to our activities in the civil engineering market of the Arabain Gulf states.

Environmental technology: strong stimulus from the Arabain Gulf region

Climate change and providing the world's population with clean water are enormous challenges, for which long-term solutions must be sought and implemented. Sewerage treatment, waste disposal, site remediation and the protection and management of groundwater – we have been active in these vital areas worldwide for more than 70 years. Organizationally, we have placed these business activities in the subsidiary Bilfinger Berger Umwelttechnik GmbH, which focuses on the areas of water technology, site remediation and vacuum technology.

Bilfinger Berger Umwelttechnik has 900 employees, 700 of whom work in Germany; the company generated output volume of €226 million in 2008 (2007: €214 million). Approximately two thirds of its output volume was accounted for by international business, which continues to offer good opportunities.

With our innovative products, we are well received in the market. One example, although only in a market niche, is MultiDisc, a sieving machine for the mechanical cleaning of coolant water in power plants. It prevents fish from entering the cooling circuit and ensures that the fish are treated gently when they are returned to their habitat. The sieving machines cost between €200,000 and €300,000 each, and up to 18 of them have to be installed at each power plant. Solar sludge drying plants for municipalities up to 5,000 inhabitants are another new product. In the drying process, a granulate is produced that has the same calorific value as lignite and can be used accordingly.

Outlook

There continues to be a great need for infrastructure investment in many parts of the world. Many countries are attempting to tackle the recession with public-sector construction programs.

The demand for infrastructure in Australia should remain strong, despite the government's more cautious economic forecasts. In North America, we will continue to concentrate on Canada. Europe outside Germany will continue to be an important market for us. And in Germany, our business will also remain stable due to rising investment in the country's infrastructure. The German government's economic stimulus packages included targeted actions to boost demand for public-sector construction, for example through additional transport projects and the accelerated modernization of public-sector buildings.

We will continue to make good use of our opportunities in the field of civil engineering with an unchanged selective approach giving due consideration to potential earnings and risks.

We expect EBIT to improve in financial year 2009, output volume will decrease following the sale of Razel.

Building and Industrial

- **Focus on competing in terms of competence and quality**
- **Opportunities with PPP and partnering projects**

Germany, Australia and Nigeria are the core markets of the Building and Industrial business segment. Strong demand was encountered in all three markets in 2008. We focus on our clients' individual needs with an approach that emphasizes the lifecycle of their property. We do not concentrate solely on construction work, but are able to provide all relevant services in the field of real estate, from design to development and financing to facility management.

Building and Industrial's output volume of €2,020 million in 2008 was somewhat higher than in the prior year. Orders received decreased by 26 percent to €1,915 million. The significantly higher prior-year figure was boosted by the major project Barwa City in Qatar. Order backlog fell by 5 percent to €2,263 million. Investment in property, plant and equipment increased to €13 million. The number of employees was nearly unchanged at 3,556. As a result of the after-effects from projects in Germany, segment earnings fell to €14 million.

Revised business model in Germany

Our Building and Industrial business segment met with rising demand in the German market at the beginning of the year, although the cost situation remained difficult. The economy started to decline towards the end of the year. In connection with projects from previous years, we had to cope with increases in material and subcontractor prices. This placed a greater burden on earnings than we had originally anticipated.

In order to achieve appropriate margins in combination with acceptable risks, we comprehensively revised the segment's business model with the following key points:

- competing on competence instead of on price,
- improved risk management,
- a changed organization.

We adapt our organization to the circumstances of the market. As before, we want to have a regional presence, but we are streamlining our network of branches. Our technical competences are grouped together centrally. The newly formed competence center cooperates closely with the operating units in both planning and execution. And we have particularly strict selection criteria for complex projects with high risk.

As far as possible, through the consulting function, we want to assume responsibility for design and construction, so that we mainly compete on competence, not purely on price.

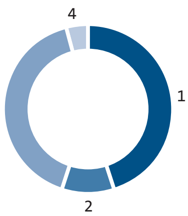
Public-sector PPP projects or projects with private clients that apply the partnering model are ideally suited to these aims.

Key figures for Building and Industrial

€ millon	2008	2007	Δ in %
Output volume	2,020	1,965	+3
Orders received	1,915	2,596	–26
Order backlog	2,263	2,385	–5
Capital expenditure	13	8	+63
Depreciation	5	7	–29
EBIT	+14	+24	–42
Employees (number at December 31)	3,556	3,520	+1

Building and Industrial: Output volume by region

€ millon	2008	2007	%
1 Germany	914	831	45
2 Africa	197	163	10
3 Australia	829	851	41
4 Other regions	80	120	4
	2,020	**1,965**	**100**



Opportunities through climate protection

The issue of climate protection opens up new opportunities in the field of building construction. More than three quarters of buildings in Germany are more than 25 years old, so large-scale modernization will soon be essential. In connection with both new and modernized buildings, our clients increasingly expect sustainability criteria to be fulfilled. This urgently requires ecological and economical optimization through a building's lifecycle, while transferring priority from price competition to competence competition. Our comprehensive expertise makes us particularly competitive: Our product portfolio includes planning optimization, forecasts of operating costs and building analyses.

Germany's Federal Minister for Transport, Construction and Urban Development recently introduced a seal of approval for sustainable construction. We are delighted that for the first time a clear benchmark has been created for the economical, ecological and technical-functional quality of public-sector and private-sector buildings. But the demands in terms of lifecycle considerations, sustainability and the new seal of approval can ultimately only be fulfilled in close interdisciplinary partnership with the other companies involved in the construction. The building construction business in Germany is an ideal complement to our facility services and our private-sector concessions know-how.

We succeeded in gaining several public-private partnership projects in 2008.

Together with Siemens, we were awarded the contract for the particle therapy center in Kiel, the biggest PPP project to date in the German healthcare sector. The investment volume amounts to €250 million. Bilfinger Berger Building is responsible for the turnkey construction of the building, as well as for the optimization of design and building logistics. When the center goes into operation, our Facility Services division will take over the technical and infrastructure facility management. The project is a good example of synergies between our Building division, Facility Services and Concessions.

Not far from the city of Gotha, we are designing, constructing and financing a boarding school complex for the state high school 'Salzmannschule.' Eight new buildings are to be erected as low-energy and passive buildings. The special high school for languages is the only German school in which Chinese, Japanese or Arabic are taught as second foreign languages.

In the year 2009, we will hand over a prison in Burg near Magdeburg as well as a justice and administrative center in Wiesbaden. Following completion, HSG Zander will take over the long-term operation of both buildings.

We have also completed a series of major projects with private-sector clients.

In Essen, the first section of the new shopping center at Limbecker Platz has been opened. The section of the complex was completed on schedule and accommodates 100 shops. The second section will be opened at the end of 2009. In Seeheim, near Frankfurt, we completed the new construction of the Lufthansa Training & Conference Center. And in Munich, the MAN Truck Group put into operation a new technical center built by Bilfinger Berger.

Australia: weakening of boom in commercial construction

In Australia, we are among the leading companies in the building construction market. The country's biggest cities feature distinctive buildings constructed by Bilfinger Berger.

The high demand of recent years in the Australian building construction is beginning to weaken. Whereas public-sector construction is fairly stable, investors in commercial construction are increasingly cautious. The downturn in residential building is continuing, but we are scarcely active in this area.

One focus of our activities is on the new construction and modernization of buildings in the educational and health sectors. In Adelaide, Brisbane and Sydney, we are building hospitals and medical research facilities with a volume of more than €300 million.

In Melbourne, we received a contract for the turnkey construction of Australia's biggest hotel. This new construction with a volume of €150 million will add 660 rooms and suites to the Crown Entertainment Complex. Due to open in the middle of 2010, the 27-floor building on the Yarra River with restaurants and conference rooms will attract international tourists and congress participants as guests. On the site of this major leisure, shopping and event complex, Bilfinger Berger has already built the Promenade Hotel, which recently received an award as Australia's best business hotel.

At a military base in Adelaide, we were awarded a contract for extensive new construction and modification work in a total volume of €150 million. The project comprises the construction and modernization of barracks and training grounds and the client is the Australian Ministry of Defense. In Queensland, we are building a prison for 300 convicts, including the necessary infrastructure, with a contract value of €180 million.

Nigeria: business in the oil and gas industry

In the Nigerian building and industrial business, our associated company, Julius Berger Nigeria, is currently gaining most of its contracts in the oil and gas industry and from public-sector clients. For example, the company is constructing most of a large gas liquefaction plant for Chevron and is carrying out extensive supplementary work in a major project for Nigerian Liquefied National Gas. As the security situation in some areas of the Niger Delta has worsened, Julius Berger has had to withdraw from parts of Rivers State and Bayelsa State. It will only be possible to resume activities there when there is a sustained improvement in the situation. The capacities freed by this withdrawal are needed in other federal states. Julius Berger is the market leader in Nigeria; some of the country's most important buildings have been or are being constructed by our associated company, such as the new central bank in Lagos and a further extension of the of the parliament building in Abuja.

Outlook

We anticipate a decrease in demand for commercial construction in both Australia and Germany. We will continue to apply our selective bidding policy and will sharpen our focus on PPP projects and partnering projects. We will further expand the business of our German Building division with the US Armed Forces.

For full-year 2009 we anticipate output volume at the same magnitude as in the prior year and a rising EBIT.

Services

- **Strong growth**
- **Further strengthening of market position in Germany and abroad**

Our Services business segment grew substantially in 2008. This resulted not only from organic growth of 8 percent, but also from acquisitions. We acquired companies with an enterprise value of €500 million in the year under review. We succeeded in further strengthening our market position in Germany and abroad. Our Industrial Services division is the market leader in Europe. Power Services also enjoyed strong growth. And our Facility Services division rose to the top position in the German market.

Output volume increased by a strong 27 percent to €4,578 million in 2008, making Services the Group's business segment with the highest revenue. Orders received rose by 18 percent to €4,875 million and the order backlog expanded by 38 percent to €3,919 million. EBIT grew by 34 percent to €224 million. The segment invested €96 million in property, plant and equipment. Mainly as a result of the acquisitions, the number of employees increased to 42,553.

Record year at Industrial Services

Our Industrial Services division comprises Bilfinger Berger Industrial Services and Bilfinger Berger Services Australasia. Its output volume increased in 2008 to €2,777 million (2007: €2,192 million); the international business accounted for 77 percent of the total. Acquired companies contributed €429 million of the growth.

Bilfinger Berger Industrial Services achieved new records for output volume and earnings in 2008. For our clients in the fields of chemicals, petrochemicals, power generation, and the oil and gas industry, we provide a comprehensive range of services for the repair, maintenance and modernization of production plants. Growing demand for complete packages from one source is in the interest of companies active under the roof of Bilfinger Berger Industrial Services with its broad range of services. At the end of the year, the division employed approximately 22,000 people.

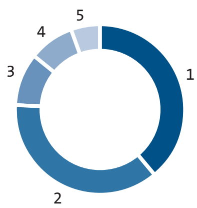
We have achieved a leading position in Scandinavia thanks to the acquisition of the repair and maintenance activities of the Norsk Hydro Group. The companies have been separated from the Norwegian group since 2005 and generate an annual output volume of €250 million with a total of 1,100 employees, mainly on the basis of long-term framework agreements. The entities acquired continue to be active for Norsk Hydro, but most of their work is already for other clients. Due to the acquisition of these Norsk Hydro entities, the annual output volume of Bilfinger Berger Industrial Services in Scandinavia has risen to a level approaching €500 million.

Key figures for Services

€ million	2008	2007	Δ in %
Output volume	4,578	3,606	+27
Orders received	4,875	4,125	+18
Order backlog	3,919	2,844	+38
Capital expenditure	96	82	+18
Depreciation	57	41	+39
EBIT	+224	+167	+34
Employees (number at December 31)	42,553	32,196	+32

Services: Output volume by region

€ million	2008	2007	%
1 Germany	1,791	1,503	39
2 Rest of Europe	1,689	1,301	37
3 America	453	345	10
4 Australia	401	251	9
5 Other regions	244	206	5
	4,578	**3,606**	**100**



At the beginning of the year, Bilfinger Berger Industrial Services took over two business units from our US subsidiary, Fru-Con. Today's BIS Fru-Con Industrial Services employs 1,700 people in the divisions Industrial Services, Maintenance and Pipeline Construction; BIS Fru-Con Engineering employs 280 specialists for design and engineering services. The two companies achieved a combined output volume of €160 million last year.

We made an important step in our growth in the United States with the acquisition of Tepsco L.P. in Houston, Texas. This company has a good position in the oil and gas sector as well as in petrochemicals. In these industries, a large proportion of existing plants will have to be maintained or expanded in the coming years due to a lack of recent investment and the high energy needs of the United States. This will lead to a growing demand for services. Through this acquisition, Bilfinger Berger's output volume in the US industrial services business increased to more than €230 million in 2008. With the first-time consolidation of Tepsco over a full financial year, output volume in the current fiscal year is expected to rise to over €350 million.

We also continued to strengthen our position in the Australian market in 2008. Bilfinger Berger Services Australasia grew both organically as well as through acquisitions.

Previously, we had been active on the continent primarily with services for industrial plants and for electricity, gas and water networks. With the acquisition of iPower Solutions in Brisbane, the Group has broadened its product range to include the design, installation and maintenance of low and medium-voltage plants. Through this acquisition, the existing services business has been expanded to include services for switchgear and transformer stations in the electricity industry and for the raw-materials industry. iPower has an annual output volume of €65 million and employs more than 400 people. Clough Engineering & Maintenance, also acquired in 2008, is specialized in the operation and maintenance of equipment in coal-fired power plants. Our ever-widening range of services increasingly allows us to offer complete solutions in the Australian industrial services business.

Upward trend also at Power Services

Bilfinger Berger Power Services GmbH continues to benefit from strong demand in the energy industry. As a service provider in the power-plant sector, our expertise in the fields of boilers and high-pressure piping give us a strong position in the market. We work in the areas of lifecycle extensions, efficiency improvements and plant rehabilitation. With the new construction and reconstruction of power plants, we supply components we manufacture ourselves. In addition, through our expertise and continuous research and development work, we make a decisive contribution to the reduction of power plants' CO_2 emissions.

Power Services employs 4,500 people, 2,900 of whom work in Germany. The division's most important markets are Germany, the rest of Europe, the Arabain Gulf region and South Africa. Output volume increased purely organically in 2008 to €782 million (2007: €694 million).

Our goal is to further expand our engineering, assembly and manufacturing capacities. This will make us more technologically independent and even more flexible in the market. These criteria are fulfilled by our new large-scale inductive bending equipment at the Dortmund plant. The most up-to-date machine in Europe can bend pipes with a diameter of up to 850 millimeters and thicknesses of up to 120 millimeters. This enables us to produce high-pressure piping systems for modern power plants even more efficiently.

In South Africa, we have opened a new production facility with 80 employees producing boiler components. By 2009, approximately 400 persons are to be employed, and a training center has been set up to train the new staff. We also plan to install inductive bending equipment in South Africa. The country continues to offer us excellent growth opportunities.

Its energy needs are great and our regional company has a leading market position. We play an important role in the market for the rehabilitation and maintenance of power plants and are the undisputed leader in the field of maintenance.

Our business is also developing positively in the Arabain Gulf region. Output volume and earnings increased last year. We intend to expand our business in this region, particularly in the technology of sea-water desalination. We assume that demand in the region will continue to grow.

Our business operations are also developing positively in Europe outside Germany. One example is our involvement in the construction of the power plant in Olkiluoto, Finland. Our share of this project in the Gulf of Bothnia has a volume of €270 million. Up to 580 employees of Bilfinger Berger Power Services will probably be deployed to the site. Our work primarily comprises the production and assembly of piping systems, containment systems and pool liners. In Poland, we have been contracted to rehabilitate Block 4 of the lignite-fired power plant in Belchatow. We have already equipped Blocks 3 and 4 with modern energy-recovery systems. Similar work is planned for other blocks of the power plant.

Approximately half of our business is done in the German market, where we received new orders for the power plants in Karlsruhe, Lingen, Lünen, Mannheim and Moorburg last year. We are also involved in the oxyfuel project at the Schwarze Pumpe power plant, which is receiving great international attention. A 30 MW pilot plant of a CO_2-free power plant is being constructed for the Vattenfall Group. The power plant will separate carbon dioxide from the flue gas and liquefy it under pressure so that it can be stored underground. Bilfinger Berger Power Services has developed and supplied a new system for flue-gas cleaning. We have been awarded a contract to install a new flue-gas cleaning plant at the Boxberg power plant. Also at that site, we are carrying out an energy-recovery project, thus helping to increase the plant's efficiency and reduce its CO_2 emissions.

In the year under review we carried out a major inspection of the RWE power plant in Westphalia, among other things. At peak times, up to 200 of our employees were working on that site. And the project company Steag-RWE contracted us to reengineer the Voerde power plant to operate on imported coal. In addition to renewing the dust piping, this project includes the installation of new sifters as well as the supply and installation of coal pulverizers.

Despite the generally difficult economic situation, we are optimistic for the year 2009. Our capacities are very well utilized. In view of the great need for plant rehabilitation in many European countries, we will carefully expand our business activities.

Facility Services doubles in size

Our Facility Services division comprises Bilfinger Berger Facility Services and Centennial in the United States. The two companies achieved a combined output volume of €1,014 million in 2008 (2007: €720 million).

Bilfinger Berger Facility Services has entered a new dimension as a result of a growth boost triggered by the acquisition of the facility-management activities of M+W Zander. We have strengthened our position as a service provider and problem solver that supplies its clients with one-stop shopping for integrated facility services.

Our varied range of activities revolves around the provision of technical and commercial real-estate services. For example, we ensure that no problems arise in connection with the supply of electricity, water and gas and that complex building equipment operates reliably. Our commercial facility services focus on property management – the administration and rental of commercial real estate – and on asset management – the management of our clients' real-estate portfolios.

The sector is currently in a process of concentration, in which we have assumed an active role. Through the acquisition of the facility management activities of M+W Zander, we have achieved a leading position in the German market for real-estate management. The annual output volume of Bilfinger Berger Facility Services doubled as a result of the Zander acquisition to more than €1 billion. Over 80 percent of this total is accounted for by technical facility management services. Before the acquisition, M+W Zander FM generated an annual output volume of €460 million with 4,400 employees. The following factors were decisive for the decision to acquire: a qualified workforce, a high level of service competence and close business relations to major clients such as Deutsche Bank, IBM, EADS, Citibank, Commerzbank and Union Investment. Furthermore, through this takeover we also acquired subsidiaries in 12 other European countries, so we also expanded our international business in this sector; we are now represented in 18 countries.

The integration of M+W Zander is proceeding according to plan. The company HSG, which operates under the roof of Bilfinger Berger Facility Services, has been merged with M+W Zander FM to form HSG Zander with headquarters in Neu-Isenburg. Bilfinger Berger Facility Services now employs 12,800 people. We intend to continue our growth in the coming years. We have set our sights on international markets, especially in Central and Eastern Europe. We aim to significantly increase the international share of output volume from the present 10 percent.

Our services in hospitals and nursing homes are primarily in the areas of catering, ward service and cleaning. Our services reduce pressure on the nursing staff, which can then devote more activities to the patients. We have received a number of new contracts in the German healthcare system and see considerable growth potential in this business.

We also intend to continuously expand our business in the field of property and asset management. Clients who placed orders with us in 2008 included SEB Bank, DEGI and AMB Generali. At the new Airport Shopping Center in Istanbul, we are responsible for both center management and property management.

Our subsidiary in the United States, Centennial, grew once again in 2008. The company is active in the special market segment of job-order contracting, and carries out the repair, maintenance, conversion and expansion of buildings on the basis of long-term framework agreements. We experienced rising demand from clients in the public sector such as the US Armed Forces, schools, universities and municipal offices. We also expanded our business with clients in the private sector last year.

Outlook

We look to the future of our services business with optimism. We will continue to support its growth with further acquisitions in the coming years. We intend to penetrate new markets, but, as in the past, will proceed selectively and with a strong focus on profitability. We benefit from the fact that our clients increasingly look for complete solutions from one source; our broad range of services makes us an attractive partner for many companies.

For the year 2009, we expect output volume of at least the same level as in the previous year. EBIT, however, is not expected to reach the very good level of 2008.

Concessions

- **Record year with six new projects**
- **Equity investment increased significantly**

We have been successfully developing the Concessions business segment for ten years now. 2008 was not only an anniversary year, but also a record year. We entered into partnerships with public-sector institutions on six projects with a total investment volume of €2.5 billion. Our equity commitment for these projects is €124 million. At the end of the year, our concessions portfolio comprised 24 projects with an investment volume of €6.0 billion, for which the Group has equity commitments totaling €291 million, €101 million of which had been paid into project companies at the end of the year. EBIT improved to €9 million.

The business segment continues to focus on social and transport infrastructure. In social infrastructure, we finance, construct and operate schools, hospitals, prisons and public-sector administrative buildings. In the transport sector, we are mainly involved in road and highway projects. We only operate in countries with stable political and economic conditions. At present, our markets are continental Europe, the United Kingdom, Canada and Australia.

Our business in the healthcare sector is developing positively. We are already active as a private-sector partner in the British and Australian healthcare sector, and have recently also gained orders in this area in Germany and Canada.

In Germany, a project company in which Bilfinger Berger and Siemens each holds a 50 percent stake has been selected by the state of Schleswig-Holstein to design, finance, construct and operate for a period of 25 years a new type of particle therapy center in Kiel. Particle therapy is a revolutionary method of treating cancer patients; approximately 3,000 patients are to be treated per annum as of 2012. The new center with a catchment area stretching from northern Germany to southern Scandinavia has an investment volume of €260 million and is the biggest public-private partnership project to date in the German healthcare sector. The Bilfinger Berger Group has an equity commitment of €10 million. The project company will receive a contractually fixed payment for maintaining the availability of the center.

We are also realizing a privately financed hospital project in Canada. A project company in which we hold a 50 percent interest will finance, design, build and operate for a period of 30 years two clinics in Kelowna and Vernon, 400 kilometers east of Vancouver. The project is intended to improve medical care in the region. A total of €260 million will be invested and we have an equity commitment of €8 million. With this project, we are spreading our concessions business in Canada from the transport infrastructure to the area of social infrastructure.

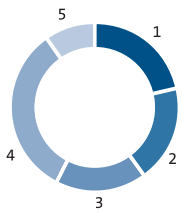
In Australia, the Royal Women's Hospital has been officially opened in Melbourne. Bilfinger Berger designed, financed and constructed the new building, and will operate the complex for the next 25 years.

Key figures for Concessions

Number / € million	2008	2007	Δ in %
Projects in portfolio	24	18	+33
thereof, under construction	13	9	+44
Committed equity	291	161	+81
thereof, paid-in	101	71	+42
EBIT	+9	−2	
Employees (number at December 31)	136	114	+19

Concessions: Equity investment by region

€ million	2008	%
1 Germany	63	22
2 United Kingdom	54	19
3 Rest of Europe	51	17
4 Canada	95	32
5 Australia	28	10
	291	**100**



Discount rates

	%
Weighted risk-free basic interest rate	6
Supplement for type of project	2–3
Supplement for construction phase	3
Supplement for going into operation	2
Supplement for full operation	0

We added another project in the educational sector to our concessions portfolio in the United Kingdom. In East Down and Lisburn, Northern Ireland, we are working with local partners on the construction and modernization of four schools; we will subsequently operate the buildings for a period of 25 years. The investment volume amounts to €90 million and the Group's equity commitment is €3 million.

We also succeeded in gaining attractive contracts in the transport sector. For example, in the year under review, the official go-ahead was given for highways in Germany and Hungary, in which we have a substantial involvement. We are pleased to be involved in one of the first road projects in Germany that applies the public-private partnership model. A company under our leadership will be responsible for widening a 73-kilometer stretch of the A1 autobahn between Hamburg and Bremen in Lower Saxony, and will then be responsible for operation over a period of 30 years. During that time, the consortium will guarantee the availability of the autobahn in return for a proportion of the toll generated along that route. With an investment volume of €650 million, this is the biggest public-private partnership project in Germany to date. The Group has an equity commitment of €43 million and has a 42.5 percent stake in the concession company.

Project portfolio December 2008	Contractually committed equity		Paid-in equity		Future cash flows		Present value of future cash flows	
€ million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Transport infrastructure	191.5	90.1	38.0	33.7	835.1	459.0	70.3	63.4
Building construction	99.4	70.6	62.5	36.9	363.8	269.0	83.7	55.7
Total	**290.9**	**160.7**	**100.5**	**70.6**	**1,198.9**	**728.0**	**154.0**	**119.1**

Cash flows for Bilfinger Berger 2009-2043 (after taxes)

€ million	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Transport infrastructure	–4.6	–5.2	–56.7	–54.0	12.7	20.8	22.7	23.9	26.2
Building construction	1.8	7.6	–1.6	–9.3	10.6	10.8	9.5	9.9	12.1
Total	**–2.8**	**2.4**	**–58.3**	**–63.3**	**23.3**	**31.6**	**32.3**	**33.8**	**38.3**

	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Transport infrastructure	24.7	25.4	23.8	22.7	22.1	22.5	33.7	43.5	46.3
Building construction	9.7	9.8	10.5	11.0	10.3	10.7	11.2	9.5	11.3
Total	**34.5**	**35.2**	**34.3**	**33.6**	**32.4**	**33.3**	**44.9**	**53.0**	**57.6**

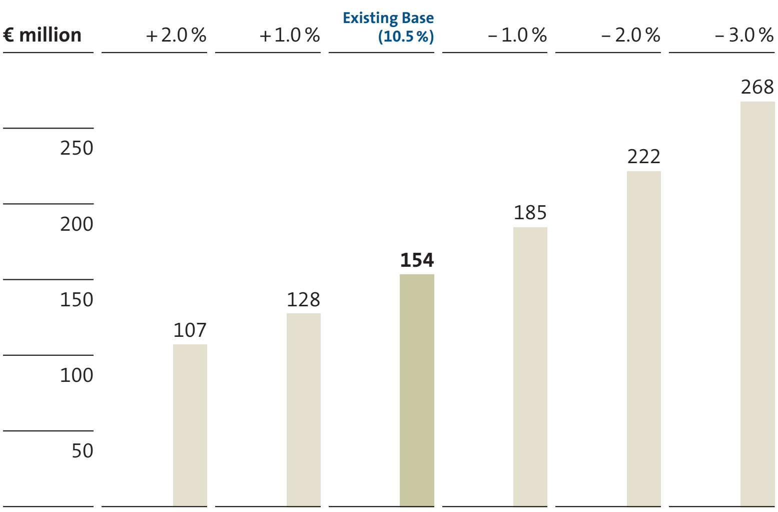
	2027	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Transport infrastructure	29.7	31.0	32.3	40.4	34.1	33.4	37.6	38.1	31.5
Building construction	11.7	21.7	22.3	15.9	32.5	10.2	22.2	22.4	15.3
Total	**41.4**	**52.7**	**54.6**	**56.3**	**66.6**	**43.6**	**59.8**	**60.6**	**46.8**

	2036	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**Total**
Transport infrastructure	33.9	38.3	37.4	13.2	44.6	109.0	0.0	0.0	835.1
Building construction	14.8	4.7	10.6	6.3	1.5	2.8	3.5	–0.2	363.8
Total	**48.7**	**43.0**	**48.0**	**19.5**	**46.1**	**111.8**	**3.5**	**–0.2**	**1,198.9**

Changes in net present value Dec. 2007 - Dec. 2008

€ million	Transport infrastructure	Building construction	Total
Present value Dec. 2007	63.4	55.7	**119.1**
Capital contributions	4.4	25.5	29.9
Exchange-rate changes	–1.9	–5.5	–7.4
Present value Dec. 2007 updated to Dec. 2008	65.9	75.7	141.6
Increase in value	4.4	8.0	12.4
Present value Dec. 2008	70.3	83.7	**154.0**

Valuation of the portfolio with variable discount rates



In Hungary, Bilfinger Berger previously constructed a 60-kilometer stretch of the new M6 highway in just 20 months and put it into operation in 2006. A consortium under our leadership has now been contracted to realize an additional stretch of the M6. This is a 65-kilometer section of the highway which we will plan, finance, build and operate for 30 years. The project will be carried out according to the availability model; during the operating phase the Hungarian government will pay a contractually fixed fee. The investment volume is €520 million; the Bilfinger Berger Group holds a 45 percent stake in the project company and will invest equity capital of €23 million. The total investment volume of Bilfinger Berger's road projects in Hungary has meanwhile reached the €1 billion mark.

Our successful series of concession projects in the transport sector also continued in Canada. The Group will plan, finance, construct and operate for a period of 30 years a 21-kilometer highway in Edmonton. €750 million will be invested; Bilfinger Berger will invest equity of €36 million in the project company, which we own 100 percent. Within just a few years, Bilfinger Berger has gained a leading market position for concession projects in the Canadian transport infrastructure market. Investment volume totals €1.9 billion and our equity commitment is €87 million.

Evaluation of the project portfolio

To measure our success in the concessions business, we consider not only current operating profit, but more importantly the annual change in the net present value of all future cash flows expected to accrue from the projects to us as an equity investor. These free cash flows are calculated with consideration of interest and principal payments after taxes at the project level, as well as future capital contributions. As in previous years, calculation of the net present value was carried out using the discounted cash-flow (DCF) method. The net present value is the total of future cash flows between the project company and the equity investor, discounted to present-day values. To ensure that the valuation adequately reflects the risks involved, we adjust the interest rates in line with the characteristics of the individual projects.

The following valuation principles have been applied, unchanged from previous years:

- Only projects that have reached financial close are taken into account.
- The cash flows accruing from the projects are calculated on the basis of financial models that have been approved by the external lenders.
- Future potential refinancing gains are not taken into account in the valuation.

The value of a concession project develops over its lifecycle. The initial realization phase holds not only the highest potential for value creation, but also the highest risks. These risks decrease as the project matures.

The calculation of the discounted cash flows is therefore based on specific interest rates that are the sum of a risk-free basic interest rate and a premium for the type of project and its current phase. The weighted risk-free basic interest rate is derived from the long-term interest rates for government bonds in the respective countries of investment (the euro zone, the United Kingdom, Norway, Hungary, Australia and Canada).

The premium for the type of project differentiates between:

- projects whose revenues depend exclusively on the degree of availability (2 percent);
- and projects that entail limited demand risks (3 percent).

The premium for the project phase differentiates between:

- projects in the construction phase, because investments during this period are exposed to the risk of not being completed on schedule and within budget (3 percent);
- and projects in the ramp-up phase (2 percent).

The premium for the project phase ceases to apply when levels of revenues and costs are certain. This is generally the case after one year of operation for straightforward availability models, and after two years for projects involving demand risks.

The expected future cash flows are therefore discounted at rates between 8 percent (in operation) and 12 percent (in the construction phase). The weighted discount rate for our entire concessions portfolio at the end of the year under review was 10.5 percent (2007: 10.1 percent). The slight increase resulted from the expansion of the portfolio with six new projects, which are all in the construction phase. The expected future cash flows from the existing portfolio until the year 2043 amount to €1,199 million at the balance sheet date.

Overview of concession projects	Investment volume	Bilfinger Berger's share of project	Bilfinger Berger's share of equity	Method of consoldation	Project status	Period of concession
	€ million	%	€ million			
Transport infrastructure						
M6 Highway, Phase I, Hungary	482	40	19.2	Equity method	In operation	2006 – 2026
Kicking Horse Pass, Canada	100	100	7.7	Fully consolidated	In operation	2007 – 2030
M1 Westlink, United Kingdom	230	75	11.4	Fully consolidated	Under construction	2009 – 2036
Golden Ears Bridge, Canada	800	100	33.8	Fully consolidated	Under construction	2009 – 2041
E18 Highway, Norway	453	50	8.9	Equity method	Under construction	2009 – 2034
Northeast Stoney Trail, Canada	293	100	9.1	Fully consolidated	Under construction	2009 – 2039
M6 Highway, Phase III, Hungary	520	45	22.5	Equity method	Under construction	2010 – 2038
Northwest Anthony Henday Drive, Canada	750	100	36.0	Fully consolidated	Under construction	2011 – 2041
Autobahn A1, Germany	650	42.5	42.9	Equity method	Under construction	2013 – 2038
Building construction						
Liverpool & Sefton Clinics, United Kingdom	20	24	0.8	Equity method	In operation	2004 – 2030
Barnet & Harringey Clinics, United Kingdom	24	24	0.5	Equity method	In operation	2005 – 2031
Gloucester Hospital, United Kingdom	60	50	2.8	Equity method	In operation	2005 – 2034
Bedford Schools, United Kingdom	41	100	4.1	Fully consolidated	In operation	2006 – 2035
Victoria Prisons, Australia	150	100	16.9	Fully consolidated	In operation	2006 – 2031
District Administration Center, Unna, Germany	24	90	2.3	Fully consolidated	In operation	2006 – 2031
Coventry Schools, United Kingdom	36	100	3.6	Fully consolidated	In operation	2007 – 2035
Kent Schools, United Kingdom	155	100	12.6	Fully consolidated	In operation	2007 – 2035
Royal Women's Hospital, Australia	198	100	10.9	Fully consolidated	In operation	2008 – 2033
Burg Correctional Facility, Germany	100	90	7.6	Fully consolidated	Under construction	2009 – 2034
Borders Schools, United Kingdom	137	75	7.7	Fully consolidated	Under construction	2009 – 2038
Clackmannanshire Schools, United Kingdom	136	85	7.3	Fully consolidated	Under construction	2009 – 2039
East Down & Lisburn Schools, United Kingdom	91	50	3.4	Equity method	Under construction	2011 – 2039
Cancer Therapy Center, Kiel, Germany	258	50	10.5	Equity method	Under construction	2012 – 2036
Kelowna & Vernon Hospitals, Canada	260	50	8.4	Equity method	Under construction	2012 – 2042
			290.9			

Significant increase in net present value

The application of our project-specific discount rates results in a net present value of €154 million at December 31, 2008 (2007: €119 million), which is substantially higher than the paid-in equity of €101 million (2007: €71 million).

Given the conservative valuation of the portfolio, which is currently based on an average discount rate of 10.5 percent, there is considerable potential for a higher valuation. Lower average discount rates would lead to significantly higher net present values.

The development of net present value is a combination of:

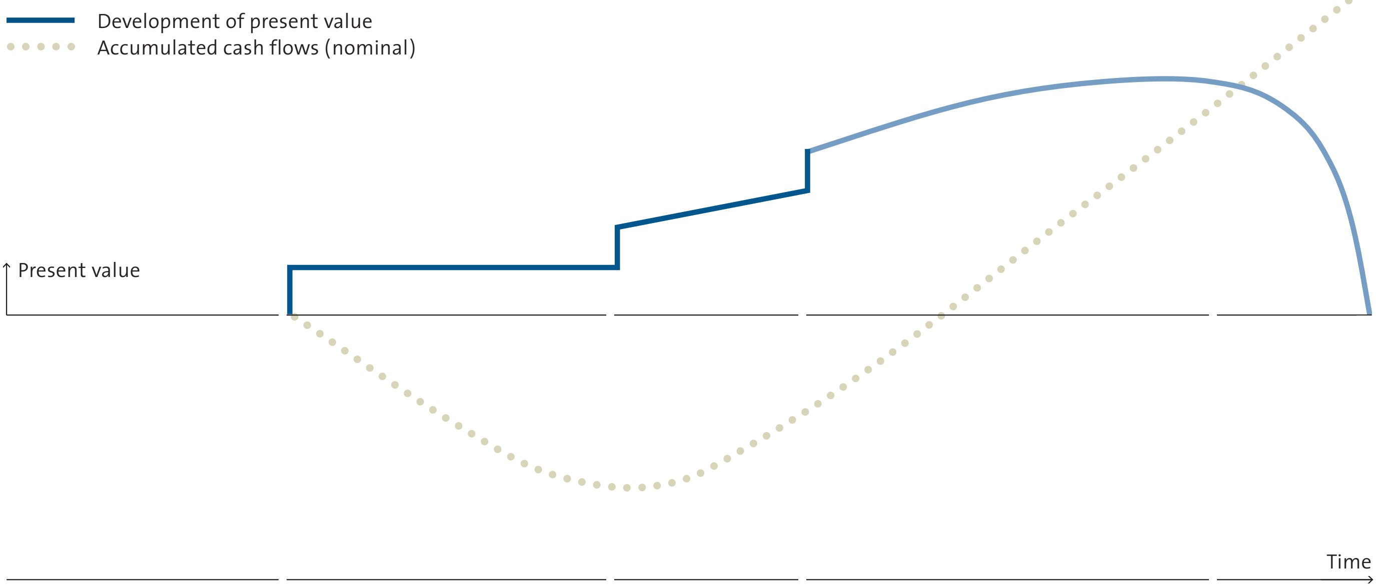
- scheduled capital contributions to existing projects of €30 million
- exchange-rate effects of €7 million; exchange-rate movements affect the amount of expected future cash flows in euros and thus the total net present value of the concessions portfolio in euros. Changes in value due to exchange-rate movements are eliminated in the calculation of growth in intrinsic value
- growth in the original value from operating activities of €12 million

The maturation process – from financial close through the construction, ramp-up and operating phases through to the end of the contract period – constitutes the intrinsic value added of our Concessions business segment. To determine the return on capital employed (ROCE) within the framework of our return-on-capital-employed controlling, we therefore consider the growth in value of the portfolio in addition to EBIT.

Outlook

Our current project portfolio has very good earnings prospects. In addition to stable cash flows and attractive returns on equity, the portfolio's increasing maturity in the coming years means that a further increase in its value can be anticipated. As an alternative to long-term operation, the sale of mature projects is also an option. The financing of new projects has become more difficult due to the financial market crisis. Nonetheless, we see good opportunities to further develop our portfolio while earning an attractive return. We are maintaining our focus on projects in the areas of transport infrastructure and social infrastructure in our defined markets. Our goal is unchanged: to increase the Group's equity investment to approximately €400 million.

Development of present value and accumulated cash flows (Dec. 2008)



Preferred bidder (0)	**Construction** (13)	**Ramp-up** (1)	**Yield** (10)	**Maturity** (0)
	Autobahn A1, Germany	Royal Women's Hospital, Australia	District Administration Center, Unna, Germany	
	Burg Correctional Facility, Germany		Barnet & Harringey Clinics, United Kingdom	
	Cancer Therapy Center, Kiel, Germany		Bedford Schools, United Kingdom	
	Borders Schools, United Kingdom		Coventry Schools, United Kingdom	
	Clackmannanshire Schools, United Kingdom		Gloucester Hospital, United Kingdom	
	East Down & Lisburn Schools, United Kingdom		Kent Schools, United Kingdom	
	M1 Westlink, United Kingdom		Liverpool & Sefton Clinics, United Kingdom	
	E18 Highway, Norway		M6 Highway, Phase I, Hungary	
	M6 Highway, Phase III, Hungary		Kicking Horse Pass, Canada	
	Golden Ears Bridge, Canada		Victoria Prisons, Australia	
	Kelowna & Vernon Hospitals, Canada			
	Northeast Stoney Trail, Canada			
	Northwest Anthony Henday Drive, Canada			

Research and development

Research and development have high priority at Bilfinger Berger. The results of our various activities in this field are recognized both nationally and internationally. It holds true also in the future that we will only be able to compete effectively over the long term if we constantly enhance the quality of our construction and other services – also with the aid of our research and development. This is even truer today, because the consequences of climate change and the consumption of resources constitute a great challenge. And because we are a technically driven company, it is our duty to make a significant contribution to solving the problems related to climate protection.

In this regard, we rely to a great extent on the creativity of our engineers. The negative consequences of climate change can only be successfully managed with the aid of modern technology. We can make a major contribution – thanks to our expertise not only in research and development, but also in practical implementation.

On the road towards better climate protection, additional business and growth opportunities will be available to Bilfinger Berger. Recent investigations indicate that by 2030, construction work caused by climate change and environmental policy could reach a volume of more than €300 billion solely in Germany.

In order to meet the challenges posed by society and the market, the issues of climate protection, resource conservation and lifecycle approaches are at the top of or research agenda. Our most important projects are described below.

Climate protection

The operation of conventional coal-fired power plants gives rise to flue gas and thus also to carbon dioxide, which is damaging to the environment. Together with partners in the field of power-plant technology, we are working on a project entitled CO_2-Free Power Plant with the objective of cleaning the flue gas and sequestering the CO_2. In the so-called oxyfuel process, pure oxygen is used in the combustion process instead of air. Our goal is to convert the flue gas into nearly pure CO_2 through condensation, desulfurization and drying. In other research projects, Bilfinger Berger Power Services is promoting the use of new materials that withstand higher temperatures and higher pressures. The resulting efficiency improvement in modern power plants also has the effect of reducing emissions. In addition, we are working on measuring processes for monitoring thick-walled steel piping as well as on welding methods for the production of high-quality connections. Orbital welding has been registered for a patent.

In the construction business, we are investigating the quality and durability of concrete road surfaces made with substitute materials instead of Portland cement. We aim to use less Portland cement in construction, because its production involves considerable CO_2 emissions.

Conserving resources

The use of flue-gas heat for process optimization is another research project of Bilfinger Berger Power Services. The objective is to develop heat exchangers and the required piping made of composite materials for long-term, low-maintenance use in flue-gas utilization.

In order to improve the efficiency of coal-fired power plants, Bilfinger Berger Power Services is investigating how the use of coal dust can be optimized. It is also working on methods for drying coal as well as developing coal grinding plants.

Bilfinger Berger Industrial Services is working on a project to save energy by using thermal insulation for plant components that are operated under water.

Bilfinger Berger Environment Technology aims to improve the methods that have been developed for water purification. Its objective is to use a patented method of processing surface water to achieve drinking-water quality. Another research project is examining how waste water can be reused. Waste water is to be made suitable for industrial or domestic use through filtration and disinfection.

Sustainability aspects are becoming increasingly important for the design, construction and operation of buildings. A research project under industrial leadership involving Bilfinger Berger, research institutions and the public sector aims to create construction standards with a focus on sustainability. In an initial project phase, Bilfinger Berger Building intends to evaluate and further develop new systems for buildings' facades and technical building equipment.

Lifecycle approach

Bilfinger Berger Building has developed the 'Bilfinger Berger Building Pass' which indicates the extent to which a building fulfills sustainability criteria. The Building Pass is the result of the lifecycle approach, which Bilfinger Berger follows in the development, design and operation of buildings. The certificate will be more meaningful than the Energy Pass already introduced in Germany. It takes into consideration for example such aspects as functionality, technical equipment and subjective well-being.

In 2008, Germany's Federal Ministry for Transport, Construction and Urban Development presented a seal of approval for sustainable construction. Bilfinger Berger played a major role in the development of the relevant criteria. For the first time, this seal of approval offers a practical benchmark for the quality of public-sector and private-sector buildings in terms of economy, ecology, urban development and technical functions. The involvement of the Bilfinger Berger Group ensured that the holistic view of design, construction and operation was given due consideration.

Bilfinger Berger Facility Services improves methods and instruments to achieve sustained reductions in the operating cost of buildings. The fundamental objective is to develop maintenance strategies as early as the design phase. This is a precondition for optimizing operating costs over the lifetime of a building.

Lifecycle approaches require a comprehensive and continuous knowledge transfer through all departments of a company. In 2008, we therefore supplemented our Group-wide semantic intranet search engine with automatic translation software. This allows us to make our expertise available to our employees in several languages. At the same time, the software automatically searches texts and terminology that can be analyzed electronically with regard to a uniform structure, and thus expands our multilingual database of technical terms.

Organization and goals

We have adapted the organization of research and development to the particular structure of the Bilfinger Berger Group. The focus, content and scope of all activities are centrally managed. The operating units are responsible for the actual development work. They are close to the market, have specific knowledge of clients' problems and needs, and are therefore in the best position to plan and implement the development process. In this way, we arrive at solutions with a high technical value that also make economic sense. In addition to project-related development, Bilfinger Berger also works on selected research projects in cooperation with leading universities and research institutes. We aim to help ensure practical relevance and targeted implementation also in connection with these projects.

In the year 2008, 48 research projects in the areas of construction, services and concessions were centrally managed at Bilfinger Berger. The main areas of research were construction-material technology and measuring technology, construction-element and structural technology, operation, repair and maintenance, process engineering and mechanical engineering, and instruments for the enhancement of planning, knowledge management and industrial property rights.

Outlook

We will maintain the focus of our research and development work in the coming years. Sustainability aspects will continue to be given priority. In all of our activities, we will place great value on practical viability also in the future, thus further improving our competitiveness.

Procurement

Financially optimized procurement of materials and subcontractor services has a significant impact on the success of the Bilfinger Berger Group. Market developments led to price fluctuations in 2008, in some cases quite substantial, which we were able to counter by means of targeted procurement management. Our procurement policy focuses on cooperation in a spirit of partnership with capable suppliers and subcontractors, as well as on the active grouping of our needs and an efficient system of procurement controlling.

Out total procurement volume in 2008 amounted to €5.8 billion, 68 percent of which was accounted for by subcontractor services and 32 percent by materials.

A particular challenge was posed by the development of raw-material markets, especially with regard to purchases of steel and fuels. High levels of demand and exploding raw-material prices in the first half of the year culminated in the price of steel quadrupling to approximately €1,000 per ton. Raw-material prices came under strong pressure as of the third quarter, partially due to the financial market crisis. Our Group-wide steel monitoring activities provide an important basis for our purchasing decisions.

As a result of the sharp price increases in the first half of 2008 and a shortage of subcontractor bids, we took several precautionary measures. The most important of those measures were the early communication of requirements to suppliers, the involvement of subcontractors in tender calculations, and price-adjustment clauses with our clients.

A key aspect of our procurement strategy is the development of premium partnerships with particularly capable subcontractors. We increased the number of premium partners from 50 to 150 highly qualified companies in 2008.

Procurement orders are mainly placed locally by the operating units, with the Corporate Procurement department exercising a management and coordination function.

Transparency and orientation are guaranteed by our application of professional purchasing systems and comprehensive communication. In this context, the continuous monitoring of procurement markets is an important instrument for risk minimization.

The purchasing managers in the operating units are regularly informed about current developments in the procurement markets. A constant exchange of experience and knowledge with Corporate Procurement guarantees the successful implementation of our purchasing strategies. Regional, national and international meetings are regularly held to strengthen and expand the existing networks.

Our employees have access to a continually updated contract database on our intranet providing all the important information relating to contracts concluded by the Group, including joint-ventures and consortiums agreements, framework agreements, bonus agreements and premium partnerships.

Highly qualified employees are essential for a successful procurement organization. We maintain intensive contacts with universities and professional academies and provide support to students with their dissertations in the attempt to develop contacts with young people already during their studies. We also place great importance on the ongoing training of our purchasing employees, and we therefore provide courses on topics related to procurement and other relevant subjects.

Communication and marketing

Investors, business associates and employees are important target groups for our communication work. We provide them with information on our dynamically growing Multi Service Group – credibly, transparently and quickly. The ongoing expansion of our business operations, accelerated by numerous acquisitions in the services business, is backed up with explanatory and integrative activities in our internal and external communication.

In the year under review, a total of €7.6 million was invested in corporate communication (2007: €6.7 million). We spent €2.8 million on publications (2007: €2.8 million), €2.5 million on trade fairs and exhibitions (2007: €1.8 million), €0.9 million on new media (2007: €0.8 million) and €1.4 million on other activities (2007: €1.3 million).

Corporate branding

The representation of our corporate brand and of all our operating brands is laid down in our guidelines for corporate design with worldwide validity. So that the corporate brand can benefit from the well-known operating brands of the companies of the Group, a concept for an overall Bilfinger Berger brand has been introduced to link the various brands with each other. This signals unity and strength to the outside world. Our goal of giving the varied and internationally active Multi Service Group a coherent and effective corporate design is fostered by appropriate corporate guidelines.

Quick access to relevant information

Double-digit growth in access figures show that our Internet website, which was fundamentally revised in 2007, is valued and well-used by the relevant target groups. The average number of visitors to our website each month increased by 35 percent compared with 2007. We are continually expanding the range of information and services on offer. The main areas in 2008 were our investor relations and human resources portals.

We provide regular and comprehensive information on the company's financial situation, the key instruments being our quarterly and annual reports, press releases and press conferences. In order to reach a broad public, we have developed close contacts to the business editors of news agencies, newspapers, magazines and electronic media. We are thus in a position to distribute all important information on Bilfinger Berger through the press, radio and television. We regularly explain key aspects of our activities to local journalists on the spot. Discussions between members of the Executive Board and individual journalists ensure that reliable information is communicated with a great degree of transparency.

Our workforce is also regularly informed about the Group's strategy, goals and business development. Bilfinger Berger's employees receive the latest news via our intranet in both German and English in a revised form which is more up to date and visually appealing. We have continually expanded the range of information and services on offer. Thousands of employees make use of our intranet each day.

A key role is also played by our employee newspaper, 'b-intern' which will appear as of 2009 not only in German but also in English. The newspaper explains the context and background of events at the Group. Our subgroups supplement these activities by also providing information for their employees.

Our Executive Newsletter has been very well received; it is published in German and English with commentaries on events of particular importance and relevance for the Group. And the series of events entitled ‘Executive Board in Dialogue’ was also very successful; it was held in five German cities with the goal of communicating the variety and breadth of the Bilfinger Berger Group to our employees in Germany. Approximately 700 employees from all parts of the Group attended the events and discussed current developments at Bilfinger Berger with members of the Executive Board.

Direct dialogue with our clients

Participation in trade fairs and exhibitions is an important element of our marketing and sales strategy and thus also of the dialogue with our customers. At the Expo Real in Munich, the leading international trade fair for commercial real estate, our Building and Facility Services units jointly presented their range of products. Bilfinger Berger Power Services presented its range of services for power plants at major trade fairs in Moscow and Stuttgart. And our Environmental Technology unit was able to initiate business with prospective clients at the IFAT in Munich, the most important trade fair in its sector with 120,000 visitors.

One of our main customer events in 2008 was the unveiling of a new inductive pipe-bending machine at BHR Hochdruck-Rohrleitungsbau GmbH in Dortmund. The company’s 60th anniversary was also celebrated in the presence of 300 guests from the fields of business and politics.

Our subsidiary Ahr Service has effectively focused its communication activities on its range of services. Last year, the company received the Innovation Award 2008 for its patient services provided on behalf of hospitals and clinics. Ahr Service is part of our Bilfinger Berger Facility Services division, and took first place with its ward services in the category of ‘Integrated, holistic customer care.’ The award was presented by economic expert Professor Bert Rürup as part of the German Service Congress. Approximately 50 companies and institutions took part in the competition.

Our international customer publication, the Bilfinger Berger Magazine, rounds off our range of information provided to clients, business associates and investors. The magazine appears twice a year in German and English with a print run of 28,000. It deals with topics of interest to the Group as well as to the general public. For example, the lack of young engineers entering the industry was the subject of a detailed article last year. The Bilfinger Berger Magazine is also provided in electronic form, with direct links between the e-paper and the Group’s website.

Human resources

Our company can only be competitive and successful if we have qualified and motivated employees. This applies even more in times of climate change and the sustainability debate when the challenges facing a construction and services group such as Bilfinger Berger are growing rapidly. Enormous technical efforts will be necessary if we want to solve the many problems posed by climate change. Above all, engineering skills will be required. For these reasons, the lack of engineers is a particular challenge for our personnel recruitment. And in view of demographic changes, we are intensifying our efforts to attract qualified apprentices and skilled workers. Changes in the age structure of our workforce can present us with problems in the future; we are therefore already making appropriate adjustments today.

A further challenge for our human resources work is the strong growth of the Group's workforce. At the end of 2008, Bilfinger Berger employed a total of 60,923 people, 24,067 of whom worked in Germany. As a result of several acquisitions in the services business, our headcount increased again significantly by 8,200. The Human Resources department was intensively occupied with the integration of the new employees as well as with the separation of the building construction units from Bilfinger Berger AG and the resulting creation of a holding-company structure.

Searching out talent, recruiting new and qualified staff, developing our employees as well as possible, and retaining them at the Group – these are the key tasks for our human resources activities. We have set the right course to meet the coming challenges. With well-trained and motivated employees, Bilfinger Berger can tackle and solve the problems of the present and of the future.

Recruitment

For the recruitment of highly qualified employees, our main focus is on the universities. Our activities at universities in the field of career marketing aim to identify promising candidates at an early stage and to attract them to our company – especially civil engineers, mechanical engineers, process and supply engineers and graduates in business administration. To do so, we seek to make direct contact with students.

180 Bilfinger Berger employees are active at universities. They give lectures, organize internships and excursions, and assess dissertations together with the university staff. In individual cases, we also support students with their doctoral theses. We also cooperate with universities in many other ways; here are some examples:

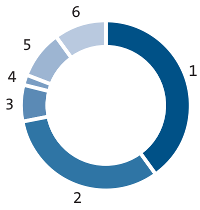
- Every year, in cooperation with Building and Industrial, Bilfinger Berger prizes are awarded to future graduates at universities in Aachen, Darmstadt, Dresden and Karlsruhe in recognition of outstanding seminar papers.
- Bilfinger Berger Industrial Services provides financial support for an endowed professorship at the state academy in Leipzig and plays a significant role in the design of the Service Engineering course of study.
- As part of its cooperation with the University of St. Gallen, Bilfinger Berger Facility Services carries out interactive case studies.
- Bilfinger Berger Environmental Technology has been closely linked with the chair of biotechnology at Würzburg University for the past five years.

Employees by business segment

	2008	2007	Δ in %
Civil	14,221	16,440	–13
Building and Industrial	3,556	3,520	+1
Services	42,553	32,196	+32
Concessions	136	114	+19
Headquarters, other units	457	453	+1
	60,923	**52,723**	**+16**

Employees by business region

	2008	2007	Δ in %
1 Germany	24,067	20,451	+18
2 Rest of Europe	19,547	17,463	+12
3 America	4,078	2,888	+41
4 Africa	1,469	4,189	–65
5 Asia	5,642	3,178	+78
6 Australia	6,120	4,554	+34
	60,923	**52,723**	**+16**



Acquisitions: number of employees

	2008
M+W Zander FM	4,432
Norsk Hydro	1,078
Tepsco L.P.	849
iPower Solutions	404
Clough Engeneering	157
Other acquisitions	45

- Bilfinger Berger Power Services works with the University of Applied Sciences in Krefeld on the design of the Cooperative Engineering training program.
- Our units in Australia cooperate with the leading universities of Melbourne and Sydney, for example by granting internships and stipendiums to selected students of the technical faculties.

All of these university marketing activities contribute significantly to our ability to attract qualified university graduates to our company.

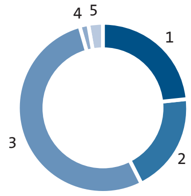
In order to position Bilfinger Berger as an attractive employer and to facilitate applicants' access to the Group, we have set up a new careers page on our website and an online applicant-management system – both of them in German and English. These changes have been well received by potential job applicants. Each month, 12,000 interested persons visit the careers section of our website. After just 6 months, our online applicant-management system had already received 2,000 applications, more than a third of which were speculative applications.

At the Group's newly designed Internet portal, comprehensive and up-to-date information is available to people with professional experience as well as graduates, students and school leavers at www.karriere.bilfinger.de. Particular emphasis has been placed on convenient search functions in the job advertisements. Applicants can search for vacant positions from all career pages of the website.

With our online applicant-management system, we are gradually networking all of the units of the Group in Germany. All of the Multi Service Group's vacant positions can be advertised and found by applicants in a central job pool.

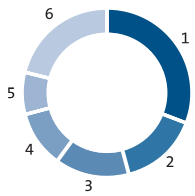
Number of engineers (Germany)

	2008	%
1 Civil	773	24
2 Building	638	20
3 Services	1,759	54
4 Concessions	18	1
5 Headquarters, other units	56	2
	3,244	**100**



Disciplines of engineers employed

%	2008
1 Civil Engineer	31
2 Architect	15
3 Mechanical Engineer	14
4 Economic Engineer	11
5 Process Technology	8
6 Other	21



Our operating units require not only university graduates, but also skilled workers. In this area, we also make great efforts to attract young people to the Group at an early age. For example, Bilfinger Berger Power Services cooperates closely with selected schools. We deploy employees there who provide information on jobs for which we provide professional training programs; we invite school students and teachers to visit our companies or participate in tours of power stations. In this way, the school students familiarize themselves with interesting job prospects in the field of power-plant services.

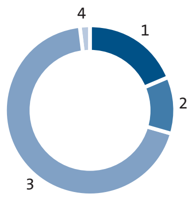
As a result of our acquisitions in the services business, the number of professional trainings at the Group has increased rapidly in recent years. At present, more than 980 young people are participating in occupational training at companies of the Group in Germany. The five most important professional training programs in Germany are currently plant mechanic, technical draftsman, industrial clerk, technical and commercial BA degrees and industrial mechanic.

Career development

We place high demands on our employees, but we also invest a lot in their comprehensive qualification and further training. This task is expressly anchored in our corporate vision and core values. The Group has had its own central training department for the past 30 years. Furthermore, specific training courses are offered by all national and international subgroups. In Germany alone, internal training courses were made use of on 14,500 man-days in 2008. This was equivalent to an average of 1.1 days per salaried employee. We have consistently adapted the training methods and contents of the courses to the rapidly changing Group and have successfully intro-

Trainees (Germany)

	2008	2007	Δ in %
1 Civil	185	160	+16
2 Building	104	86	+21
3 Services	674	531	+27
4 Headquarters, other units	17	16	+6
	980	**793**	**+24**



Top ten job professional trainings (Germany)

	2008	%
1 Plant Mechanic	151	15
2 Technical Draftsman	83	9
3 Industrial Clerk	80	8
4 BA Degree tech. / comm.	76	8
5 Industrial Mechanic	63	6
6 Construction Mechanic	53	5
7 Industrial Insulation Installer	51	5
8 Scaffolding Worker	44	5
9 Concrete Worker	39	4
10 Mechatronic Technician	35	4
Other industrial qualifications	258	26
Other commercial qualifications	47	5
	980	**100**

duced new courses. Our wide-ranging program includes specialist and method training as well as courses that aim to improve personnel management, client focus and social competencies.

Most of our specific training for high-potentials takes place in house. By means of a carefully executed process, we identify young persons with top-management potential and prepare them for future tasks. The main instruments are management reviews and special management groups. Annual international management conferences are held for particularly well-qualified executives. Leading positions are mainly occupied from within our own ranks. For several years now, around 75 percent of top-level positions have been held by persons promoted from within the Group.

Employee retention

We offer our employees attractive remuneration systems and ancillary benefits. In addition, we have started to develop models to allow our employees to depart from working life flexibly and in accordance with their own ideas.

At Bilfinger Berger Industrial Services, a so-called value account model was introduced as a pilot project in 2008. Employees are able to stock up the value account with a part of their remuneration or with defined time credits. The value account is denominated in money and earns interest via an external investment. With the value credited to the account, older employees can change their working time individually or can opt for early retirement without any disadvantages.

Sustainability

Bilfinger Berger pursues its entrepreneurial activities in accord with social and ecological concerns. The Group and its employees accept responsibility for society and the environment.

Compliance system

The Code of Conduct that is valid throughout the Group requires unambiguously responsible actions and the observance of ethical and legal principles. The Code includes principles and guidelines for the behavior of our employees. While the principles are binding for all employees in Germany and abroad and are intended to ensure adherence to the provisions of applicable law, the guidelines derived from the principles specify the application of the Code of Conduct in detail – adapted to the legal situation of the respective country.

The principles and guidelines for behavior categorically reject any form of bribery, corruption, prohibited agreements and illegal employment. In addition, they oblige all of the Group's employees to adopt a respectful, fair and loyal attitude towards each other. Our employees are regularly informed about the regulations by means of seminars and other forms of communication. Bilfinger Berger expects each employee to act in accordance with applicable law and regulations. Failure to observe these rules will not be tolerated. We expect the same standards of our business associates.

The Code of Conduct is part of a comprehensive compliance system that secures its propagation and application. In order to reduce inhibitions concerning the reporting of suspicious events (whistle-blowing), an external ombudsman is available in addition to contact persons within the Group. Any such information provided is treated in strict confidence. Furthermore, special controlling instruments are applied for the continuous monitoring of business processes to provide early indications of any unlawful behavior.

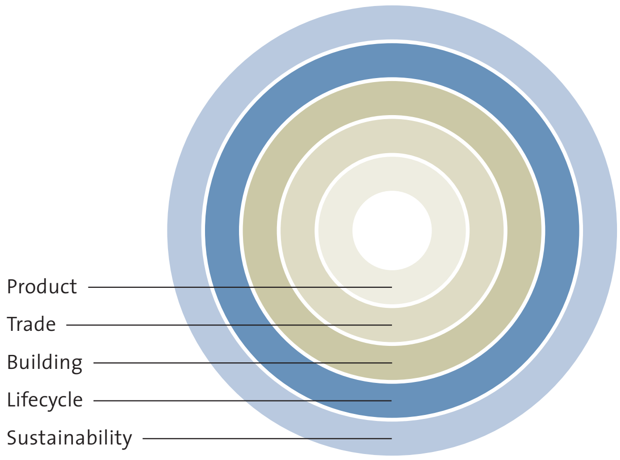
The propagation and application of our compliance system is ensured by means of a network consisting of the Group's Chief Compliance Officer, compliance officers in all parts of the Group who report to him, and additional executives in larger operating units. The Chief Compliance Officer informs the Executive Board and the Audit Committee of the Supervisory Board about current developments in regular quarterly reports. In serious cases, the boards and committees are informed immediately (see page 35).

Bilfinger Berger has been a member of the UN Global Compact since 2008. This is a worldwide association of companies and organizations. The members are committed to combating all forms of corruption within their areas of influence, protecting civil rights, eliminating discriminatory labor and social standards, and protecting the environment.

Lifecycle approach is a key factor

On the issue of sustainability, Bilfinger Berger concentrates on economic, functional and technical aspects. Genuinely sustainable solutions are only possible when one considers the complete lifecycles of buildings, industrial plants and power plants. This is the ideal approach for the development of products and services that conserve resources and are environmentally compatible in all areas of our business operations: Whether regenerative energy sources, the economical use of water or the reduction of CO_2 emissions – the Bilfinger Berger Group is involved in the issue of sustainability in many areas.

Sustainability Timeframe



Wind energy

Our Civil Engineering unit is involved in the installation of large-scale off-shore windparks such as Horns Rev 2, Rödsand 2 and Alpha Ventus. The company lays the foundations for the wind turbines which will go into operation in 2009 and 2010 and will produce more than 500 megawatts of electricity.

Water consumption

Together with the Fraunhofer Institute for Interface and Biological Process Technology, Bilfinger Berger Environmental Technology has developed a concept that facilitates extremely economical use of a scarce resource: water. In the Swabian village of Knittlingen in southern Germany, rainwater from houses' roofs and residential streets is collected in an underground cistern, filtered and treated until it reaches drinking-water quality. This 'maintenance water' flows back into the houses in its own separate pipes to be used for all purposes except drinking.

The core of the Knittlinger model project is the vacuum technology for waste water developed by the Bilfinger Berger subsidiary Roediger Vacuum. The suction process requires neither a height difference nor thick concrete pipes. A transfer shaft is located in front of each house. When it is filled with water up to a certain level, a valve opens and the waste water is drawn off. It is then biologically cleaned without any contact with air in a decentralized 'water house.' With the resulting mixture of carbon dioxide and methane, a turbine can generate electricity and heat. A small amount of solid residue remains, which contains a high concentration of ammonia and phosphate and can be used as fertilizer. The cleaned waste water is harmless and can flow into the nearest stream.

CO_2 emissions

The most discussed method of avoiding CO_2 emissions from power plants using fossil fuels is carbon capture and storage technology (CCS), with which the carbon dioxide released when coal is burnt is separated, compressed and stored, instead of being released into the atmosphere. One of the possible applications of this method is currently in use at the Schwarze Pumpe coal-fired power plant in the Lausitz region of Germany.

In a pilot plant, coal is burnt with pure oxygen in the so-called oxyfuel process. Bilfinger Berger Power Services is involved in the project with a desulfurization system. With the aid of this equipment, the sulfur dioxide created when the coal is burnt is filtered out of the flue gas. The requirements are particularly high for the Schwarze Pumpe project because the sulfur content must be nearly 100 percent separated from the carbon dioxide, so that the CO_2 can be compressed, transported and ultimately stored.

Bilfinger Berger Power Services is one of the few suppliers that have mastered the required desulfurization technology: The company equips its systems with special devices known as tray absorbers, which allow the extremely high separation rates. The process also requires substantially less energy than the methods used by the competition. These are significant advantages that are now benefiting Vattenfall's pilot project.

With the Schwarze Pumpe pilot plant, the first step in the trials of this technology has been taken. A substantially larger demonstration plant is to be built by 2015. If that plant can operate economically, the first 1,000-megawatt block is planned as of 2020.

With our expertise and the use of innovative technologies, we set standards in our markets, guarantee the high quality of our processes and products, and secure the future of the Bilfinger Berger Group.

Safety at work and environmental protection

Safety at work and environmental protection are subject to fundamentally different conditions in our industry than in stationary manufacturing industries. The measures to be taken have to be adapted to the changing conditions of our temporary work sites.

Adherence to standards for the safety of our employees at their workplaces is the responsibility of the operating units, in line with our decentralized organizational structure. They are supported by comprehensive training programs. Staff and management are required to apply the knowledge gained from training in practice, and also to urge their colleagues to act safely. On the basis of standardized, worldwide reporting, the Executive Board regularly deals with aspects of safety at work and uses statistical analyses to identify any possible deficits and take countermeasures if necessary.

When planning our work sites, effective measures for environmental protection are given high priority. Already during the planning and work-preparation phase, specific precautions are taken to reduce noise and vibrations as well as dust and exhaust gases. Throughout all project phases, we make use of non-intrusive processes and environmentally friendly technologies. Waste is thoroughly separated so that the maximum possible proportion can be recycled. We deal conscientiously with polluting materials in order to protect soil and groundwater.

We are constantly working on improving our environmental standards in all of our markets.

Corporate social responsibility

Our corporate units and their employees support numerous facilities worldwide through monetary donations, contributions in kind, and personal involvement.

Providing encouragement and support for young academics is particularly important to Bilfinger Berger. At the technical universities of Aachen, Darmstadt, Karlsruhe and Dresden, engineering students receive the Bilfinger Berger Award for exceptional achievements. In addition, we provide significant support at the Technical University of Berlin for the Hans-Jürgen Ewers Award, which is granted in the field of infrastructure research. And we help with the education of young economists as a sponsoring partner of the Business Administration Faculty at the University of Mannheim. We also support numerous universities and scientific institutions with donations.

With the 'Technology is the Future' initiative, Bilfinger Berger wants to stimulate school students' interest in an engineering career at an early stage. We started the initiative as a charitable company together with partner companies in German industry. The age group of 14 to 17 is targeted via school newspapers and a modern Internet website. 'Technology is the Future' also aims to communicate with parents and teachers.

The Knowledge Factory project starts even earlier: With the help of educational projects in kindergartens and schools, children get to know the exciting world of natural science, technology and business. Bilfinger Berger supports the initiative and intends its involvement to create enthusiasm for technical occupations and to counteract the looming shortage of qualified specialists.

Bilfinger Berger continued its support for German Sport Aid and sponsored the Ball of Sports for a second time last year. The German Sport Aid foundation was established in 1967. It applies the funds it raises to support approximately 3,800 sportsmen and women each year in nearly all Olympic sports, traditional non-Olympic sports, and sports for the disabled.

We organized the Bilfinger Berger Award last year, also for the second time. In the summer of 2009, the winners will be chosen by an independent jury chaired by Prof. Dr. Klaus Töpfer. With this award, we want to give new stimulus to urban development in Germany. Prizes will be awarded for pioneering projects abroad that can serve as a model in Germany. The prize is worth €50,000.

We also support numerous institutions outside Germany. For example, Bilfinger Berger Services Australasia donated AUS $50,000 to the charitable organization Engineers Without Borders (EWB). With that money, EWB will expand an orphanage in India, as well as purchasing computers and providing IT courses. EWB wants to improve the living conditions of people in distress – by means of engineering projects and education.

Risk report

Any entrepreneurially active entity must constantly consider and compare the opportunities and risks inherent in its business operations and decisions. As an internationally active Multi Service Group, Bilfinger Berger is always confronted with risks, especially in the individual project business. With our risk management system, we do everything possible to avoid risks as far as possible, or at least to recognize them at an early stage, to understand them and to systematically limit them. Only in this way can the Group avoid the dangers resulting from risks. Last year, no risks were recognizable that could substantially jeopardize the Bilfinger Berger Group.

Risk Controlling at Bilfinger Berger is a continuous and decentralized process, which is monitored and controlled from headquarters. One of our constant tasks is to promote and enhance risk awareness at all management levels and among our employees. The elements of the risk management system are strategic business planning combined with a detailed and up-to-date reporting system that serves as an internal early-warning and monitoring system.

Each year, the Group sets new targets for all of its subsidiaries in terms of the performance measures EBIT and return on capital employed, as well as liquidity targets and limits. These and other key figures are analyzed with the use of monthly reporting. The actual situation and the targets set are analyzed at all operational levels. With the use of marginal values and deviation parameters, relevant risks are identified and monitored and their effects are limited by taking suitable measures. This provides the Executive Board and management with detailed information on the current financial situation.

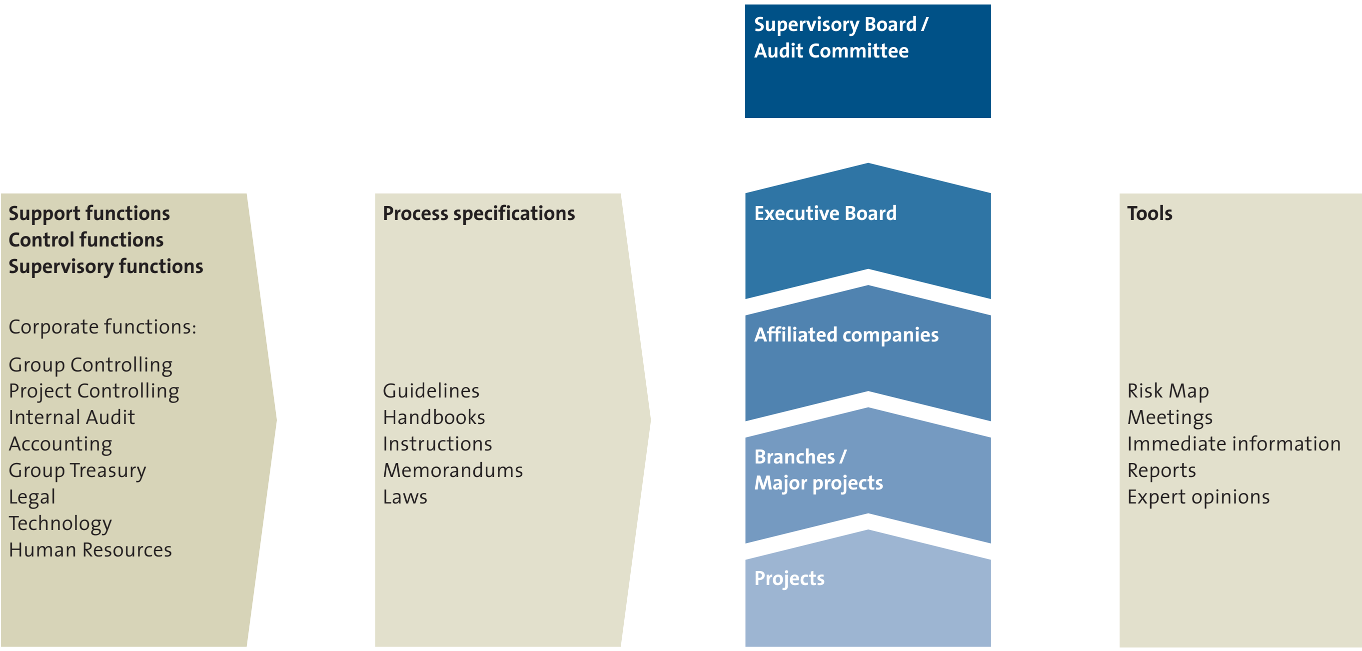
In consultation with the Executive Board, the corporate functions perform a specialist monitoring function throughout the Group. They have wide-ranging rights to request and receive information, to issue individually defined guidelines, and to be actively involved with their specialist colleagues at the subsidiaries.

Headquarters are also responsible for controlling tasks of overriding importance. The corporate departments of Group Controlling, Group Treasury, Project Controlling, Internal Auditing and Legal report regularly and comprehensively to the Executive Board on possible risks from their respective specialist perspectives. In addition, the Executive Board submits a quarterly risk report to the Audit Committee and the plenum of the Supervisory Board.

Orders with large volumes or special risks can only be accepted if they are expressly approved by the Executive Board. Risks relating to major projects are counteracted by clearly structuring the distribution of tasks within the corporate functions:

- Project Controlling supports these projects from the bidding phase until completion. The financial development of each project – irrespective of the responsible operating unit – is analyzed continually and critically.
- Decisions on financing, internal credit lines and guaranties are made at headquarters by the Executive Board with significant support from Group Treasury.
- Internal Auditing reviews the effectiveness of all working routines and processes. It also carries out audits at the level of the operating units.
- Group Controlling is responsible for the monthly recording of all performance measures as well as for the active controlling of the subsidiaries.
- The Legal department reviews contractual project risks and takes the lead with any legal disputes.

Interaction of elements in the risk-management process



All of the processes and approval procedures that are stipulated by law, the Executive Board or the corporate functions are documented in manuals and working instructions. The Risk Map available on the Bilfinger Berger intranet since 2007 provides employees throughout the Group with rapid access to the contents of the Risk Management Manual. Information on certain types of risk is arranged according to corporate processes and can be accessed via various search functions.

Our controlling and monitoring instruments are combined into a holistic system that is subject to continuous development. The risk management system is appraised by our external auditors and the Audit Committee of the Supervisory Board. Suggestions are accepted accordingly.

Market risks

Macroeconomic developments in our national and international markets and any special changes in our sectors are taken into consideration under the heading of market risks. We regularly analyze how countries' economies are developing and whether our business segments are competitive. We are actively involved in advisory committees and panels to ensure that the economic effects of new legislation, ordinances and regulations are considered in good time.

Country risks

Country risks include uncertainties arising from political developments in our various markets. In order to minimize such risks, we operate only in certain specified markets. We see no country risks that are relevant to the Group's earnings.

Financial risks

We monitor financial risks with proven instruments of supervision and control. The Group's reporting system guarantees the weekly identification, analysis, assessment and management of financial risks by Group Treasury. All of our relevant subsidiaries are included in this monitoring.

Liquidity risks are monitored and managed centrally at Group headquarters on the basis of rolling 12-month cash-flow planning. Liquidity bottlenecks can be ruled out due to the Group's high level of cash and available credit lines and sureties. We have a syndicated long-term credit line of €300 million with our main banks as a backstop facility. The acquisitions made in 2008 were financed mainly long-term through the issue of a promissory-note loan in an amount of €250 million. We have sureties of more than €4 billion, which are not fully utilized. Large portions of our guaranteed credit requirements are secured by syndicated long-term credit agreements. We regularly check the effects of possible changes in our financial risk exposure; the key figures in this respect are the dynamic debt/equity ratio, cash-flow protection and gearing. Our goal is that the ratios should reflect a financial standing comparable with a rating at the lower end of investment grade. The increasing long-term debt resulting from the expansion of our concessions business is solely on a non-recourse basis; the lenders have no access to Bilfinger Berger's assets beyond the respective project companies.

Market-price risks in the finance sector primarily involve exchange rates, interest rates, raw-material prices and the market values of financial investments. As a result of our headquarters risk management, our cash flows and financial positions are netted out to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. We do not undertake any financial transactions beyond the underlying business risk.

We use forward-exchange contracts or currency options to hedge risks relating to cash flows and balance-sheet items in foreign currencies. We generally hedge our project business for the entire project period immediately after contracts are awarded, in some cases as early as the bidding phase. Risk management takes place with the use of explicit risk limits for outstanding foreign-exchange items, their value at risk and marked-to-market results.

To the extent that risks relating to fluctuations in raw-material prices cannot be otherwise hedged, we use appropriate financial derivates.

We counteract the risk of interest-rate changes by continually reviewing and adjusting the composition of assets and liabilities subject to fixed and variable interest rates. In order to react flexibly and economically, we primarily make use of derivative financial instruments. We analyze and assess the risks arising from our net interest exposure in good time and at regular intervals with the use of the value-at-risk method. Interest-rate derivatives are an exception; they are used in the concessions business for the long-term financing of project companies. The non-recourse character of this project financing requires predictable interest cash flows and thus relies on the long-term static hedging of interest-rate risks. Changes in market value occurring in this context must be reflected in the balance sheet, but they have no impact on the Group's cash flow due to the closed project structure.

Issuer and/or contracting-party risks can occasionally arise in connection with the investment of liquid funds and the application of derivative financial instruments. We counteract such risks by paying close attention to the liquidity and solidity of the parties involved. We also deliberately diversify and limit the periods and amounts of such transactions. In order to limit contracting-party risks, we undertake financial transactions on the basis of an internal limit system solely with banks that have a rating of at least A-.

Due to the consistent application of this risk policy, there were no negative effects on the Group's earnings or financial situation as a result of the financial crisis. Bilfinger Berger has no short-term refinancing needs. Sufficient financial means are available for the further development of the Group.

Acquisition risks

We have a clear strategy to counteract risks relating to acquisitions. We generally acquire either a controlling interest or 100 percent ownership of suitable companies. Companies that we regard as candidates for acquisition are valued by our experts with the help of comprehensive due diligence audits. The key criteria for this assessment are strategic relevance, profitability, management quality and future prospects. We only acquire companies that are successful in the market and that make positive contributions to the Group's earnings right from the start. Our latest acquisitions have also fulfilled our high expectations in terms of return on capital and profits. New companies are integrated as quickly as possible into the Group and its risk management system according to clear plans and instructions.

Subsidiaries' risks

All the companies of the Group are subject to our regular financial controlling of subsidiaries. This controlling function is carried out from headquarters as directed by the Executive Board and is outside the reporting hierarchy. By permanently monitoring business developments, especially by means of local reviews, it results in a complete picture and an independent opinion of the companies' financial situations.

The subsidiary controllers report to the Executive Board once a month and inform it of any unusual developments without delay. In addition, there is a financial controlling department in each subgroup that reports to the respective management and is subordinate in specialist terms to the Subsidiary Controlling department at Group headquarters.

Project risks

Risks from our business operations are counteracted with comprehensive and clearly structured project controlling. This includes the selection of projects and the subsequent bid preparation, project execution and processing of any guarantee claims. All important contracts are subject to detailed commercial and legal scrutiny before being signed. Furthermore, the technical aspects are examined separately by experts. Projects above a certain volume or with a high degree of complexity are additionally monitored by a central unit with clearly defined regulations in each phase of the business, so that any required measures can be taken in good time. More than 60 major projects were under special observation in the year 2008. With complex projects in the concessions business, we make use of the expertise available throughout the Group to assess costs and risks reliably.

Litigation risks

We strive to avoid legal disputes wherever possible. This goal cannot always be achieved, however, with the result that our German and international companies are sometimes involved in litigation or arbitration. It is naturally impossible to predict the outcome of such cases with certainty. Nonetheless, following careful examinations, we can assume that sufficient provisions have been recognized in the balance sheet for all such disputes.

Procurement risks

We intensively monitor our global procurement markets. The Group-wide monitoring of world markets for steel, oil and petroleum products allows the flexible procurement of raw materials for our major products at optimal conditions. We counteract regional procurement risks by cooperating with competitive suppliers and subcontractors. We secure quantities, qualities and prices by means of letters of intent and preliminary agreements. And we protect ourselves against inflation by means of sliding-price clauses in our tenders.

Human resources risks

We carefully counteract the human resources risks that might arise due to a shortage of junior managers, high staff turnover, lack of qualifications, low motivation or an excessively old workforce. In this way, we ensure that highly qualified employees are recruited and retained by the Group over the long term. We therefore maintain close contacts with selected universities, organize internships for students and graduates, and organize specially designed familiarization programs at the beginning of new entrants' careers at Bilfinger Berger. An extensive range of courses and further training is available to our workforce. Career prospects are discussed regularly and individually with our employees. Management positions are mainly occupied from within the workforce. By means of our human resources controlling, we analyze structural changes within the workforce and can thus counteract any negative developments at an early stage. As a result of our far-sighted human resources development, no specific risks are recognizable in the personnel sector.

IT risks

In order to prevent unauthorized access and data loss and to guarantee the permanent availability of our systems, we protect our information technology with numerous technical installations. Our IT structures are largely standardized. We use software products from leading producers such as SAP, IBM, RIB and Microsoft. Applicable security guidelines are regularly adapted to the latest technical developments.

Overall risk

In 2008, we did not identify any individual risks whose occurrence, either alone or in combination, would have jeopardized the continuing existence of the Group. If unpredictable, exceptional risks should arise, the possibility that they would have an impact on our output volume or earnings cannot be excluded. However, no risks can be identified that could threaten the existence of the Group.

Additional disclosure details

pursuant to Section 315 of the German Commercial Code (HGB)

The subscribed capital of €111,588,306 is divided into 37,196,102 bearer shares with an arithmetical value of €3 per share.

The stipulations of the law for the appointment and dismissal of members of the Executive Board are laid down in Sections 84 and 85 of the German Stock Corporation Act (AktG); the stipulations of the law for amending the Articles of Incorporation are laid down in Sections 133 and 179 of the German Stock Corporation Act (AktG). To make a change in the Articles of Incorporation and pursuant to Article 20 of the Articles of Incorporation, a simple majority of the votes and shareholder's equity represented is sufficient insofar as the law does not require a larger majority. Pursuant to Article 25 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions that effect only the version of the Articles of Association.

By resolution of the Annual General Meeting of May 18, 2006, until May 17, 2011 and with the consent of the Supervisory Board, the Executive Board was authorized to increase the Company's capital stock by up to €34,000,000 by the single or multiple issue of new shares (Approved Capital I). New shares can be issued against cash or non-cash contributions, whereby capital increases against non-cash contributions may only take place up to a limit of €22,300,000. The new shares must be offered for subscription by the shareholders. However, with the consent of the Supervisory Board, the Executive Board is authorized to exclude shareholders' statutory subscription rights in certain cases.

In February 2008, the Executive Board of Bilfinger Berger AG with the approval of the Supervisory Board and on the basis of the authorization from the Annual General Meeting of May 23, 2007, bought back 1,884,000 shares, corresponding to 5.065 percent of voting rights, through the stock exchange. In accordance with the resolution of May 23, 2007, the Executive Board can sell these shares through the stock exchange, offer them for sale to shareholders under consideration of the principle of equal treatment, use them within the scope of corporate mergers or acquisitions or for the fulfillment of conversion and option rights or recall them without any further resolution by an Annual General Meeting. The shares are now held as treasury shares. The company has no rights from these shares (Section 71b, German Stock Corporation Act).

As part of a long-term incentive plan (LTI) members of the Executive Board hold a total of 6,170 Bilfinger Berger shares which cannot be sold until a two-year lockup period has expired.

The Executive Board is authorized, by resolution of the Annual General Meeting of May 21, 2008 and until November 20, 2009, with the approval of the Supervisory Board, to acquire own shares of the company up to a maximum of 10 percent of the current shareholder equity of €111,588,306 under the condition that the shares acquired on the basis of thís authorization, together with other shares held by the company or treasury shares attributable to the company at no point exceed 10 percent of shareholder equity. Any shares acquired on the basis of this authorization can be offered for sale through the stock exchange, offered for sale to the shareholders taking into consideration the principle of equal treatment, applied in the context of corporate mergers or acquisitions, used to fulfill conversion and option rights, or recalled without any further resolution by an Annual General Meeting.

Furthermore, the Annual General Meeting of May 19, 2005 resolved to conditionally increase the Company's capital stock by up to €11,023,398 by issuing up to 3,674,466 bearer shares (Conditional Capital III). The conditional capital increase will only be carried out to the extent that any holders of conversion bonds and option warrants, which were issued on the basis of an authorization of the Executive Board through a resolution of the Annual General Meeting of May 19, 2005, make use of their conversion and option rights or fulfill their obligations to exercise conversions/options, and the conditional capital is required for this purpose.

In the case of a change of control resulting from an offer to acquire the Company, as is common business practice, termination possibilities exist for the providers of credit and guaranties for our syndicated cash credit lines of €300 million, our promissory note loan of €250 million, our syndicated long-term credit agreement of €1,600 million and various bilateral credit facilities totaling over €200 million. For the syndicated long-term credit agreement, there is also an immediate prohibition of any further utilization in the case of such a change of control.

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have the right to terminate their contracts of service. This regulation would give the members of the Executive Board the required independence in the case of a takeover bid so that they could direct their actions solely to the benefit of the Company and its shareholders. Further details can be found in the Compensation Report (see page 37).

Executive Board compensation

The compensation of the members of the Executive Board is comprised of a fixed salary, bonuses and components with a long-term incentive effect, as well as fringe benefits and pension commitments. Further information including individualized details of payments can be found in the compensation report within the corporate governance report (see page 37). The compensation report is a constituent part of the Group Management Report.

Events after the balance-sheet date

Bilfinger Berger's business has developed according to plan in 2009. No events of special significance have occurred. In our next interim report, which we will publish on the date of our Annual General Meeting on May 7, 2009, we will provide a detailed overview of the first quarter of the year.

Outlook

The international economic crisis is likely to continue in 2009. It is not yet possible to predict how serious the downturn will be or how badly the various regions will be affected. Due to its business model, Bilfinger Berger is well positioned also in times of negative economic growth. The Group's financial structure is sound and sufficient financial scope is available for our future development.

Not even Bilfinger Berger can completely avoid the general economic crisis, but the Group is unlikely to be as affected as companies in cyclical sectors. We do not anticipate any drops in demand for the Civil business segment, because the state economic stimulus programs include infrastructure projects. In the Building and Industrial business segment, demand for commercial construction will fall. Investment in public-sector building construction will probably not fully offset the drop in commercial construction. In the Services business segment, a healthy level of capacity utilization is guaranteed above all for our operations focused on maintenance and modernization.

Based on current assessments of the economic crisis, we anticipate the following developments in our business segments in 2009:

- In the construction business, total output volume will decrease due to the sale of Razel, while the contribution to earnings will increase significantly.
- The development of the services business is difficult to predict. A presumably lower utilization of capacity will be offset by positive effects from the initial consolidation of companies acquired in 2008. We therefore assume that output volume will be at least as high as in the prior year. Earnings will not match the very good level of 2008.
- The financing of our concessions projects has become more difficult due to the financial market crisis. However, our business model is based mainly on availability models with clearly defined risks. We therefore see good opportunities to continue adding attractive projects to our portfolio.

The mid-term profit-margin targets we set in 2007 will probably not be achieved in 2009 due to the global economic crisis. Generally, assuming a fundamental economic recovery, we maintain our targets of EBIT margins of between 2.5 and 3 percent for the Civil business segment, 1.5 to 2 percent for Building and Industrial, and at least 4.5 percent for Services.

Quantitative forecasts for output volume and earnings figures are connected with considerable uncertainty in view of the general economic situation, so longer-term statements are not currently possible.

The following goals for the year 2009 are based also on the assumption that the situation of the world economy does not become even more serious than it is at present:

- For 2009, we anticipate total output volume for the Group of €10 billion.
- EBIT and net profit will reach at least €250 million and €140 million, respectively, similar to the prior-year figure after adjusting for the previously described exceptional item.
- With a return on capital employed above our cost of capital, we intend to create substantial value added in each segment also in the future.

Our shareholders will participate in the company's growing success through an attractive dividend distribution. Additions to financial assets will not reach the level of the prior year due to the major acquisitions we made in the services business in the year 2008 and our success in the concessions business. We will also reduce our investments in property, plant and equipment.

In our research and development work, sustainability aspects will gain importance in view of the growing efforts being made in the field of climate protection. In all areas of our business, we develop resource-conserving and environmentally compatible products and services, and provide our clients with solutions that optimize expenses and energy consumption over the entire lifecycles of buildings and plants.

Because our procurement markets continue to become more volatile and complex, we place great importance on the targeted training and further training of our employees in this area. We also focus on the creation and maintenance of networks to ensure the smooth exchange of information and experience among the buyers in our various operating units.

We want to further intensify our continuous dialogue with the public through prompt and open communication. Providing the capital market with comprehensive information on the current development of the Group has high priority. Our marketing and sales activities will continue to be effectively focused on the specific needs of our clients. And in order to improve the exchange of information within the growing Bilfinger Berger Group, we are steadily developing our media for internal communication.

We counteract the shortage of qualified specialists and managerial staff by placing additional emphasis on personnel development. The instruments we use in this context are constantly being enhanced and adapted to the requirements of our increasingly varied business activities. Our successful human resources work creates an important base for the long-term success of the Bilfinger Berger Group.

Our strategy has an unchanged focus on the further expansion of the services business and a sustained improvement in the profitability of our construction activities. The decisive criteria for the expansion of our privately financed concessions business continue to be the return on capital employed in the individual projects and the growth in value of the entire portfolio. In total, we believe that Bilfinger Berger is very well prepared to defend its position in the current crisis and to continue its successful development.

All of the statements in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as these statements also depend on factors beyond our control, actual developments may differ from our forecasts.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, February 20, 2009

The Executive Board

Herbert Bodner | Joachim Müller | Dr. Joachim Ott | Klaus Raps

Kenneth D. Reid | Prof. Hans Helmut Schetter | Dr. Jürgen M. Schneider

Auditors’ report

We have issued the following unqualified auditor’s opinion on the consolidated financial statements and the group management report:

“We have audited the consolidated financial statements – consisting of consolidated income statement, consolidated balance sheet, consolidated statement of comprehensive income recognized in equity, consolidated statement of cash flows and notes to the consolidated financial statements as well as the group management report of Bilfinger Berger AG, Mannheim, for the financial year of January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted in the EU, and the additional provisions specified in Section 315 a, Subsection 1 of the German Commercial Code (HGB) is the responsibility of the company’s executive board. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and on the group management report.

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with applicable accounting guidelines and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations with regard to possible misstatements are taken into account in the determination of audit procedures. Within the framework of the audit, the effectiveness of the accounting-related internal monitoring system and the evidence supporting disclosures in the consolidated financial statements and group management report are examined primarily on a test basis. The audit includes evaluating the annual financial statements of those companies included in the consolidated financial statements, determining the companies to be included in the consolidation, assessing the accounting and consolidation policies applied and the significant estimates made by the group’s executive board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, which is based on the results of our audit, the consolidated financial statements are in compliance with the provisions of IFRS, as adopted in the EU, and the additional provisions specified in Section 315 a, Subsection 1 of the German Commercial Code (HGB), and give a true and fair view of the net assets, financial position and results of operations of the group. The group management report is in accordance with the consolidated financial statements, provides on the whole a suitable understanding of the group’s position, and suitably presents the opportunities and risks of future developments.”

Mannheim, February 20, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Gunther Ruppel
Certified accountant

Thomas Müller
Certified accountant

Consolidated financial statements 2008

Consolidated income statement

€ million		Notes		2008	2007
Revenues		(5)		9,757.1	8,633.7
Cost of sales				–8,684.5	–7,622.8
Gross profit				**1,072.6**	**1,010.9**
Selling and administrative expenses				–875.5	–812.1
Other operating income and expenses [1]		(6)		101.0	30.4
EBIT (earnings before interest and taxes)		(7)		**298.1**	**229.2**
Interest income		(8)		33.8	31.4
Interest expense		(8)		–31.3	–21.3
Other financial expense		(8)		–17.0	–11.5
Earnings before taxes				**283.6**	**227.8**
Income tax expense		(9)		–79.2	–87.9
Earnings after taxes				204.4	139.9
thereof minority interest				(4.0)	(5.8)
Net profit				**200.4**	**134.1**
Average number of shares	(in thousands)	(10)		35,753	37,196
Earnings per share [2]	(in €)	(10)		5.61	3.60

[1] Including a gain of €15.1 million on investments accounted for using the equity method (2007: €9.4 million)
[2] Basic earnings per share are equal to diluted earnings per share.

Consolidated balance sheet

	€ million	Notes	Dec 31, 08	Dec 31, 07
Assets	**Non-current assets**			
	Intangible assets	(11)	1,235.3	786.9
	Property, plant and equipment	(12)	599.3	581.2
	Investments accounted for using the equity method	(13)	48.9	54.8
	Receivables from concession projects	(14)	1,641.8	1,499.5
	Other financial assets	(15)	250.6	112.5
	Deferred tax assets	(9)	188.4	104.1
			3,964.3	**3,139.0**
	Current assets			
	Inventories	(16)	216.4	153.7
	Receivables and other financial assets	(17)	1,805.6	1,874.3
	Non-current assets held for sale	(18)	0.0	95.9
	Current tax assets		17.5	10.0
	Other assets	(19)	49.0	58.9
	Cash and marketable securities	(20)	720.2	796.0
			2,808.7	**2,988.8**
			6,773.0	**6,127.8**
Equity and liabilities	**Equity**	(21)		
	Issued share capital		111.6	111.6
	Reserves		1,034.0	1,132.0
	Treasury shares		–100.0	0.0
	Unappropriated retained earning		74.4	67.0
	Equity attributable to shareholders of the parent		1,120.0	1,310.6
	Minority interest		21.0	21.3
			1,141.0	**1,331.9**
	Non-current assets			
	Retirement benefit obligation	(22)	218.8	135.4
	Provisions	(23)	68.6	89.0
	Financial debt, recourse	(24)	306.1	70.0
	Financial debt, non-recourse	(24)	1,488.5	1,313.9
	Other financial liabilities	(25)	392.7	79.0
	Deferred tax liabilities	(9)	127.3	129.8
			2,602.0	**1,817.1**
	Current liabilities			
	Current tax liabilities	(23)	120.3	80.7
	Provisions	(23)	447.7	434.8
	Financial debt, recourse	(24)	21.7	40.6
	Financial debt, non-recourse	(24)	29.6	48.0
	Other financial liabilities	(25)	2,188.8	2,148.2
	Other liabilities	(26)	221.9	226.5
			3,030.0	**2,978.8**
			6,773.0	**6,127.8**

Statement of income and expenses recognized in equity

€ million	2008	2007
Earnings after taxes	**204.4**	**139.9**
Changes in hedging transactions reserve	–132.0	22.0
Changes in currency translation reserve	–92.9	–12.6
Actuarial gains / losses from pension plans	–0.7	19.9
Other changes in equity	–2.0	6.3
Income and expenses recognized directly in equity [1]	**–227.6**	**35.6**
Total of income and expenses recognized in the financial year	**–23.2**	**175.5**
thereof attributable to shareholders of the parent company	–27.0	165.5
thereof attributable to minority interest	3.8	10.0

[1] After deferred tax income of €62.5 million (2007: deferred tax expense of €12.6 million)

Consolidated statement of changes in equity [2]

				Other comprehensive income						
€ million	Issued share capital	Share premium	Retained earnings	Fair valuation of securities reserve	Actuarial gains/ losses	Currency translation reserve	Treasury shares	Unappropriated retained earnings	Minority interest	Equity
Balance at January 1, 2007	**111.6**	**522.6**	**538.8**	**–17.8**	**2.0**	**–12.1**	**0.0**	**46.5**	**16.8**	**1,208.4**
Capital contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–46.5	–5.5	–52.0
Profit after taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	134.1	5.8	139.9
Transfer to retained earnings	0.0	0.0	67.1	0.0	0.0	0.0	0.0	–67.1	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0	0.0	–12.6	0.0	0.0	0.0	–12.6
Other changes	0.0	0.0	3.7	21.3	19.0	0.0	0.0	0.0	4.2	48.2
Balance at December 31, 2007	**111.6**	**522.6**	**609.6**	**3.5**	**21.0**	**–24.7**	**0.0**	**67.0**	**21.3**	**1,331.9**
Balance at January 1, 2008	**111.6**	**522.6**	**609.6**	**3.5**	**21.0**	**–24.7**	**0.0**	**67.0**	**21.3**	**1,331.9**
Capital contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–63.6	–4.1	–67.7
Profit after taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.4	4.0	204.4
Transfer to retained earnings	0.0	0.0	129.4	0.0	0.0	0.0	0.0	–129.4	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0	0.0	–92.1	0.0	0.0	–0.8	–92.9
Other changes	0.0	0.0	–2.7	–130.6	–2.0	0.0	–100.0	0.0	0.6	–234.7
Balance at December 31, 2008	**111.6**	**522.6**	**736.3**	**–127.1**	**19.0**	**–116.8**	**–100.0**	**74.4**	**21.0**	**1,141.0**

[2] The development of Group equity is a component of the notes to the consolidated financial statements.

Consolidated statement of cash flows

€ million	2008	2007
Net profit	200.4	134.1
Minority interest	4.0	5.8
Depreciation, amortization and impairments	169.0	127.2
Decrease in non-current provisions	–14.9	–5.9
Deferred tax expense / income	–35.7	33.3
Equity adjustment	0.7	–5.3
Other income and expenses not affecting cash	–1.7	0.0
Cash earnings	**321.8**	**289.2**
Increase in inventories	–67.9	–36.6
Increase in receivables	–135.6	–210.1
Increase in current provisions	69.3	14.4
Increase in liabilities	295.3	285.2
Change in working capital	**161.1**	**52.9**
Gains / losses on the disposal of non-current assets	–125.8	–16.9
Net cash inflow from operating activities	**357.1**	**325.2**
Proceeds from the disposal of intangible assets	0.0	0.8
Proceeds from the disposal of property, plant and equipment	128.6	19.6
Proceeds from the disposal of financial assets	92.2	10.3
Investments in intangible assets	–6.5	–8.2
Investments in property, plant and equipment	–230.5	–195.8
Investments in financial assets	–460.4	–64.4
Net cash outflow from investing activities	**–476.6**	**–237.7**
Share buyback	–100.0	0.0
Dividend paid to the shareholders of the parent company	–63.6	–46.5
Dividend paid to minority interest	–4.1	–5.5
Borrowing	289.4	65.1
Repayment of loans	–38.3	–82.6
Net cash inflow / outflow from financing activities	**83.4**	**–69.5**
Change in cash and marketable securities	**–36.1**	**18.0**
Other adjustments to cash and marketable securities	–39.8	–4.7
Cash and marketable securities at January 1	796.0	782.7
Cash and marketable securities at December 31	**720.1**	**796.0**

Notes to the consolidated financial statements 2008

Segment reporting

Segment reporting has been prepared for the first time in accordance with IFRS 8. The reportable segments of the Bilfinger Berger Group reflect the internal reporting structure. They comprise the following four business segments:

Civil

Bilfinger Berger has a leading position in the design and construction of large-scale infrastructure projects. The focus of the business is on international markets.

Building and Industrial

Bilfinger Berger offers its clients comprehensive packages through all phases of real estate in Germany and abroad. This holistic approach covers advice, design and planning, turnkey construction, development and financing, as well as maintenance and operation.

Services

Bilfinger Berger is one of the leading providers of services for industrial plants, power plants and buildings. Within this segment, the Industrial Services division provides services for the repair, maintenance and modernization of production plant in the processing industry. Power Services focuses on the repair, maintenance, efficiency enhancement and lifecycle extension of existing power plants and on the manufacture and assembly of components for power plant construction. Facility Services provides technical, commercial and infrastructure services for office buildings, sport and event centers, hospitals and prisons.

Concessions

As a private-sector partner for public-sector clients, Bilfinger Berger develops roads and buildings on the basis of long-term concession contracts. The important markets for this business are Canada, Australia, Germany, Great Britain and Northern Ireland, Norway and Hungary.

Starting with the consolidated financial statements for the year 2008, segment earnings are reported as EBIT and no longer as EBITA. The prior-year figures have been adjusted accordingly. Internal revenues reflect the supply of goods and services between the divisions. These goods and services are invoiced at the usual market prices. In the reconciliation to the data of the consolidated financial statements, internal expenses and income and interim profits are eliminated. The reconciliation also includes the expenses and income of the headquarters as well as other items that cannot be allocated to the individual segments according to our internal accounting policies. In 2008, this primarily comprised the gain of €90 million realized on the sale of our French subsidiary, Razel S.A., and one-time expenses of €45 million resulting from a more cautious valuation of projects, especially of those projects in an early stage of completion.

The reconciliation of segment assets also includes securities and cash, as well as the noon-current and current assets that are not allocated to the business segments. The segment liabilities shown in the consolidation include the liabilities of the Group's headquarters and interest-bearing liabilities such as debt and retirement benefit obligations. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBIT). Investment in property, plant and equipment also includes investment of €6.5 million in intangible assets such as licenses or software (2007: €8.2 million).

Segment reporting by business segment	Civil		Building and Industrial	
€ million	2008	2007	2008	2007
Production output	**4,160.8**	**3,647.3**	**2,020.3**	**1,964.6**
External revenue	2,670.9	2,584.4	1,914.6	1,774.9
Internal revenue	56.9	27.7	75.9	79.7
Total revenue	**2,727.8**	**2,612.1**	**1,990.5**	**1,854.6**
EBIT (segment earnings)	**17.1**	**58.2**	**14.3**	**24.0**
thereof amortization of intangible assets from acquisitions	0.0	0.0	0.0	0.0
thereof depreciation of property, plant and equipment and amortization of other intangible assets	72.4	58.0	4.5	6.7
thereof profit from investments accounted for using the equity method	5.2	2.2	2.5	0.5
Segment assets at December 31	**1,068.9**	**1,192.5**	**283.4**	**383.3**
thereof equity-method investments in associated companies and consortiums	**11.1**	**10.6**	**0.0**	**0.0**
Segment liabilities at December 31	**1,017.0**	**1,193.2**	**581.9**	**543.3**
Investments in property, plant and equipment	**120**	**112**	**13**	**8**
Number of employees at December 31	**14,221**	**16,440**	**3,556**	**3.520**

Segment reporting by region	Germany		Europe excluding Germany	
€ million	2008	2007	2008	2007
Production output	3,429.5	3,039.7	2,988.7	2,365.2
External revenue	3,245.3	2,886.7	2,698.4	2,347.2
Non-current assets at December 31	1,100.0	818.4	293.6	237.3

	Services		Concessions		Total of segments		Consolidation, other		Consolidated Group	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	4,578.4	**3,605.5**	**44.6**	**35.5**	**10,804.1**	**9,252.9**	**–61.8**	**–30.9**	**10,742.3**	**9,222.0**
	4,469.2	3,537.1	678.1	728.0	9,732.8	8,624.4	24.3	9.3	9,757.1	8,633.7
	36.9	23.3	0.0	0.0	169.7	130.7	–169.7	–130.7	0.0	0.0
	4,506.1	**3,560.4**	**678.1**	**728.0**	**9,902.5**	**8,755.1**	**–145.4**	**–121.4**	**9,757.1**	**8,633.7**
	223.8	**167.1**	**9.2**	**–2.1**	**264.4**	**247.2**	**33.7**	**–18.0**	**298.1**	**229.2**
	24.2	13.1	0.0	0.0	24.2	13.1	0.0	0.0	24.2	13.1
	56.7	40.9	0.2	0.2	133.8	105.8	10.2	6.9	144.0	112.7
	3.2	2.5	4.2	4.2	15.1	9.4	0.0	0.0	15.1	9.4
	2,522.6	**1,832.2**	**1,713.7**	**1,530.4**	**5,588.6**	**4,938.4**	**1,184.4**	**1,189.4**	**6,773.0**	**6,127.8**
	10.4	**15.6**	**27.4**	**28.1**	**48.9**	**54.3**	**0.0**	**0.5**	**48.9**	**54.8**
	1,301.8	**951.9**	**1,594.8**	**1,395.3**	**4,495.5**	**4,083.7**	**1,136.5**	**712.2**	**5,632.0**	**4,795.9**
	96	**82**	**1**	**0**	**230**	**202**	**7**	**2**	**237**	**204**
	42,553	**32,196**	**136**	**114**	**60,466**	**52,270**	**457**	**453**	**60,923**	**52,723**

	America		Africa		Asia		Australia		Consolidated Group	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	683.9	678.9	633.5	653.0	431.7	253.5	2,575.0	2,231.7	10,742.3	9,222.0
	912.4	868.5	559.6	519.7	340.2	201.5	2,001.2	1,810.1	9,757.1	8,633.7
	184.4	67.7	15.6	34.2	23.0	15.6	218.0	194.9	1,834.6	1,368.1

General notes

General information

Bilfinger Berger AG is a listed stock corporation with its registered office and headquarters at Carl-Reiss-Platz 1-5, 68165 Mannheim, Germany.

The consolidated financial statements of Bilfinger Berger AG for the year 2008 were released for publication by the Executive Board on February 20, 2009. They are due to be approved by the Supervisory Board in its meeting on March 10, 2009.

The consolidated financial statements of Bilfinger Berger AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are to be applied in the European Union and the complementary guidelines that are applicable pursuant to Section 315a, Subsection 1 of the German Commercial Code (HGB), and are published in the electronic version of the German Federal Gazette ('Bundesanzeiger').

The consolidated financial statements have been prepared in accordance with the principles of historical cost of acquisition and production, with the exception of individual items such as available-for-sale financial assets and derivative financial instruments, which are shown at fair value. The consolidated financial statements have been prepared in euros. All amounts are shown in millions of euros (€ million), unless otherwise stated.

To improve the clarity of presentation, we have combined several individual items of the balance sheet and of the income statement under single headings; they are shown separately and explained in these notes to the consolidated financial statements.

The income statement is presented according to the cost-of-sales method. Unlike in the prior year, 'Amortization of intangible assets from acquisitions' is shown within cost of sales; this removes the need to show the 'EBITA' line. The prior-year figures have been adjusted accordingly.

Profit contributions from operating investments are entered under other operating income or other operating expenses.

Accounting policies

The significant accounting policies applied generally correspond with those applied in the prior year, with the following exceptions:

New or revised International Financial Reporting Standards and Interpretations applied as of January 1, 2008:

- IFRS 8 *Operating Segments*
- IFRIC 12 *Service Concessions Arrangements*
- IFRIC 14/IAS 19 *The Limit on a Defined Benefit Asset, Minimum Finding Requirements and their Interaction*

In addition, as of December 31, 2008, the accounting of retirement benefit obligations has been changed and the option of IAS 19.93A has been utilized.

The material effects of these changes are as follows:

IFRS 8 *Operating Segments*

The new standard IFRS 8 supersedes IAS 14 Segment Reporting and is applicable for the first time for reporting years that begin on or after January 1, 2009. Bilfinger Berger has applied this change ahead of time as of January 1, 2008. IFRS 8 follows a management approach. There is no impact on the allocation of the business segments. The prior-year figures have also been adjusted to the new standard.

IFRIC 12 *Service Concessions Agreements*

In the year under review, for the first time, concession projects are accounted for with application of IFRIC 12 Service Concessions Agreements. The changeover has been made retroactively. The changes primarily affect the recognition and measurement of income from concession projects and lead to an increase in the interest result from concession projects and to a decrease in revenues. The prior-year figures have been adjusted, leading to a reduction in revenues and a corresponding increase in other operating income of €3.7 million (reclassification). The effect on earnings before taxes for the previous years of €0.2 million was not material; for this reason, the prior-year result has not been adjusted.

Effects of utilizing the option of IAS 19.93A

Accounting for retirement benefit obligations has been changed as of December 31, 2008. The option has been utilized of accounting for actuarial gains and losses according to the third option of IAS 19.93A as part of the retirement benefit obligation or of the plan assets and entering them in equity with no effect on profit and loss. The prior-year figures have been adjusted accordingly. This accounting change increases equity by €21.4 million at the end of the prior year. Of that total, €21.0 million is accounted for by actuarial gains and €0.4 million by retained earnings. The equity increase is reflected by a reduction in the retirement benefit obligation of €12.6 million, an increase in non-current other financial assets of €17.8 million and an increase in deferred tax liabilities of €9.0 million. At the same time, the plan assets presented in the prior-year financial statements of €6.8 million have been reclassified from current into non-current other financial assets. The prior-year figures in the income statement have not been adjusted, as earnings before taxes in 2007 would only have increased by €0.2 million.

International Financial Reporting Standards and Interpretations already published but not applied:

IAS 1 *Presentation of Financial Statements*
The revision of IAS 1 regulates the basis and structure of financial statements and also includes minimum requirements for the contents of financial statements (first application for annual periods beginning on or after January 1, 2009).

IFRS 3 *Business Combinations*
The revision of IFRS 3 relates in particular to the introduction of options for measurement of any non-controlling interest (NCI, formerly called minority interest) – the purchased-goodwill method or the full-goodwill method, as well as the remeasurement through profit and loss of business combinations achieved in stages (step acquisition) and the measurement of contingent consideration (first application for annual periods beginning on or after July 1, 2009).

IFRS 2 *Share-based Payment*
The revision of IFRS 2 relates to the precise definition of vesting conditions and regulates the accounting treatment of canceled commitments (first application for annual periods beginning on or after January 1, 2009).

IAS 23 *Borrowing Costs*
The revision of IAS 23 removes the option offered by the current standard of immediately recognizing as an expense the borrowing costs that can be directly allocated to a qualifying asset. In the future, these borrowing costs must be capitalized as cost of acquisition or production (first application for annual periods beginning on or after January 1, 2009).

IAS 27 *Consolidated and Separate Financial Statements*
The revision of IAS 27 relates in particular to accounting for minority interests, which in the future will participate fully in any losses made by an entity, and to transactions that lead to the loss of control over a subsidiary (first application for annual periods beginning on or after July 1, 2009).

IAS 32 *Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – cancelable financial instruments and obligations in the case of liquidation*
The amendments to IAS 32 and IAS 1 include some small exceptions allowing for the classification of cancelable financial instruments as equity if they fulfill certain criteria (first application for annual periods beginning on or after January 1, 2009).

IAS 39 *Financial Instruments: Recognition and Measurement – qualifying underlying transactions*
The amendments to IAS 39 put into explicit form how the principles contained in IAS 39 for the presentation of hedging transactions are to be applied to the designation of a single-valued risk in an underlying transaction and to the designation of inflation risks as underlying transactions. It is made clear that it is permissible to designate only part of the change in the fair value or the cash-flow fluctuations of a financial instrument as the underlying transaction (first application for annual periods beginning on or after July 1, 2009).

Improvements to the International Financial Reporting Standards 2008
The general standard, published in connection with the first annual update, contains a series of changes to various standards relating to the removal of inconsistencies and the clarification of certain formulations. It consists of 35 changes and is divided into two parts: changes in accounting related to presentation, recognition and valuation as well as terminological and editorial changes (to be applied for the first time – unless indicated otherwise – for reporting years that begin on or after January 1, 2009).

IFRIC 13 *Customer Loyalty Programs*
This interpretation regulates the accounting of customer loyalty programs at entities that either offer their own loyalty programs or participate in loyalty programs of other companies (first application for annual periods beginning on or after July 1, 2008).

IFRIC 15 *Agreements for the Construction of Real Estate*
This interpretation includes regulations determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18 (first application for annual periods beginning on or after January 1, 2009).

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
This interpretation provides guidance for accounting for a hedge of a net investment in a foreign operation (first application for annual periods beginning on or after October 1, 2008).

IFRIC 17 *Distribution of Non-cash Assets to Owners*
This interpretation deals with accounting of non-cash distributions (first application for annual periods beginning on or after July 1, 2009).

IFRIC 18 *Transfers of Assets from Customers*
The interpretation deals with agreements by which a company receives an asset from a customer which the company must then either use in order to connect the customer to a power network or in order to provide the customer with long-term access to the supply of goods or services (to be applied for the first time for reporting years which begin on or after July 1, 2009).

At the balance sheet date, IAS 1, IFRS 3, IAS 27, IAS 32, IAS 39 as well as IFRIC 12 and IFRIC 15-18 had not yet been recognized by the EU Commission in the context of the endorsement procedure. The future application of the standards and interpretations is unlikely to have any material effects in the asset position, cash flows or profitability of the Bilfinger Berger Group, apart from the required additional disclosure in the notes to the consolidated financial statements.

1. Consolidated Group

In addition to Bilfinger Berger AG, 5 subgroups and 41 companies in Germany along with 6 subgroups and 46 companies based outside Germany have been included in the consolidated financial statements. Of these, 5 companies in Germany and 10 companies based outside Germany have been consolidated for the first time in the year under review. A further 19 companies have been accounted for using the equity method.

The most important subgroups and companies included in the consolidated financial statements are shown in the list of principal holdings. Information disclosed pursuant to Section 313, Subsection 2 of the German Commercial Code (HGB) is summarized in a separate list of equity interests, including a complete list of all the subsidiaries that apply the disclosure facilitation pursuant to Section 264, Subsection 3 of the HGB. This list is published as a component of the notes to the consolidated financial statements in the electronic version of the German Federal Gazette ('Bundesanzeiger').

In the year 2008, payments were made for equity interests in companies in an amount of €401 million (after netting off with acquired cash and cash equivalents).

In the Industrial Services division, we acquired 100 percent interests in the Australian companies Clough Engineering & Maintenance Pty. Ltd., Brisbane, (effective January 24, 2008) and iPower Solutions Pty. Ltd., Brisbane, (effective February 28, 2008) for a total purchase price of €40 million, of which €10 million has been recognized as a purchase price liability for earn-out agreements.

Effective April 1, 2008, we acquired an 85 percent equity interest and the right to the transfer of the remaining 15 percent in the Norwegian companies Hydro Production Partner Holding AS, Porsgrunn, and Produksjonstjenester AS, Porsgrunn, for a total purchase price of €111 million, of which €12 million has been recognized as a purchase price liability.

In addition, effective July 17, 2008, we acquired Tepsco L.P. domiciled in Houston, Texas, a provider of services for the processing industry, for a purchase price of €118 million, of which €45 million has been recognized as a purchase price liability for earn-out agreements.

In the Facility Services division, effective July 1, 2008, we acquired a 100 percent interest in M+W Zander D.I.B. Facility Management GmbH, Nuremberg, for a purchase price of €186 million.

Furthermore, several smaller companies were acquired in the Services business segment for a total purchase price of €15 million.

€43 million were applied for the settlement of purchase price liabilities and the acquisition of minority interests.

In 2007, payments of €50 million were made for acquisitions of equity interests (after netting off with acquired cash).

In the Industrial Services division, in 2007 companies were acquired for a total purchase price of €48 million, of which €7 million is still open as a purchase price liability. The main acquisitions were OKI Swiss AG, Gebenstorf (Switzerland) / 55 percent (effective January 24, 2007), BIS O'Hare Limited, Runcorn, Cheshire (United Kingdom) / 100 percent (effective May 14, 2007), Peters Engineering AG, Ludwigshafen / 51 percent (effective August 20, 2007) and Desarrollo e Ingenieria del Andiamo S.A., Ferrol (Spain) / 90 percent (effective December 20, 2007).

In the Power Services division, in 2007 companies were acquired for a total purchase price of €7 million. The main acquisitions were Steinmüller Africa (pty) Ltd., Rivonia (South Africa) / 100 percent (effective April 29, 2007) and Duro Dakovic Montaza d.d., Slavonsiki Brod (Croatia) / 24.9 percent (effective August 28, 2007).

In the Facility Services division, in 2007 companies were acquired for a total purchase price of €18 million, of which €4 million is still open as a purchase price liability. The main acquisitions were EPM Swiss Property Management AG, Wallisellen (Switzerland) (effective July 1, 2007), BerlinKonzept Immobilien Verwaltungs GmbH, Berlin / 100 percent (effective July 1, 2007), iNTACT Technische Gebäudemanagement Ges. m.b.H., St. Pölten (Austria) / 90 percent (effective October 15, 2007) and FSMA Facility Service Management Ges. mbH, Vienna (Austria) / 90 percent (effective December 13, 2007).

At the respective times of acquisition, the newly acquired companies had the following effects on the Group's assets and liabilities:

Effects at the time of acquisition	2008	2007
€ million		
Goodwill	390.3	32.6
Intangible assets from acquisitions	93.5	20.1
Non-current assets	62.8	3.8
Current assets (excluding cash and cash equivalents)	190.0	35.4
Cash and cash equivalents	46.6	12.6
Total assets	**783.2**	**104.5**
Retirement pension obligation	92.7	0.0
Provisions	18.8	4.7
Financial debt	4.7	3.4
Other liabilities	197.0	23.4
Total liabilities	**313.2**	**31.5**
Purchase price	**470.0**	**73.0**

With the exception of capitalized intangible assets from acquisitions, most of the capitalized fair values correspond with the book values at the acquired companies.

Since the respective dates of first-time consolidation, the companies acquired in 2008 generated revenues of €607.0 million (2007: €55.5 million) and EBIT (after amortization of intangible assets from acquisitions of €8.2 million (2007: €3.2 million)) of €14.9 million (2007: €2.7 million).

In full-year 2008, the companies acquired during that year generated total revenues of €1,005.2 million (2007: €106.5 million) and EBIT (after amortization of intangible assets from acquisitions of €13.2 million (2007: €4.8 million)) of €21.8 (2007: €6.2 million).

Disposals of companies

On December 10, 2008, we sold 100 percent of the shares of our French civil-engineering company, Razel S.A. The sale proceeds of €137 million resulted in a book gain of €90 million. In addition, several smaller companies were sold for total proceeds of €25 million and a book gain of €17 million.

Effects of sale of Razel	**2008**
€ million	
Goodwill	–1.9
Non-current assets	–53.1
Current assets (excluding cash and cash equivalents)	–258.4
Cash and cash equivalents	–69.8
Total assets	**–383.2**
Retirement pension obligation	–3.8
Provisions	–45.2
Financial debt	–34.9
Other liabilities	–252.3
Total liabilities	**–336.2**
Net assets on disposal	**–47.0**
Sale price	**137.0**
Gain on sale	**90.0**

2. Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current market values irrespective of the size of the minority interest. Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3 / IAS 36. Any negative differences are released immediately after acquisition with a corresponding negative effect on profit. At deconsolidation, the residual book values of the asset differences are taken into consideration in the calculation of income from the disposal. The same principles apply to valuations according to the equity method, whereby any goodwill is reflected in the value of the equity holding.

Receivables, liabilities, income and expenses between consolidated companies have been netted off. Non-current assets and inventories resulting from Group output have been adjusted to exclude any intercompany profits. Deferred taxes from consolidation processes affecting profit have been charged to subsequent years.

3. Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the exchange rates on the balance-sheet date; expenses and income are translated using the average exchange rates for the year. The aggregate differences compared with translation on the balance-sheet date are entered separately in equity.

Currency translation took place using the following key exchange rates:

		Annual average		At December 31	
1 € =		**2008**	**2007**	**2008**	**2007**
Australia	AUD	1.7430	1.6356	2.0257	1.6775
United Kingdom	GBP	0.7972	0.6847	0.9600	0.7346
Canada	CAD	1.5611	1.4680	1.7160	1.4440
Qatar	QAR	5.3548	4.9892	5.1320	5.3540
Nigeria	NGN	174.9118	172.5000	196.8100	174.2000
Norway	NOK	8.2381	8.0151	9.7900	7.9650
Poland	PLN	3.5152	3.7821	4.1823	3.5928
Romania	RON	3.6834	3.3367	3.9994	3.5910
Sweden	SEK	9.6282	9.2518	10.9150	9.4350
Switzerland	CHF	1.5866	1.6432	1.4860	1.6557
South Africa	ZAR	12.0794	9.6585	13.1698	10.0300
Czech Republic	CZK	24.9588	27.7543	26.5850	26.5750
Hungary	HUF	251.7292	251.3442	264.5050	252.3250
United Arab Emirates	AED	5.4028	5.0292	5.1340	5.4050
United States	USD	1.4710	1.3709	1.3977	1.4716
People's Republic of China	CNY	10.2273	10.4218	9.6090	10.7400

4. Significant accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between 3 and 8 years. In accordance with IFRS 3 / IAS 36, goodwill and other intangible assets with an indefinite or unlimited useful life are no longer amortized. Instead, these items are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

Property, plant and equipment are valued at the cost of acquisition or production. Their loss in value is accounted for by regular, straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are attributable to the production process, either directly or indirectly. Repair costs are always treated as an incurred expense.

Buildings are depreciated over a useful life of 20 to 50 years using the straight-line method. The useful life of technical equipment and machinery is generally between 3 and 10 years; other equipment including office and factory equipment is usually depreciated over 3 to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying value. The recoverable amount represents the higher of the net selling price and the present value of estimated future cash flows. If the reason for an impairment loss recognized in prior years no longer applies, the book value is increased again accordingly. Impairment tests are carried out at the level of the smallest cash-generating unit.

With lease agreements where the risks and rewards of ownership of the leased object are allocated to a company of the Bilfinger Berger Group (finance leases), the item is capitalized at the lower of its fair value or the present value of the lease payments. Systematic depreciation takes place over the useful lifetime. The payment obligations resulting from future lease payments are recognized under financial liabilities.

Investments accounted for using the equity method – associated companies and jointly controlled entities – are valued with consideration of the prorated earnings of the company, any dividend distributions that have taken place, as well as any goodwill impairments which may have been recognized.

Joint Ventures are contractual agreements in which two or more parties carry out a business activity under shared management. This also includes jointly controlled operations such as construction consortiums, which, in accordance with IAS 31, are accounted for as follows. Bilfinger Berger as a partner in a joint venture or consortium recognizes in its financial statements the assets it controls and the liabilities and expenses it incurs, and its share of income from the sale of goods and services. Assets and liabilities remaining with the jointly controlled operations or consortiums lead to proportionate shares of earnings, which are accounted for using the equity method and recognized under receivables or payables due to joint ventures.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for future relief from tax-loss carryovers if their realization can be reasonably expected. Deferred tax assets and liabilities from temporary differences are netted off provided that offsetting is legally possible.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured at cost of acquisition or production or at net realizable value on the balance-sheet date if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying values are increased accordingly. Production costs include all costs that are attributable to the production process, either directly or indirectly. Financing costs are not taken into consideration.

Non-current assets held for sale are classified as such and shown separately in the balance sheet if the related carrying value is to be mainly realized through a sale transaction and not through continued use. These assets are measured at their carrying values or at fair value less cost to sell if this is lower, and are no longer depreciated. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying value. Any impairment reversals due to an increase in fair value less cost to sell are limited to the amount of the impairment loss previously recognized on an asset.

Other assets comprise non-financial assets that are not allocated to any other balance sheet item. They are measured at the lower of cost of acquisition or fair value.

The purchase, sale and cancellation of *own shares* are not recognized in profit and loss. At the time of acquisition, own shares are charged to equity in the amount of the purchase costs.

Retirement benefit obligations are calculated for defined benefit pension plans using the projected unit credit method, with consideration of future salary and pension increases. The accounting of retirement benefit obligations was changed as of December 31, 2008. The option has been utilized of accounting for actuarial gains and losses according to the 'third option' provided by IAS 19.93A as part of the retirement benefit obligation or of the plan assets and charging them to equity with no effect on profit and loss. As far as possible, the fair value of pension plan assets is set off. The interest component contained in the pension expense is recognized as an interest expense in financial income.

Provisions are recognized if there is a present liability resulting from a past event, its occurrence is more likely than unlikely, and the level of the liability can be reliably estimated. Provisions are carried at settlement values and are not set off against positive profit contributions. Provisions are only recognized for legal or factual obligations towards third parties.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as a company becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value including transaction costs. Subsequent measurement of financial instruments is either at amortized cost or fair value, depending on the allocation of the instrument to the categories stipulated in IAS 39. No use is made of the possibility to designate financial instruments, on initial recognition, to be measured at fair value with value changes recognized in profit and loss (fair value option).

IAS 39 classifies financial assets into four *categories*:

Financial assets held for trading (financial assets at fair value through profit or loss) (FAHfT)
Held-to-maturity investments (HtM)
Loans and receivables (LaR)
Available-for-sale financial assets (AfS)

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale and those that are not classified to any of the other three categories of financial assets listed above.

Financial liabilities are divided into the following categories:

Financial liabilities held for trading (financial liabilities at fair value through profit or loss) (FLHfT)
Financial liabilities at amortised cost (FLAC)

The amortized cost of a financial asset or a financial liability is calculated using the effective interest method from the historical cost of acquisition minus capital repaid plus or minus the accumulated amortization of any difference between the original amount and the amount repayable at maturity and minus any impairments or reversals.

With current receivables and payables, amortized cost is generally equal to the nominal amount or the repayment amount.

Fair value is generally equal to the market or stock exchange value. If no active market exists, as far as possible fair value is calculated using recognized financial-mathematical methods (discounted cash flow method and option pricing model).

Receivables from concession projects are measured at amortized cost. Receivables from concession projects relate to all services provided for the performance of public-private-partnership (PPP) projects for which a fixed payment has been agreed, independent of the degree of usage.

Equity interests in non-listed companies shown under *other non-current financial assets* are classified as available-for-sale financial assets. They are measured at fair value if that value can be reasonably estimated; otherwise they are measured at amortized cost. Initial measurement is at the settlement date. Unrealized gains and losses from changes in fair value are recognized in equity with no impact on profit and loss, with due consideration of deferred taxes.

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. Possible default risks are reflected by allowances for bad debts on separate impairment accounts. Individual impairments are recognized if there is an indication of a loss in value such as delayed payment or if there is information on the contracting party's significant financial difficulties and the present value of the expected future payments plus any payments from the disposal of sureties or other risk-reducing agreements is lower than the carrying value. Irrecoverable receivables are written off.

Receivables from construction contracts are accounted for in accordance with IAS 11 with the use of the percentage-of-completion method. Revenue is recognized in relation to the percentage of completion of each order.

The percentage of completion is generally determined on the basis of the output that has been produced at the balance sheet date. If, for construction contracts, output has been produced which exceeds the amount that has been invoiced for progress payments, this excess is shown under *trade receivables*. If the amount that has been invoiced is higher than the output produced, this excess is shown under *liabilities from percentage of completion*. Receivables from percentage of completion correspond with the balance of progress payments invoiced less progress payments received; they are shown together with trade receivables. Anticipated contract losses are accounted for in full from the time that they become known.

Receivables from the provision of services are accounted for in accordance with IAS 18 also with the use of the percentage of completion method – provided that the conditions for application are fulfilled – and are presented analogously to receivables from construction contracts.

Construction contracts processed in consortiums are measured according to the percentage-of-completion method. Receivables from and payables to consortiums take account not only of payments received and made, but also of internal cost allocations and prorated profits on orders.

Securities are measured at fair value. Changes in the market prices of securities held for trading are recognized in profit and loss. Changes in the market prices of other securities measured at fair value are recognized in retained earnings (fair valuation of securities reserve) with no effect on profit and loss, with due consideration of deferred taxes. With these securities, impairment losses are recognized if there is any indication of a lasting reduction in value.

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost.

Financial liabilities primarily comprise *financial debt* and *other financial liabilities*. With the exception of derivative financial instruments, they are measured at amortized cost.

Derivative financial instruments are used solely to hedge against interest-rate and currency exchange-rate risks. Purely speculative transactions without any underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures, currency options as well as interest-rate and inflation swaps.

In accordance with IAS 39, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). Initial recognition is on the trading day.

The fair values of the currency and interest derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted cash flow method and option pricing model).

With derivative financial instruments related to hedging transactions, measurement depends on changes in fair value due to the type of hedging transaction.

The goal of hedging with the use of a fair-value hedge is to offset changes in the fair values of balance-sheet assets and liabilities, or of off-balance fixed obligations, through opposing changes in the market value of the hedging transaction. The carrying value of the hedged underlying transaction is adjusted to changes in market values if these changes result from the hedged risk factors. The changes in market values of the hedging transactions and the adjustments of carrying values of the hedged underlying transactions are recognized in profit or loss.

Cash-flow hedges are used to safeguard future cash flows from assets or liabilities recognized in the balance sheet or from transactions that are planned with a high degree of certainty. Changes in the effective part of the fair value of a derivative are at initially recognized in equity with no effect on profit and loss, with due consideration of deferred taxes (hedging transactions reserve), and are only recognized in profit and loss when the hedged underlying transaction is realized. The ineffective part of the hedging transaction is recognized immediately in profit or loss.

Derivative financial instruments that are not related to a hedging transaction as defined by IAS 39 are deemed to be financial assets or financial liabilities held for trading. For these financial instruments, changes in fair value are immediately recognized in profit or loss.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price on the balance-sheet date with consideration of a discount due to the lack of dividend entitlement. Allocations to provisions are made and recognized in profit and loss for the respective periods of time. Details of the Long-Term Incentive Plan (LTI) for the Executive Board, which allows for the granting of Performance Share Units (PSU), are provided in the remuneration report, which is a component of the management report.

Revenue from construction contracts is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. The percentage of completion is mainly calculated on the basis of the ratio on the balance sheet date of the output volume already delivered to the total output volume to be delivered. The percentage of completion is also calculated from the ratio of the actual costs already incurred on the balance sheet date to the planned total costs (cost-to-cost method). If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero profit method in the amount of the costs incurred and probably recoverable.

Revenue from the provision of services is recognized in accordance with IAS 18.20 with the use of the percentage of completion method – provided that the conditions for application are fulfilled. In the area of services, percentage of completion is mainly calculated using the cost-to-cost method.

Revenue from the sale of goods and the provision of services for which the conditions for the application of the percentage of completion method are not fulfilled is recognized according to the criteria of IAS 18.14 (revenue recognition on the transfer of ownership and economic benefits).

In the context of concession projects, construction services provided are recognized as revenue in accordance with IAS 11 using the percentage of completion method.

In the operating phase of concession projects, the recognition of revenue from operator services depends upon whether a financial or an intangible asset is to be received as consideration for the construction services provided.

If a financial asset is to be received, i.e. the operator receives a fixed payment from the client independent of the extent of usage, revenue from the provision of operator services is recognized according to IAS 18 using the percentage of completion method. The percentage of completion is calculated using the cost-to-cost method.

If an intangible asset is to be received, i.e. the operator receives payments from the users or from the client depending on usage, the usage payments are recognized as revenue according to IAS 18 generally in line with the extent of usage of the infrastructure by the users.

If the operator receives both usage-dependent and usage-independent payments, revenue recognition is split in accordance with the ratio of the two types of payment.

Expenditure for *research and development* such as for the further development of processes and special innovative technical proposals for individual projects is generally recognized in the income statement on a project-related basis.

Assessments and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period. The assumptions and estimates primarily relate to the calculation of project results, the recoverability of receivables, the recognition and measurement of provisions, the assessment of the realization of deferred tax assets and the planning figures used as a basis for the annual impairment tests carried out on goodwill. The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may diverge from the originally anticipated estimates.

At the time of preparing the consolidated financial statements, the basic premises and estimates were not subject to any significant risks, so from the present perspective, no significant adjustment of the carrying amounts of assets and liabilities shown in the consolidated balance sheet is to be anticipated in the following year.

Notes to the income statement *

5. Revenues

Revenue of €6,315.5 million (2007: €5,575.7 million) includes revenue resulting from the application of the percentage-of-completion method. It also includes goods and services supplied to joint ventures and consortiums as well as shares in results of such joint ventures and consortiums.

The main joint ventures and consortiums are related to the following transport infrastructure projects:

	Bilfinger Berger's share	Share of order value	Share of output volume in 2008
North South Bypass Tunnel, Brisbane / Australia	50%	606	236
Gateway Upgrade Project, Brisbane / Australia	50%	349	134
Golden Ears Bridge, Vancouver / Canada	67%	332	123
Transco, Sedrun / Switzerland	28%	285	37
A1 Hamburg – Bremen	65%	273	11
E 18 Grimstad – Kristiansand / Norway	56%	224	96
M6 Dunaújvaros-Szekszárd / Hungary	50%	219	25
Southern Region Water Pipeline Alliance, South East Queensland / Australia	50%	217	132
Port Botany, Sydney / Australia	73%	188	44

For the representation of the Group's total output volume, particularly when taking into consideration the pro-rated output volumes of joint ventures and consortiums, the output volumes of the individual segments and regions are summarized as follows:

	2008	2007
Business segments		
Civil	4,161	3,647
Building and Industrial	2,020	1,965
Services	4,578	3,606
Concessions	45	35
Consolidation, other	–62	–31
Total	**10,742**	**9,222**
Regions		
Germany	**3,430**	**3,040**
Rest of Europe	2,989	2,365
Africa	633	653
America	684	679
Asia	432	253
Australia	2,575	2,232
International	**7,313**	**6,182**
Total	**10,742**	**9,222**

* Amounts in € million, unless otherwise stated

6. Other operating income and expenses

	2008	2007
Other operating income	204.8	75.9
Other operating expenses	–103.8	–45.5
Net	**101.0**	**30.4**

Other operating income

	2008	2007
Gains on the disposal of property, plant and equipment	21.6	9.7
Income from the reversal of impairments on trade receivables	1.4	4.5
Gains on currency translation	7.0	5.6
Income from operating investments	126.7	23.3
Other income	48.1	32.8
Total	**204.8**	**75.9**

The increase in income from the disposal of property, plant and equipment resulted from the sale of office buildings used by the Group.

Income from operating investments is comprised as follows:

	2008	2007
Income from equity investments	3.9	3.4
Income from investments accounted for using the equity method	15.7	10.3
Income from the disposal and write-up of equity investments	107.1	9.6
Total	**126.7**	**23.3**

Income from the disposal of equity investment primarily comprises the gain of €90 million realized on the sale of Razel S.A., France.

The interest income from concession projects shown under other operating income is comprised as follows. The prior-year figures have been adjusted in accordance with IFRIC 12.

	2008	2007
Interest income on receivables from concession projects	87.6	59.6
Minus net of interest expenses (non-recourse financing) and interest from the investment of non-utilized-project-financing funds	–84.4	–54.9
	3.2	**4.7**

Other income also includes a large number of items of minor individual amounts.

Other operating expenses

	2008	2007
Losses on the disposal of property, plant and equipment	2.7	2.3
Impairments of trade receivables	9.6	8.6
Losses on currency translation	9.2	4.2
Expenses from operating investments	2.1	2.6
Other expenses	80.2	27.8
Total	**103.8**	**45.5**

Expenses from operating investments are comprised as follows:

	2008	2007
Expenses from investments accounted for using the equity method	0.7	0.9
Expenses from the disposal and impairment of equity investments	1.4	1.7
Total	**2.1**	**2.6**

7. Other information on EBIT

Material expenses

	2008	2007
Cost of raw materials, supplies and purchased goods	1,888.6	1,649.9
Cost of purchased services	3,927.3	3,532.8
Total	**5,815.9**	**5,182.7**

Personnel expenses

	2008	2007
Wages and salaries	2,238.6	1,911.3
Social-security levies and pension contributions	414.9	374.4
Total	**2,653.5**	**2,285.7**

Depreciation and amortization

	2008	2007
Intangible assets	7.4	6.1
Intangible assets from acquisitions	24.2	13.1
Property, plant and equipment	136.6	106.6
Total	**168.2**	**125.8**

In accordance with IFRS 3 / IAS 38, in connection with acquisitions, intangible assets are recognized to reflect customer relations such as order backlogs and framework agreements. The amortization of these intangible assets has previously been shown as a separate item; as of the year 2008, it is included in cost of sales, with the corresponding adjustment of prior-year figures.

8. Interest result

The interest result comprises the following items of the income statement:

		2008		2007
Interest income		**33.8**		**31.4**
Interest expense		–21.7		–14.8
Interest expense from additions to retirement benefit obligation	–16.3		–13.0	
Interest income from pension plan assets	6.7	–9.6	6.5	–6.5
Interest expense		**–31.3**		**–21.3**
Gain on disposal of securities		1.0		1.0
Interest expense for minority interests		–18.0		–12.5
Other financial expense		**–17.0**		**–11.5**
Total		**–14.5**		**–1.4**

Interest income is primarily earned on cash deposits. Current interest expense is mainly incurred on financial debt excluding non-recourse debt.

€11.6 million (2007: €11.8 million) of the interest expense for minority interests reflects the share in profits of the minority interests, which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32. €6.4 million (2007: 0.7 million) of the interest expense for minority interests reflects the interest compounded on purchase price liabilities from the acquisition of equity interests.

9. Income tax expense

Income tax expense is the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. These expected tax rates are derived from the statutory regulations that are in force or planned on the balance-sheet date.

	2008	2007
Actual taxes	114.9	54.6
Deferred taxes	–35.7	33.3
Total	**79.2**	**87.9**

The actual tax expense of Bilfinger Berger AG is derived from the applicable tax rate as follows:

	2008	2007
Earnings before income taxes	283.6	227.8
Theoretical tax expense at 30.95% (2007: 38.65%)	87.8	88.0
Tax-rate differences	–2.7	–7.8
Tax-rate effects of non-deductible expenses and tax-free income	–17.6	7.7
Losses for which no deferred tax assets are capitalized and changes in value adjustments	10.2	1.5
Taxes from other accounting periods	1.5	–1.5
Income tax expense	**79.2**	**87.9**

Due to the reform of corporate income tax, which took effect in Germany on January 1, 2008, the effective tax rate for Bilfinger Berger AG decreased to 30.95 percent (2007: 38.65 percent).

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	2008	2007	2008	2007
Non-current assets	2.9	4.9	89.8	49.8
Current assets	40.0	33.2	73.8	95.3
Provisions	54.8	40.9	19.7	18.4
Liabilities	104.4	9.0	2.0	1.6
Tax-loss carryforwards	44.3	51.4	0.0	0.0
Netting off	–58.0	–35.3	–58.0	–35.3
Shown in the balance sheet	**188.4**	**104.1**	**127.3**	**129.8**

In 2008, an amount of €52.7 million (2007: minus €9.8 million) for tax revaluations was recognized in equity with no effect on profit and loss.

The total amount of deferred tax assets of €188.4 million (2007: €104.1 million) includes tax-reduction claims of €44.3 million (2007: €51.4 million) resulting from the expected utilization of existing tax-loss carryforwards in subsequent years. The realization of the tax-loss carryforwards is reasonably certain. Non-capitalized tax-loss carryforwards for corporate income tax and comparable taxes outside Germany amount to €158 million (2007: €120 million). Of that total, €142 million (2007: €116 million) can be utilized without any time limit. Bilfinger Berger AG also has tax-loss carryforwards for trade tax of €330 million (2007: €350 million) which are utilizable without any time limit.

Deferred tax liabilities for tax payments on possible future dividend payments out of subsidiaries' retained earnings have not been recognized if these earnings are required for the long-term financing of the respective subsidiaries.

10. Earnings per share

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding.

		2008	2007
Net profit		200.4	134.1
Weighted average number of shares issued		35,752,666	37,196,102
Basic earnings per share	in €	**5.61**	**3.60**
Diluted earnings per share	in €	**5.61**	**3.60**

Notes to the balance sheet *

11. Intangible assets

Cost of acquisition or production	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2006	**42.6**	**659.8**	**77.2**	**0.7**	**780.3**
Changes in the consolidated Group	1.0	32.6	20.1	0.0	53.7
Additions	7.6	12.9	0.0	0.6	21.1
Disposals	1.6	0.4	4.6	0.1	6.7
Reclassifications	0.3	0.0	0.0	–0.6	–0.3
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.1	–4.9	–0.1	0.0	–4.9
December 31, 2007	**50.0**	**700.0**	**92.6**	**0.6**	**843.2**

Accumulated amortization and impairment	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2006	**26.0**	**0.0**	**16.0**	**0.0**	**42.0**
Changes in the consolidated Group	1.0	0.0	0.0	0.0	1.0
Additions	6.1	0.0	13.1	0.0	19.2
Disposals	1.1	0.0	4.6	0.0	5.7
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	–0.2	0.0	–0.2
December 31, 2007	**32.0**	**0.0**	**24.3**	**0.0**	**56.3**
Carrying amount at December 31, 2007	**18.0**	**700.0**	**68.3**	**0.6**	**786.9**

* Amounts in € million, unless otherwise stated

Cost of acquisition or production	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	**Total**
December 31, 2007	**50.0**	**700.0**	**92.6**	**0.6**	**843.2**
Changes in the consolidated Group	3.4	388.4	93.5	–0.7	484.6
Additions	4.9	17.0	0.1	0.9	22.9
Disposals	0.4	5.0	4.0	0.0	9.4
Reclassifications	–1.2	0.0	1.6	–0.2	0.2
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	–1.0	–17.6	–3.2	0.0	–21.8
December 31, 2008	**55.7**	**1,082.8**	**180.6**	**0.6**	**1,319.7**

Accumulated amortization and impairment	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	**Total**
December 31, 2007	**32.0**	**0.0**	**24.3**	**0.0**	**56.3**
Changes in the consolidated Group	2.3	0.0	1.1	0.0	3.4
Additions	7.4	0.0	24.2	0.0	31.6
Disposals	0.4	0.0	4.0	0.0	4.4
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	–0.9	0.0	–1.6	0.0	–2.5
December 31, 2008	**40.4**	**0.0**	**44.0**	**0.0**	**84.4**
Carrying amount at December 31, 2008	**15.3**	**1,082.8**	**136.6**	**0.6**	**1,235.3**

Within the context of carrying out the annual impairment tests in accordance with IFRS 3 / IAS 36, goodwill has been allocated to the relevant cash-generating units. This is allocated to the business segments as follows:

	2008	2007
Civil	59	74
Building and Industrial	11	10
Services	1,013	616
Concessions	0	0
Total	**1,083**	**700**

The fair values allocated to these units as of the balance-sheet date correspond with their values in use, which are derived from their discounted future cash flows. The calculation is based on the planning figures over a three-year period. For the period thereafter, for the sake of a cautious valuation, constant cash flows were assumed, whereby future growth opportunities were not taken into consideration. The discount rate used for the future cash flows is equal to the business segments' cost-of-capital rate, as used in our system of return-on-capital-employed controlling. The discount rate used for the construction business units is 13 percent and for the Services business segment it is 9 percent.

A comparison of the fair values attributed to the units with their carrying values including goodwill did not result in any need for impairments; nor would a significant increase in the discount rate or significant negative deviations from the planning premises result in any need to impair goodwill.

The intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations (e.g. order backlogs and framework agreements) and are amortized over their useful lives using the straight-line method.

12. Property, plant and equipment

Cost of acquisition or production	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	**Total**
December 31, 2006	**423.3**	**595.7**	**356.4**	**16.0**	**1.391.4**
Changes in the consolidated Group	–17.6	1.0	2.4	0.0	–14.2
Additions	9.6	102.7	71.6	11.9	195.8
Disposals	5.9	88.6	25.6	0.5	120.6
Reclassifications	–114.8	–8.6	14.6	–18.4	–127.2
Currency adjustments	–1.4	–1.8	–1.0	0.1	–4.1
December 31, 2007	**293.2**	**600.4**	**418.4**	**9.1**	**1.321.1**

Accumulated depreciation and amortization	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	**Total**
December 31, 2006	**144.0**	**405.9**	**234.2**	**0.0**	**784.1**
Changes in the consolidated Group	–9.7	0.8	1.5	0.0	–7.4
Additions	12.3	53.8	40.5	0.0	106.6
Disposals	3.9	82.3	22.1	0.0	108.3
Reclassifications	–34.5	–6.1	7.4	0.0	–33.2
Currency adjustments	–0.5	–1.2	–0.2	0.0	–1.9
December 31, 2007	**107.7**	**370.9**	**261.3**	**0.0**	**739.9**
Carrying amount at December 31, 2007	**185.5**	**229.5**	**157.1**	**9.1**	**581.2**
thereof, finance leasing **Carrying amount at December 31, 2007**	**9.6**	**54.8**	**17.6**	**0.0**	**82.0**

Cost of acquisition or production	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2007	**293.2**	**600.4**	**418.4**	**9.1**	**1,321.1**
Changes in the consolidated Group	–23.7	–86.0	22.9	–2.0	–88.8
Additions	28.1	99.8	82.1	20.5	230.5
Disposals	11.5	36.0	29.7	0.4	77.6
Reclassifications	1.3	2.8	–0.1	–4.1	–0.1
Currency adjustments	–6.5	–30.9	–18.5	–1.3	–57.2
December 31, 2008	**280.9**	**550.1**	**475.1**	**21.8**	**1,327.9**

Accumulated depreciation and amortization	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2007	**107.7**	**370.9**	**261.3**	**0.0**	**739.9**
Changes in the consolidated Group	–12.6	–57.4	12.1	0.0	–57.9
Additions	15.1	68.5	52.9	0.0	136.5
Disposals	5.0	32.9	26.0	0.0	63.9
Reclassifications	–0.3	1.3	–1.0	0.0	0.0
Currency adjustments	–1.5	–13.9	–10.6	0.0	–26.0
December 31, 2008	**103.4**	**336.5**	**288.7**	**0.0**	**728.6**
Carrying amount at December 31, 2008	**177.5**	**213.6**	**186.4**	**21.8**	**599.3**
thereof, finance leasing **Carrying amount at December 31, 2008**	**9.4**	**42.7**	**18.0**	**0.0**	**70.1**

Finance-lease transactions mainly involve construction machinery with contract periods usually of 4 to 5 years and office buildings with contract periods of up to 30 years.

The payment obligation resulting from finance leasing is recognized in the amount of the present value of future lease payments due. The minimum lease payments, consisting of present value and interest portion, are shown in the following table:

	< 1 year	1-5 years	> 5 years	Total
2008				
Lease payments	16.1	48.7	5.6	70.4
Interest portion	4.0	5.6	0.7	10.3
Carrying amount / present value	**12.1**	**43.1**	**4.9**	**60.1**
2007				
Lease payments	21.0	55.5	6.3	82.8
Interest portion	4.0	5.5	1.7	11.2
Carrying amount / present value	**17.0**	**50.0**	**4.6**	**71.6**

13. Investments accounted for using the equity method

The investments accounted for using the equity method comprise associated companies and joint ventures.

Due to proportionate equity interests held in associated companies, the following amounts are to be attributed to the Group:

Associated companies	2008	2007
Non-current assets	320.9	273.2
Current assets	247.0	291.5
Non-current liabilities	243.2	191.8
Current liabilities	292.6	320.0
Revenue	379.6	338.6
Profit for the year	10.8	9.3

The most important associated companies in 2008 are the construction company, Julius Berger Nigeria PLC., Abuja, Nigeria, and the concession companies, M6 Duna Autópálya Koncessziós Rt., Budapest, Hungary, and M6 Tolna Autópálya Koncessziós Zrt, Szekszárd, Hungary.

Due to proportionate equity interests held in joint ventures, the following amounts are to be attributed to the Group:

Joint ventures	2008	2007
Non-current assets	279.9	177.8
Current assets	13.7	18.4
Non-current liabilities	261.9	154.3
Current liabilities	33.3	29.5
Revenue	17.6	84.7
Expenses	13.3	84.6

The most important joint venture in 2008 is the concession company, Adger OPS Vegselskap AS, Lillesand, Norway.

14. Receivables from concession projects

Receivables due from concession projects represent all services provided in connection with the execution of public-private-partnership (PPP) projects for which a fixed payment was agreed irrespective of the extent of usage. Due to the length of the payment plans, receivables are entered at the present value of amortized cost. The annual accumulation of interest on these discounted values is shown as interest income under other operating income. Clients' payments are divided into a portion to be deducted from the receivables and a portion for the regular concession services.

In addition, the funds received in the context of loan financing but not yet applied are also shown here.

The capitalized amounts from concession projects are opposed by the non-recourse financing shown below. These amounts are included under financial liabilities, thereof €1,488.5 million (2007: €1,313.9 million) as non-current and €29.6 million (2007: €48.0 million) as current.

Receivables from concession projects are comprised as follows:

	2008	2007
Receivables from concession projects	1,557.9	1,295.0
Receivables from project-financing funds not yet applied	83.9	204.5
	1,641.8	**1,499.5**
Non-recourse financial liabilities	**1,518.1**	**1,361.9**

The most important fully consolidated concession projects are:

	Investment volume € million	Bilfinger Berger's share of project %	Project status	Period of concession
Transport infrastructure				
Kicking Horse Pass, Canada	100	100	In operation	2007 – 2030
M1 Westlink, United Kingdom	230	75	Under construction	2009 – 2036
Golden Ears Bridge, Canada	800	100	Under construction	2009 – 2041
Northeast Stoney Trail, Canada	293	100	Under construction	2009 – 2039
Northwest Anthony Henday Drive, Canada	750	100	Under construction	2011 – 2041
Building construction				
Bedford Schools, United Kingdom	41	100	In operation	2006 – 2035
Victoria Prisons, Australia	150	100	In operation	2006 – 2031
District Administration Center Unna, Germany	24	90	In operation	2006 – 2031
Coventry Schools, United Kingdom	36	100	In operation	2007 – 2035
Kent Schools, United Kingdom	155	100	In operation	2007 – 2035
Royal Women's Hospital, Australia	198	100	In operation	2008 – 2033
Burg Correctional Facility, Germany	100	90	Under construction	2009 – 2034
Borders Schools, United Kingdom	137	75	Under construction	2009 – 2038
Clackmannanshire Schools, United Kingdom	136	85	Under construction	2009 – 2039

15. Other financial assets

	2008	2007
Loans	53.5	19.9
Equity interests	18.4	33.8
Derivative financial instruments	102.1	34.2
Other assets	76.6	24.6
Total	**250.6**	**112.5**

The loans are primarily equity bridge loans to concession companies.

The equity interests include shares in non-listed companies, which are measured at cost of acquisition.

The derivative financial instruments include positive market values of interest-rate and inflation hedges in concessions companies.

The other assets primarily comprise amounts that serve to fulfill pension obligations.

16. Inventories

Inventories are comprised as follows:

	2008	2007
Real-estate properties held for sale	11.8	14.7
Finished goods and work in progress	8.5	8.8
Raw materials and supplies	68.2	69.3
Advance payments made	127.9	60.9
Total	**216.4**	**153.7**

17. Receivables and other financial assets

	2008	2007
Trade receivables		
including receivables from percentage of completion	1,446.3	1,550.6
Receivables from consortiums and joint ventures	186.9	174.8
Receivables from companies in which shares are held	27.7	22.4
	1,660.9	**1,747.8**
Other financial assets	144.7	126.5
Total	**1,805.6**	**1,874.3**

The *construction orders* measured according to the percentage-of-completion method but not yet finally invoiced are recognized as follows:

	2008	2007
Costs incurred plus earnings from periods not yet invoiced	6,784.5	6,881.4
Minus advance invoices sent	6,966.2	7,214.4
Balance	**–181.7**	**–333.0**
thereof future receivables from construction orders	373.4	310.5
thereof liabilities from percentage of completion	555.1	643.5

The amount of future receivables from construction orders is included under trade receivables.

The total amount of advance payments received was €6,661.0 million in 2008 (2007: €6,626.5 million).

Details of days overdue and impairments of trade receivables are as follows:

	2008	2007
Receivables neither overdue nor impaired	1,117.3	1,226.7
Receivables overdue but not impaired		
less than 30 days	166.1	139.0
30 to 90 days	67.6	101.5
91 to 180 days	35.7	28.6
more than 180 days	53.9	48.5
	323.3	**317.6**
Residual value of impaired receivables	5.7	6.3
Total	**1,446.3**	**1,550.6**

Impairments of trade receivables for default risks developed as follows:

	2008	2007
Opening balance	**27.7**	**30.4**
Changes in the consolidated Group	–1.4	–0.2
Allocations (impairment losses)	9.6	8.6
Utilization	6.5	6.6
Withdrawals (gains on impairment reversals)	1.4	4.5
Closing balance	**28.0**	**27.7**

All losses and gains from the impairment of trade receivables are recognized under other operating expenses and other operating income.

No default risk is recognizable for the receivables that are not impaired.

The *other financial assets* are receivables and assets other than trade receivables, as well as positive fair value derivative financial instruments of €30.5 million (2007: €16.4 million).

18. Non-current assets held for sale

Non-current assets held for sale in 2007 were real-estate properties that were reclassified to this item from property, plant and equipment at the end of that year. In the middle of December 2007, Bilfinger Berger concluded a contract on the sale of office buildings used by the Group in Germany, which took effect in 2008.

19. Other assets

Other assets include claims to value-added tax of €29.0 million (2007: €36.9 million) and prepaid expenses of €20.0 million (2007: €22.0 million).

20. Cash and marketable securities

Marketable securities solely comprise available-for-sale papers.

Cash and cash equivalents comprise cash deposited at banks and cash in hand.

Securities and cash are assigned as collateral – generally redeemable at any time – in an amount of €2.9 million (2007: €43.5 million).

Financial instruments shown under marketable securities and cash and cash equivalents are comprised as follows:

	Variable interest rates		Fixed interest rates		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Available-for-sale papers	0.7	0.0	0.0	52.0	0.7	52.0
Cash and cash equivalents	719.5	715.1	0.0	28.9	719.5	744.0
Total	**720.2**	**715.1**	**0.0**	**80.9**	**720.2**	**796.0**

The average variable interest rate for marketable securities and cash and cash equivalents was 2.53 percent (2007: 4.47 percent).

Most of the Group's net investment position is subject to variable interest rates, while borrowing is mainly subject to fixed interest rates. With an unchanged investment position, an interest-rate increase will lead to higher interest income.

21. Equity

The *issued share capital* of €111.6 million is divided into 37,196,102 bearer shares with an arithmetical value of €3 per share.

Unchanged from the prior year, there is approved capital of €34.0 million – limited until May 17, 2011 – for the issue of new shares in exchange for cash and/or non-cash contributions.

Also unchanged from the prior year, there is contingent capital of €11.0 million for granting shares upon the exercise of conversion rights or option rights from bonds.

In February 2008, the Executive Board of Bilfinger Berger AG, with the consent of the Supervisory Board, decided on the basis of the authorization granted by the Annual General Meeting of May 23, 2007 to acquire the company's own shares in a volume of up to €100 million . During the period of February 19 to April 29, 2008, a total of 1,884,000 shares, equivalent to 5.065 percent of the voting rights, were bought back through the stock exchange for an average price of €53.07 per share. These shares are held as treasury shares, no cancelation of the shares is currently intended.

We refer to the explanation given in the management report with regard to the authorization for the Executive Board to issue shares out of approved capital and out of contingent capital as well as the possibilities to buy back the company's own shares.

The following notifications had been received pursuant to Section 21 of the German Securities Trading Act (WpHG) regarding the existence of voting rights in our company of more than 3 percent:

- Deutsche Bank AG, Frankfurt, Germany, gave notification that on October 24, 2007, the voting rights of its subsidiary DWS Investment GmbH, Frankfurt, amounted to 3.003 percent and thus exceeded the threshold of 3 percent.
- AXA Investment Managers, Frankfurt, Germany, gave notification that on July 4, 2008, the voting rights of AXA S.A., Paris, France, exceeded the 3 percent threshold and amounted to 3.30 percent. On January 31, 2009, the voting rights fell below the threshold of 3 percent again and amounted to 2.73 percent.
- DJE Investment S.A., Luxembourg, Luxembourg, gave notification that on November 6, 2008 its voting rights exceeded the threshold of 5 percent and amounted to 5.03 percent. Notification was also provided that the voting rights of Dr. Jens Ehrhardt, Germany, and of Dr. Jens Ehrhardt Kapital AG, Pullach, Germany, exceeded the threshold of 5 percent and also amounted to 5.03 percent; the voting rights were assigned pursuant to Section 22, Subsection 1, Sentence 1, No. 6 in connection with Sentence 2 of the German Securities Trading Act (WpHG).
- INVESCO Limited, Atlanta Georgia, USA, gave notification that on January 25, 2008, its voting rights exceeded the threshold of 3 percent and amounted to 3.01 percent. On December 15, 2008, the company also provided notification that its voting rights exceeded the 5 percent threshold and amounted to 5.35 percent.

Reserves

		2008		2007
I. Capital reserve		522.6		522.6
II. Retained earnings		736.3		609.6
III. Other comprehensive income				
Reserve from hedging transactions	–127.1		3.5	
Actuarial gains / losses	19.0		21.0	
Currency translation	–116.8	–224.9	–24.7	–0.2
Total		**1,034.0**		**1,132.0**

The *reserve from hedging transactions* includes unrealized gains and losses from hedging highly probable future payments, taking into consideration any deferred-tax effects, and primarily applies to interest-rate derivatives for concession projects.

	Before taxes	Tax effect	Net
Balance at December 31, 2006	**–28.8**	**11.0**	**–17.8**
Changes during the year			
from changes in valuations	32.6	–11.5	21.1
from withdrawals through profit and loss	0.5	–0.3	0.2
Balance at December 31, 2007	**4.3**	**–0.8**	**3.5**

	Before taxes	Tax effect	Net
Balance at December 31, 2007	**4.3**	**–0.8**	**3.5**
Changes during the year			
from changes in valuations	–199.8	67.9	–131.9
from withdrawals through profit and loss	2.6	–1.3	1.3
Balance at December 31, 2008	**–192.9**	**65.8**	**–127.1**

The *actuarial gains and losses* include the deviations between the retirement benefit obligation anticipated at the beginning of the year and the actual obligation at the end of the year, which are fully included in the retirement benefit obligation, as well as the difference between the income on plan assets anticipated at the beginning of the year and the actual income during the year.

The accumulated actuarial gains and losses recognized in equity amount to €32.1 million (2007: €30.0 million) before deferred taxes and €19.0 million (2007: €21.4 million) after consideration of deferred taxes.

22. Retirement benefit obligation

For the employees of Bilfinger Berger AG, defined-contribution pension commitments exist, with a guaranteed minimum interest rate on contributions paid into a CTA. These are accounted for as defined-benefit plans in accordance with the provisions of IAS 19. There are also defined-contribution pension commitments at other companies of the Group in Germany.

Insofar as foreign companies of the Group have their own pension plans, they are primarily defined-contribution plans. As in this case the obligation is solely to make the contributions, there is no need to recognize a pension obligation in the balance sheet.

Pension provisions are valued on the balance-sheet date using actuarial techniques according to the projected-unit-credit method, taking future developments into consideration. In Germany, the calculations are subject to the biometric accounting principles – Guideline Table 2005 G by Klaus Heubeck – and are primarily based on the following assumptions:

	2008	2007
Applicable interest rates	6.00 %	5.50 %
Expected annual increase in incomes	2.50 %	2.50 %
Expected annual increase in pensions	1.50 %	1.50 %

The accounting of the retirement benefit obligation has been changed as of December 31, 2008. We are utilizing the option of accounting for actuarial gains and losses in line with the 'third option' offered by IAS 19.93A as part of the retirement benefit obligation recognizing them directly in equity. This means that the retirement benefit obligation is shown in the amount of the present value of the actual obligation (defined-benefit obligation). The previous practice of recognizing actuarial gains and losses in profit and loss according to the corridor method is no longer used. The full recognition of actuarial gains and losses means that the financial position is reflected more accurately in the balance sheet, because hidden reserves or obligations are now revealed. The corresponding prior-year figures have been adjusted.

If the claims to pension benefits are covered by the plan assets, the value of the plan assets is deducted from the obligation for the balance-sheet entry. The market value of the plan assets amounted to €167 million on the balance-sheet date (2007: €160 million). It mainly comprises cash and cash equivalents and marketable securities, as well as real estate of €5 million (2007: €8 million).

Pension plans	2008		2007	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations (DBO) on January 1	**135.4**	**135.4**	**147.7**	**163.7**
Service costs	2.1	3.5	2.2	3.1
Service costs to be added	0.0	0.1	0.7	0.0
Interest expense	7.3	9.0	6.6	6.4
Pension payments	–8.8	–9.0	–8.6	–5.7
Plan compensation	0.0	0.0	–0.5	0.0
Changes in the consolidated Group / miscellaneous	10.9	84.4	–0.3	–15.7
Actuarial gains (–) / losses (+)	–1.8	–5.7	–12.6	–16.4
Service costs to be added in the future	0.1	0.0	0.2	0.0
Present value of pension obligations (DBO) on December 31	**145.2**	**217.7**	**135.4**	**135.4**
Service costs to be added in the future	–0.1	0.0	–0.2	0.0
Provisions on December 31 (before deduction of plan assets)	**145.1**	**217.7**	**135.2**	**135.4**
Fair value of plan assets on January 1	**159.8**		**161.0**	
Expected income from plan assets	6.7		6.5	
Pension payments	–8.8		–8.6	
Allocated to fund from employee contributions	1.7		1.7	
Allocated to fund from company contributions	2.3		1.1	
Changes in the consolidated Group / miscellaneous	10.7		–0.2	
Actuarial gains (–) / losses (+)	–5.4		–1.7	
Fair value of plan assets on December 31	**167.0**		**159.8**	

Pension plans	2008		2007	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations on December 31	145.2	217.7	135.4	135.4
Plan assets on December 31	167.0		159.8	
Funded status on December 31	**21.8**	**–217.7**	**24.4**	**–135.4**
Amount capitalized on December 31	**23.0**		**24.6**	
Balance sheet provision on December 31	**–1.1**	**–217.7**	**0.0**	**–135.4**
Service costs to be added in the future	**–0.1**	**0.0**	**–0.2**	**0.0**

Pension plans	2006		2005		2004	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations on December 31	147.7	163.7	164.3	140.9	154.0	101.6
Plan assets on December 31	161.0		167.0		161.4	
Funded status on December 31	**13.3**	**–163.7**	**2.7**	**–140.9**	**7.4**	**–101.6**
Amount capitalized on December 31	**13.3**		**2.7**		**7.4**	
Balance sheet provision on December 31	**0.0**	**–163.6**	**0.0**	**–140.9**	**0.0**	**–101.6**
Service costs to be added in the future	**0.0**	**–0.1**	**0.0**	**0.0**	**0.0**	**0.0**

The net benefit obligation for pensions funded by plans and pensions funded by provisions is comprised as follows:

	2008	2007
Current service cost	5.6	5.3
Interest expense	16.3	13.0
Expected income from plan assets	–6.7	–6.5
Service costs to be added	0.1	0.7
Income from plan compensation	0.0	–0.5
Net benefit obligation	**15.3**	**12.0**

The defined-contribution and other pension expenses amounted to €14.0 million (2007: €16.2 million).

In the income statement, service costs are entered under EBIT and the interest expense from the addition to the retirement benefit obligation is entered under net interest result. Expected income from plan assets of €6.7 million was entered under net interest result (2007: €6.5 million), representing a return on plan assets of 4.1 percent (2007: 4.1 percent). Due to the development of capital markets, the income actually achieved from plan assets amounted to €1.3 million (2007: €4.9 million); it was therefore €5.4 million lower than the budgeted income and thus led to actuarial losses recognized directly in equity.

The pension payments expected in subsequent years are as follows:

Expected pension payments	2009	2010	2011	2012	2013	2014-2018
For pensions funded by provisions	12	12	12	12	13	63
For pensions funded by plans	9	10	10	11	11	55
Total	**21**	**22**	**22**	**23**	**24**	**118**

The future payments of pensions funded by plans do not place a burden on the Group, because plan assets of €167 million are available for this purpose (2007: €160 million).

23. Deferred tax liabilities and provisions

	Deferred tax liabilities	Provisions	Total
Balance at January 1, 2007	**71.5**	**524.0**	**595.5**
Utilization	24.8	277.8	302.6
Release	6.4	27.3	33.7
Additions	40.1	300.7	340.8
Currency differences	0.0	–0.3	–0.3
Changes in the consolidated Group	0.3	4.5	4.8
Balance at January 1, 2008	**80.7**	**523.8**	**604.5**
Utilization	31.1	255.2	286.3
Release	3.2	22.6	25.8
Additions	75.1	313.6	388.7
Currency differences	–9.0	–13.4	–22.4
Changes in the consolidated Group	7.8	–29.9	–22.1
Balance at Deecember 31, 2008	**120.3**	**516.3**	**636.6**

Maturities of deferred tax liabilities and provisions

	Non-current		Current		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Deferred tax liabilities	**0.0**	**0.0**	**120.3**	**80.7**	**120.3**	**80.7**
Provisions	**68.6**	**89.0**	**447.7**	**434.8**	**516.3**	**523.8**
Risks relating to contracts, warranties and litigation	41.6	65.6	194.5	202.7	236.1	268.3
Personnel-related obligations	13.0	10.3	86.1	76.9	99.1	87.2
Other uncertain liabilities	14.0	13.1	167.1	155.2	181.1	168.2
Total	**68.6**	**89.0**	**568.0**	**515.5**	**636.6**	**604.5**

89.2 percent of the cash flows for deferred tax liabilities and provisions are expected to be in the following year (2007: 85.6 percent), 5.9 percent in the years 2010 through 2013 (2007: 9.5 percent), and 4.9 percent thereafter (2007: 4.9 percent).

24. Financial debt

	Non-current		Current		Total	
	2008	2007	2008	2007	2008	2007
Project-financing debt (non-recourse)	563.0	492.9	1.3	4.0	564.3	496.9
Bank debt (non-recourse)	925.5	821.0	28.3	44.0	953.8	865.0
Financial debt, non-recourse	**1,488.5**	**1,313.9**	**29.6**	**48.0**	**1,518.1**	**1,361.9**
Bank debt (recourse)	258.1	15.4	9.6	23.6	267.7	39.0
Finance leases	48.0	54.6	12.1	17.0	60.1	71.6
Financial debt, recourse	**306.1**	**70.0**	**21.7**	**40.6**	**327.8**	**110.6**

Project-related non-recourse financing is solely taken out on the respective financed project, without any recourse to Bilfinger Berger.

Recourse financing in 2008 includes a promissory-note loan placed in an amount of in €250 million. This loan consists of the following four tranches, each due in its entirety upon maturity:

Amount of loan	Due date	Interest	Interest rates
9.5	July 1, 2011	fixed	6.044 %
18.5	July 1, 2013	fixed	6.169 %
74.5	July 1, 2011	variable	3-month EURIBOR + 80 basis points
147.5	July 1, 2013	variable	3-month EURIBOR + 105 basis points
250.0			

Classified according to its fixed-interest terms, financial debt is comprised as follows:

	Variable interest rate		Fixed interest rate						Total	
			< 1 year		1-5 years		> 5 years			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Non-recourse financing	**15.4**	**4.8**	**21.7**	**4.0**	**7.5**	**0.0**	**1,473.5**	**1,353.1**	**1,518.1**	**1,361.9**
Other financing	86.4	24.7	4.4	12.9	176.9	1.4	0.0	0.0	267.7	39.0
Finance leases	0.0	0.0	12.1	17.0	42.7	50.0	5.3	4.6	60.1	71.6
Recourse financing	**86.4**	**24.7**	**16.5**	**29.9**	**219.6**	**51.4**	**5.3**	**4.6**	**327.8**	**110.6**

For financial liabilities with fixed interest rates, the average interest rate on the balance-sheet date for non-recourse loans was 5.74 percent (2007: 5.39 percent), for other loans it was 5.95 percent (2007: 6.49 percent) and for finance leasing it was 6.95 percent (2007: 6.62 percent). Non-recourse financing with variable interest rates is shown as fixed-interest financial debt to the extent that interest-rate swaps have been concluded.

25. Other financial liabilities

	2008	2007
Liabilities		
from trade payables	1,038.7	980.4
from percentage of completion	555.1	643.5
to joint ventures and consortiums	192.9	201.5
to companies in which equity is held	45.0	13.5
	1,831.7	**1,838.9**
Other current financial liabilities	357.1	309.3
Total current financial liabilities	**2,188.8**	**2,148.2**
Non-current financial liabilities	**392.7**	**79.0**

Other current financial liabilities include a negative fair value derivative financial instrument of €41.0 million (2007: €4.6 million).

Non-current financial liabilities include negative fair values of derivatives, in particular interest-rate hedges for concession projects, of €292.6 million (2007: €30.6 million), as well as purchase-price liabilities from the acquisition of companies and liabilities from preemption rights of minority interests of €92.4 million (2007: €37.6 million).

26. Other liabilities

Other liabilities primarily relate to value-added tax in an amount of €110.6 million (2007: €132.2 million), personnel obligations of €75.5 million (2007: €52.0 million) and social-security levies of €27.5 million (2007: €33.2 million).

27. Additional information on financial instruments

The *carrying values and fair values* of financial assets and financial liabilities, classified according to the categories of IAS 39, are as follows:

	IAS 39 category	2008		2007	
Assets		Carrying value	Fair value	Carrying value	Fair value
Receivables from concession projects	LaR	1,641.8	1,860.0	1,499.5	1,515.2
Equity interests	AfS	18.4	18.4	33.9	33.9
Receivables	LaR	1,660.9	1,660.9	1,747.8	1,747.8
Other financial, non-derivative assets	LaR	244.4	244.4	154.6	154.6
Securities	AfS	0.7	0.7	52.0	52.0
Cash and cash equivalents	LaR	719.5	719.5	744.0	744.0
Derivative financial instruments					
used for hedging	(Hedge)	102.4	102.4	34.2	34.2
not used for hedging	FAHfT	30.2	30.2	16.4	16.4
Liabilities					
Financial debt, non-recourse	FLAC	1,518.1	1,577.5	1,361.9	1,359.5
Financial debt, recourse, excluding finance leases	FLAC	267.7	272.6	39.0	38.6
Finance leases, recourse	(IAS 17)	60.1	61.1	71.6	74.0
Liabilities	FLAC	1,831.7	1,831.7	1,838.9	1,838.9
Other financial, non-derivative liabilities	FLAC	416.2	415.6	353.1	353.1
Derivative financial instruments					
used for hedging	(Hedge)	292.1	292.1	30.6	30.6
not used for hedging	FLHfT	41.5	41.5	4.6	4.6
Aggregated according to valuation categories					
Loans and receivables	LaR	4,266.6	4,484.8	4,128.0	4,143.7
Available-for-sale financial assets	AfS	19.1	19.1	85.9	85.9
Financial assets held-for-trading	FAHfT	30.2	30.2	16.4	16.4
Financial liabilities held-for-trading	FLHfT	41.5	41.5	4.6	4.6
Financial liabilities at amortized cost	FLAC	4,033.7	4,097.4	3,592.9	3,590.1

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and liabilities, carrying values are approximately equal to fair values due to the short residual terms.

The fair values of non-current financial assets and financial liabilities, which include the valuation categories *loans and receivables* and *financial liabilities at amortized cost*, correspond with the fair values calculated using current market-based interest-rate parameters.

The fair values calculated for the equity interests correspond with the carrying values.

The *net earnings from financial instruments*, classified according to IAS 39 valuation categories, are as follows:

Valuation category	IAS 39 category	2008	2007
Loans and receivables	LaR	4.9	–2.5
Available-for-sale financial assets	AfS	1.1	–0.5
Financial instruments held for trading	FAHfT & FLHfT	–40.5	7.3
Financial liabilities at amortized cost	FLAC	7.8	0.7

Interest and dividends are not components of the net earnings shown.

The net earnings of the valuation category *loans and receivables* include impairments, reversals and earnings from currency translation.

The net earnings of the valuation category *available-for-sale financial assets* include gains / losses realized on disposals and impairments.

The net earnings of the valuation category *financial instruments held for trading* include gains / losses on valuation at fair value as well as gains / losses realized on disposals.

The net earnings of the valuation category *financial liabilities at amortized cost* primarily comprise gains / losses realized on currency translation.

With regard to *impairment losses*, see also the development of the impairment account for trade receivables.

28. Risks related to financial instruments, financial risk management and hedging transactions

We watch over financial risks (default risks, liquidity risks and market-price risks) with tried-and-tested monitoring and control instruments. The Group's reporting system allows the weekly recording, analysis, assessment and control of financial risks by Group Treasury. All relevant companies in which equity is held are included in this consideration. No extraordinary risk concentrations exist.

Default risk is the risk that a contracting party of a financial instrument does not fulfill its payment obligations. Counterparty and / or issuer risks arise when investing liquid funds and applying derivative financial instruments. We limit these risks by selecting solely financial partners with investment-grade ratings; we also limit terms and amounts. In order to limit counterparty risks, we undertake transactions on the basis of an internal limit system solely with banks that have a rating of at least A-.

The default risk from receivables from business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made of guarantees and sureties, for example.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g. cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities.

The Group's liquidity risks are monitored and controlled centrally on the basis of a rolling 12-month cash flow planning. We regularly review the effects of possible changes in our financial risk profile in order to meet our target of securing a financial standing comparable to a rating in the lower range of investment grade. Liquidity bottlenecks are to be avoided by maintaining a high level of cash and cash equivalents as well as available credit lines and guarantee lines. With our core banks, we have a long-term, syndicated cash credit line of €300 million as a backstop facility. The promissory-note loan issued in 2008 in an amount of €250 million with a maturity of 3 to 5 years serves the long-term financing of acquisitions. A significant portion of our credit guarantee requirement is secured by means of a long-term syndicated credit agreement in a volume of €1,600 million. The increasing long-term debt resulting from the growth of our concessions business is solely on a non-recourse basis. Lenders have no recourse to Bilfinger Berger's assets beyond the respective project company.

The following overview shows the future contractual, undiscounted payments on financial liabilities at December 31, 2008 and December 31, 2007 (installments, capital repayments, interest, derivatives with a negative market value). With currency derivatives, the market values are shown; with interest derivatives, the net payments are shown, whereby the flows of payments for the variable side are calculated via the respective forward interest rates.

2008	Market value	**Total**	2009	2010	2011	2012-2015	> 2015
Financial debt, non-recourse	1,518.1	**3,237.8**	164.7	103.4	106.9	430.9	2,431.9
Financial debt, recourse, excluding finance leases	267.7	**317.7**	30.2	12.7	94.7	180.1	0.0
Finance leases, recourse	60.1	**80.1**	26.2	20.4	15.2	14.9	3.4
Liabilities	1,831.7	**1,831.7**	1,804.3	24.4	0.9	2.0	0.1
Other financial, non-derivative liabilities	416.2	**424.4**	318.7	85.5	8.5	4.4	7.3
Derivative financial instruments	333.6	**414.1**	67.8	47.2	32.9	106.8	159.4

2007	Market value	**Total**	2008	2009	2010	2011-2014	> 2014
Financial debt, non-recourse	1,361.9	**2,356.8**	96.0	69.9	80.8	286.7	1,823.4
Financial debt, recourse, excluding finance leases	39.0	**39.8**	37.4	0.4	0.3	0.6	1.1
Finance leases, recourse	71.6	**86.7**	31.9	14.7	17.7	12.9	9.5
Liabilities	1,838.9	**1,839.0**	1,835.9	0.6	0.9	1.4	0.2
Other financial, non-derivative liabilities	353.1	**353.3**	306.4	11.2	5.3	27.7	2.7
Derivative financial instruments	35.2	**59.0**	5.0	8.3	3.1	8.7	33.9

With its international operations, the Bilfinger Berger Group is subject to various *market-price risks*, relating in particular to currency exchange rates, interest rates and the market values of financial investments. As a result of our central risk management, to a large extent our cash flows and financial positions are netted out. We make use of derivative financial instruments in order to minimize residual risks and the resulting fluctuations in earnings, valuations or cash flows. We do not undertake any financial transactions beyond the underlying business risk.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. We use currency futures or currency options to hedge foreign-currency cash flows and balance-sheet items denominated in foreign currencies. We generally hedge our project business immediately after an order is received, in some cases during the bidding phase, for the entire project period. Risk management is carried out with the use of explicit risk limits for currency positions and marked-to-market results. All future flows of payments that are not denominated in the functional currency of the respective company of the Group are subject to currency risks.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. We counteract the risks of interest-rate changes by continually reviewing and adjusting the composition of assets and liabilities subject to fixed and variable interest rates. In order to react flexibly and economically, we primarily make use of derivative financial instruments. We regularly analyze and evaluate risks from our net interest exposure with the use of the value-at-risk method. Derivative interest-rate contracts are an exception; these are used in the concessions business in connection with the long-term financing of project companies. The non-recourse character of this project financing requires long-term, predictable interest cash flows, and thus relies on the long-term, static hedging of the risk of changes in interest rates. Changes in market values arising in this context must be reflected in the balance sheet, but due to the closed project structure they have no impact on the Group's financial development. Inflation risks are subsumed under interest-rate risk. Inflation risk is the risk that the fair values or future payments of financial instruments might change due to changes in inflation rates or price indices.

Raw-material price risk is the risk of changes in the market prices of purchased raw materials. Derivative financial instruments are also used to limit the risk of fluctuations in raw-material prices. The volume is currently not material, so it is not necessary to present the value at risk of these derivatives.

Bilfinger Berger uses the value-at-risk method to quantify market-price risks. The value at risk is the potential loss of a particular risk position that with a probability of 95 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded.

When calculating the value at risk for currency risks, potential changes are taken into consideration in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency. The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held on the balance sheet date. The assumption is made that the volume at the balance sheet date is representative for the entire year.

Value-at-Risk	**2008**	**2007**
Currency risk	5.9	1.7
Interest-rate risk	20.9	11.7

Due to the consistent application of this risk policy, the financial crisis did not result in any negative effects on the earnings and financial situation of the Group. Bilfinger Berger does not have any short-term refinancing requirement. Sufficient financial scope is available for the ongoing development of the Group.

Hedging instruments

IAS 39 includes special accounting regulations that are intended to avoid a presentation of hedging instruments that does not properly reflect the financial situation by synchronizing or compensating for changes in the values of the underlying hedged transactions and the hedging instruments *(hedge accounting)*. Hedge accounting regulations are applied if there are permissible underlying and hedging transactions and a permissible hedging relationship, documentation of the hedging relationship, and evidence of an effective hedging context. An effective hedging relationship exists if the changes in value of the hedged underlying transaction are largely offset by changes in the value of the hedging instrument.

Cash-flow hedges serve to hedge future cash flows against exposure to changes in currency exchange rates and interest rates.

Bilfinger Berger uses cash-flow hedges to hedge exposure to interest-rate risks and inflation risks primarily in connection with the financing of private-sector concession projects. Variable interest-rate payments are transformed into fixed interest-rate payments with the use of interest-rate swaps and variable inflation-indexed payments are transformed into payments with fixed price-increase rates with the use of inflation swaps. In addition, cash-flows hedges are used to hedge against currency risks for fixed obligations not affecting the balance sheet.

During the year 2008, unrealized losses on the valuation of derivative financial instruments of €131.9 million (2007: gains of €21.1 million) were recognized directly in equity with no effect on profit and loss. In this period, losses of €1.3 million (2007: losses of €0.2 million) were reclassified into the interest result on concession projects. In addition, net profit for the year 2008 includes a gain of €1.1 million on the valuation of derivative financial instruments that were hedge-ineffective pursuant to IAS 39.

The following overview shows when the hedged interest payments to be made (variable interest-bearing non-recourse financial debt from concession projects and variable interest-bearing components of the recourse promissory-note loan) as well as the hedged inflation-indexed payments to be received from concession projects actually flow and are recognized in profit and loss:

Expected interest payments to be made	2009	2010	2011	2012-2015	> 2015
2008	80.3	87.5	93.1	97.4	1,510.1

	2008	2009	2010	2011-2014	> 2014
2007	66.2	75.5	77.6	79.3	1,401.9

Expected inflation-indexed payments to be received	2009	2010	2011	2012-2015	> 2015
2008	0.8	9.5	20.9	83.1	775.1

	2008	2009	2010	2011-2014	> 2014
2007	0.0	1.0	11.7	108.7	1,120.2

The payments to be made for fixed obligations hedged against currency risks amount to €6.1 million in 2009.

The following table shows the fair values of the various types of derivative financial instruments that Bilfinger Berger uses to hedge market-price risks. A difference is made depending on whether they are hedge-effective or hedge-ineffective pursuant to IAS 39.

	2008	2007
Derivatives with positive fair values		
hedge effective		
Interest and inflation swaps	102.1	34.2
Currency derivates	0.3	0.0
	102.4	**34.2**
hedge ineffective		
Interest-rate swaps	0.3	0.9
Forward exchange contracts and options	29.9	15.5
	30.2	**16.4**
Total	**132.6**	**50.6**
Derivatives with negative fair values		
hedge effective		
Interest and inflation swaps	290.2	30.6
Currency derivates	1.9	0.0
	292.1	**30.6**
hedge ineffective		
Interest-rate swaps	2.9	1.2
Forward exchange contracts and options	35.9	3.4
Commodity derivatives	2.7	0.0
	41.5	**4.6**
Total	**333.6**	**35.2**

29. Additional information on capital management

The goal of capital management at Bilfinger Berger is to ensure a strong financial profile. In particular, it aims to secure appropriate dividend payments for shareholders and debt servicing for creditors. Long-term capital management at Bilfinger Berger is based on considerations for the optimization of the total cost of capital while safeguarding financial flexibility. From this perspective, equity and borrowed capital for which interest must be paid (excluding non-recourse financial debt) are taken into account. The optimal capital structure reflects a financial standing comparable to a rating at the lower end of the investment grade scale.

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of potentially necessary measures.

In addition to dynamic debt-equity ratio and cash-flow protection, gearing is an important management tool. It is calculated a the quotient of net liabilities (excluding non-recourse financial debt) and equity (including minority interests).

It can be presented as follows at December 31, 2008 and December 31, 2007:

	2008	2007
Equity	1,141.0	1,331.9
Net liabilities	–173.6	–550.0
Financial debt (excluding non-recourse)	327.8	110.6
Retirement benefit obligation	218.8	135.4
Cash and marketable securities	–720.2	–796.0
Gearing (adjusted debt-equity ratio)	–0.2	–0.4

There are no external minimum capital requirements.

30. Secured liabilities

The total of secured liabilities amounted to €1.2 million at December 31, 2008 (2007: €2.3 million). It comprises financial debt that is secured by land charges.

31. Contingent liabilities and other financial obligations

	2008	2007
Liabilities from guarantees	107,7	161,6

Contingent liabilities were primarily for the performance of contracts, warranties and advance payments. On the balance-sheet date, our guarantees were mainly for associated companies and consortiums and joint ventures. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other financial obligations relate to operating leases and long-term rental and lease agreements.

	Minimum lease payments on operating leases		Other financial obligations (rents)	
	2008	2007	2008	2007
< 1 year	28.2	28.4	48.2	32.6
1-5 years	44.7	49.7	103.4	51.2
> 5 years	9.8	10.9	32.4	8.9

The expenses of operating leases and long-term rental and lease agreements recognized in profit and loss amounted to €63.0 million in 2008 (2007: €66.4 million).

32. Notes to the statement of cash flows

The cash flow from operating activities includes the following items in 2008:

	2008	2007
Interest payments	21.6	14.7
Interest received	33.8	30.2
Income tax payments	89.6	32.5
Tax refunds	3.0	0.5

33. Events after the balance sheet date

There have been no significant events since the balance sheet date.

Other disclosures

34. Supervisory Board and Executive Board

The members of the Supervisory and Executive Board are listed in the chapter on Boards of the Company.

The remuneration of the members of the Executive Board comprised the following components:

- Fixed salaries of €2,782 thousand (2007: €2,354 thousand)
- Bonuses of €3,235 thousand (2007: €2,896 thousand)
- Remuneration with a long-term incentive effect in an arithmetical amount at the time when granted of €894 thousand (2007: €1,352 thousand)
- Non-cash benefits of €233 thousand (2007: €200 thousand)
- Pension commitments; payments of €1,534 thousand (2007: €1,389 thousand) were made to external pension institutions in 2008, with return flows to the company of €188 thousand (2007: €230 thousand).

More details, including the individualized payments, can be found in the renuneration report, which is part of the management report.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €2,481 thousand (2007: €2,438 thousand). The present value of future pension obligations towards this group of persons calculated according to IAS 19 amounted to €27,036 thousand (2007: €29,034 thousand).

The total remuneration paid to members of the Supervisory Board amounted to €1,651 thousand (2007: €1,317 thousand) including compensation for expenses of €43 thousand (2007: €22 thousand). These payments are shown in individualized form in the remuneration report.

35. Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be significantly influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties primarily involve associated companies and joint ventures. They are shown in the table below. Business transactions with related parties are carried out under the same conditions as with unrelated parties (at arm's length).

€ million	2008	2007
Revenues	364	315
Services received	29	49
Receivables	62	29
Liabilities	40	9
Guarantees granted	80	110

36. Auditors' fees

The amounts listed below cover all of the services provided to the companies of the Bilfinger Berger Group by our external auditors, Ernst & Young (E&Y) (2007: PricewaterhouseCoopers (PwC) and Ernst & Young (E&Y)). The amounts of these services provided in Germany are shown as such in the following table.

€ thousand	E&Y 2008	E&Y 2007	PwC 2007
Audit fees	4,948	2,006	2,584
thereof in Germany	2,460	1,166	1,174
Other certification or valuation fees	1,185	768	978
thereof in Germany	898	476	127
Tax-consulting services	348	101	962
thereof in Germany	112	63	32
Other services	358	188	614
thereof in Germany	304	145	447
Total	**6,839**	**3,063**	**5,138**

37. Average employee numbers

	2008	2007
Office staff		
Germany	9,773	8,030
International	10,759	8,342
Manual workers		
Germany	11,684	11,375
International	28,022	22,390
Total workforce	**60,238**	**50,137**

38. Declaration of compliance

Bilfinger Berger AG is included in the consolidated financial statements as a listed company.

As prescribed by Section 161 of the German Stock Corporation Act, an annual declaration of compliance was issued by the Executive Board and the Supervisory Board on December 3, 2008, and on that date was made permanently available to the shareholders on the company's Internet website.

39. Proposal on the appropriation of earnings

It is proposed that the unappropriated retained earnings in the amount of €74.4 million as shown in the financial statements of Bilfinger Berger AG for the year 2008 be applied as follows:

€ million	
Distribution of a dividend at €2.00 to each dividend-entitled share	70.6
Amount carried forward to a new account	3.8
Unappropriated retained earnings	74.4

This proposal on the appropriation of earnings is based on the dividend-entitled equity capital of €105.9 million at February 20, 2009 (divided into 35,312,102 shares). Due to a change in the number of treasury shares held by the company, the number of dividend-entitled shares may also change by the time of the resolution by the Annual General Meeting on the appropriation of earnings. In this case, the Executive Board and the Supervisory Board will submit to the Annual General Meeting an adjusted proposed resolution on appropriation of earnings, with an unchanged distribution of €2.00 per share.

Return-on-capital-employed controlling

€ million	Civil		Building and Industrial	
	2008	2007	2008	2007
Goodwill	70.5	75.3	10.4	10.4
Property, plant and equipment	275.6	237,1	25.6	34.1
Other non-current assets	15.5	15,0	44.1	29.1
Current assets	950.5	819,5	263.5	338.4
Segment assets	**1,312.1**	**1,146,9**	**343.6**	**412.0**
Segment liabilities	1,231.4	1,124,2	510.7	538.2
Interest-bearing liabilities	0.0	0,0	47.7	36.9
Non-interest-bearing liabilities	**1,231.4**	**1,124,2**	**558.4**	**575.1**
Balance	**80.7**	**22,7**	**–214.8**	**–163.1**
Financial assets, project-related	0.0	0,0	214.8	163.1
Financial assets, division-related	346.5	382,5	111.9	145.5
Operating financial assets	**346.5**	**382,5**	**326.7**	**308.6**
Capital employed	**427.2**	**405,2**	**111.9**	**145.5**
EBIT (earnings before interest and taxes)	**17.1**	**58,2**	**14.3**	**24.0**
Amortization of intangible assets from acquisitions	0.0	0,0	0.0	0.0
Interest income including dividends	0.0	0,0	0.0	0.0
Increase in value of concessions portfolio	0.0	0,0	0.0	0.0
Interest income, project-specific (4.5% p.a.)	0.0	0,0	9.7	7.3
Interest income, division-specific (4.5% p.a.)	15.6	17,2	5.0	6.6
Return	**32.7**	**75,4**	**29.0**	**37.9**
ROCE (return on capital employed)	**7.6 %**	**18,6 %**	**25.9 %**	**26.1 %**
WACC (weighted average cost of capital)	**13.0 %**	**13,0 %**	**13.0 %**	**13.0 %**
Value added, relative	**–5.4 %**	**5,6 %**	**12.9 %**	**13.1 %**
Value added, absolute	**–22.9**	**22,8**	**14.5**	**19.0**

	Services		Concessions		Total of segments		Consolidation, other		Consolidated Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	900.8	652.8	0.2	0.2	981.9	738.7	0.0	0.0	981.9	738.7
	255.3	195.5	1.1	1.1	557.6	467.8	75.8	168.1	633.4	635.9
	27.1	27.3	1,632.3	1,263.3	1,719.0	1,334.7	61.4	13.9	1,780.4	1,348.6
	998.8	837.5	30.0	36.5	2,242.8	2,031.9	739.5	770.7	2,982.3	2,802.6
	2,182.0	**1,713.1**	**1,663.6**	**1,301.1**	**5,501.3**	**4,573.1**	**876.7**	**952.7**	**6,378.0**	**5,525.8**
	1,181.7	811.6	105.2	88.3	3,029.0	2,562.3	2,149.9	1,717.8	5,178.9	4,280.1
	0.0	0.0	1,434.7	1,107.8	1,482.4	1,144.7	–1,877.1	–1,447.0	–394.7	–302.3
	1,181.7	**811.6**	**1,539.9**	**1,196.1**	**4,511.4**	**3,707.0**	**272.8**	**270.8**	**4,784.2**	**3,977.8**
	1,000.3	**901.5**	**123.7**	**105.0**	**989.9**	**866.1**	**603.9**	**681.9**	**1,593.8**	**1,548.0**
	0.0	0.0	0.0	0.0	214.8	163.1	–214.8	–163.1	0.0	0.0
	0.0	0.0	0.0	0.0	458.4	528.0	–458.4	–528.0	0.0	0.0
	0.0	**0.0**	0.0	0.0	673.2	691.1	–673.2	–691.1	0.0	0.0
	1,000.3	**901.5**	**123.7**	**105.0**	**1,663.1**	**1,557.2**	**–69.3**	**–9.2**	**1,593.8**	**1,548.0**
	223.8	**167.1**	**9.1**	**–2.1**	**264.3**	**247.2**	**33.7**	**–18.0**	**298.0**	**229.2**
	24.2	13.1	0.0	0.0	24.2	13.1	0.0	0.0	24.2	13.1
	0.0	0.0	0.0	0.0	0.0	0.0	34.8	32.4	34.8	32.4
	0.0	0.0	12.4	14.0	12.4	14.0	0.0	0.0	12.4	14.0
	0.0	0.0	0.0	0.0	9.7	7.3	–9.7	–7.3	0.0	0.0
	0.0	0.0	0.0	0.0	20.6	23.8	–20.6	–23.8	0.0	0.0
	248.0	**180.2**	**21.5**	**11.9**	**331.2**	**305.4**	**38.2**	**–16.7**	**369.4**	**288.7**
	24.8 %	**20.0 %**	**17.4 %**	**11.3 %**	**19.9 %**	**19.6 %**	**–**	**–**	**23.2 %**	**18.7 %**
	9.0 %	**9.0 %**	**9.8 %**	**9.8 %**	**10.5 %**	**10.5 %**	**–**	**–**	**10.5 %**	**10.5 %**
	15.8 %	**11.0 %**	**7.6 %**	**1.5 %**	**9.4 %**	**9.1 %**	**–**	**–**	**12.7 %**	**8.2 %**
	158.0	**99.0**	**9.4**	**1.6**	**159.0**	**142.4**	**43.1**	**–16.2**	**202.1**	**126.2**

Explanation of return-on-capital-employed controlling

Our return-on-capital-employed controlling is based on the segment reporting, which takes place in accordance with the organizational structure of our business segments.

The *segment assets* of the business segments include goodwill and intangible assets from acquisitions; property, plant and equipment; other non-current assets (with the exception of deferred tax assets); and current assets. The segment assets shown under consolidation/other include securities and cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

The *segment liabilities* are deducted from the segment assets. They include liabilities (with the exception of deferred tax liabilities) and provisions that are available to the Group free of interest. Financial liabilities and retirement benefit obligations are not included.

So-called *non-recourse project financing* is also deducted, although it is interest bearing. This consists of credit granted to project companies – particularly in the Concessions business segment – solely on the basis of a project's cash flow and not on the basis of the Group's creditworthiness. The deduction of this item from the interest-bearing segment assets is taken into account by entering appropriate interest expenses against the business segment's return.

Segment liabilities and so-called non-recourse project financing are termed *non-interest-bearing liabilities*. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segments.

P*roject-related and business-unit-related financial assets* are allocated to the business segments in the context of return-on-capital controlling so that adequate capital resources are taken into consideration. As so-called *operating financial assets*, they adjust the balance, which results in the average tied-up interest-bearing assets. This item is termed *capital employed*.

The definition of return as used in the return-on-capital-employed controlling concept is derived from *EBIT (earnings before interest and taxes)* as shown in the income statement.

This is adjusted for the *amortization and impairment of intangible assets from acquisitions*.

Net interest income including dividends comprises not only the balance of the Group's interest income and interest expense, but also income from the sale of securities as well as impairments on securities and loans; this item applies solely to the Group's headquarters.

In order to determine a measure of earnings not affected by the form of financing, *interest expenses* are fundamentally not taken into consideration in the context of return-on-capital-employed controlling. On the other hand, in the Concessions business segment, the interest expense of non-recourse financing and the interest income from receivables from concession projects are included in EBIT.

In addition to regular earnings, the calculation of return for the Concessions business segment also takes into account the *increase in value of the concessions portfolios*. It is adjusted by any value increases realized in prior years on projects sold or impaired in the current year.

Project-related and business-unit-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of EBIT and the described additional financial components.

ROCE stands for return on capital employed, expressed as a percentage. It is compared with the *weighted average cost of capital (WACC)* for the business segments and for the entire Group.

The difference between *ROCE* and *WACC* is the *relative value added*. The *absolute value added* is the difference between return and cost of capital employed, and is equal to the amount of capital employed multiplied by the relative economic value added.

Principal consolidated companies

At December 31, 2008	Equity holding %	Output volume € million	Employees at year-end
Bilfinger Berger AG, Mannheim		–	277
Germany			
bebit Informationstechnik GmbH, Mannheim	100	25	138
Bilfinger Berger Facility Services GmbH, Mannheim (subgroup)	100	826	12,568
Bilfinger Berger Hochbau GmbH, Frankfurt am Main (subgroup)	100	952	1,969
Bilfinger Berger Industrial Services AG, Munich (subgroup)	100	2,356	21,720
Bilfinger Berger Ingenieurbau GmbH, Wiesbaden (subgroup)	100	2,163	8,742
Bilfinger Berger Nigeria GmbH, Wiesbaden (subgroup)	100	395	911
Bilfinger Berger PI Corporate Services GmbH, Wiesbaden (subgroup)	100	45	136
Bilfinger Berger Power Services GmbH, Oberhausen (subgroup)	100	782	4,324
Bilfinger Berger Umwelttechnik GmbH, Aarbergen (subgroup)	100	226	887
Rest of Europe			
Bilfinger Berger Polska S.A., Warsaw, Poland (subgroup)	100	221	1,241
America			
Fru-Con Holding Corporation, Ballwin, Missouri, USA (subgroup)	100	243	610
Africa			
Julius Berger Nigeria PLC., Abuja, Nigeria [1]	49	535 [2]	15,581
Australia			
Bilfinger Berger Australia Pty. Limited, Sydney, Australia (subgroup)	100	2,458	5,927

[1] Included in the consolidated group as an associated company
[2] Financial year 2007

Boards of the Company

Supervisory Board

Honorary Chairman:
Gert Becker

Bernhard Walter, Chairman
Formerly Speaker of the Executive Board of Dresdner Bank AG, Frankfurt am Main

Membership of statutory supervisory boards of other German companies:
Daimler AG, Stuttgart;
Deutsche Telekom AG, Bonn;
Henkel AG & Co. KGaA, Düsseldorf;
Hypo Real Estate Holding AG, Munich (Deputy Chairman since November 17, 2008)

Maria Schmitt (until May 21, 2008)
Deputy Chairwoman
Employee of Bilfinger Berger AG, Mannheim

Stephan Brückner (since May 21, 2008)
Deputy Chairman
Employee of BIS HIMA GmbH, Heinsberg

Membership of statutory supervisory boards of other German companies:
Bilfinger Berger Industrial Services AG, Munich*

Hans Bauer
Formerly Chairman of the Executive Board of HeidelbergCement AG, Heidelberg

Volker Böhme (since May 21, 2008)
Employee of BIS Industrieservice Nordwest GmbH, Dortmund

Membership of statutory supervisory boards of other German companies:
Bilfinger Berger Industrial Services AG, Munich*

Dr. Horst Dietz
CEO of DIETZ Unternehmensberatungsgesellschaft mbH, Berlin

Membership of statutory supervisory boards of other German companies:
ABB AG, Mannheim

Membership of comparable monitoring boards of other German and foreign companies:
E & Z Industrie-Lösungen GmbH, Duisburg (Chairman)

Britta Ehrbrecht (since May 21, 2008)
Employee of Bilfinger Berger AG, Mannheim

Wolfgang Erdner (until May 21, 2008)
Employee of Bilfinger Berger AG, Cologne

Information on the mandates of former members relate to May 21, 2008, for other members to December 31, 2008 unless otherwise indicated.

* Group mandate

Dr. John Feldmann (since May 21, 2008)
Member of the Executive Board of BASF SE,
Ludwigshafen am Rhein

Membership of statutory supervisory boards of other German companies:
BASF Coatings AG, Münster*

Membership of comparable monitoring boards of other German and foreign companies:
COFACE Holding AG, Mainz

Dr. Jürgen Hambrecht (until May 21, 2008)
Chairman of the Executive Board of BASF SE,
Ludwigshafen am Rhein

Membership of statutory supervisory boards of other German companies:
Daimler AG, Stuttgart;
Deutsche Lufthansa AG, Frankfurt am Main

Andreas Harnack (since May 21, 2008)
Head of the Main Construction Trade department of Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union), Frankfurt am Main

Membership of statutory supervisory boards of other German companies:
Bilfinger Berger Industrial Services AG, Munich

Reinhard Heller (since May 21, 2008)
Employee of Franz Kassecker GmbH,
Waldsassen

Reiner Jager (until May 21, 2008)
Employee of Modernbau GmbH,
Saarbrücken

Rainer Knerler
Chief Executive of the Berlin branch of Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union)

Prof. Dr. Hermut Kormann
Formerly Chairman of the Executive Board of Voith AG, Heidenheim

Membership of statutory supervisory boards of other German companies:
Berthold Leibinger GmbH, Ditzingen;
Robert Bosch GmbH, Stuttgart;
SMS Demag AG, Düsseldorf;
Universitätsklinikum Ulm, AöR, Ulm

Membership of statutory supervisory boards of other German companies:
Carl Edelmann GmbH, Heidenheim;
Trumpf GmbH & Co. KG, Ditzingen

Harald Möller
Employee of Bilfinger Berger AG,
Mannheim

Klaus Obermierbach
Employee of J. Wolfferts GmbH,
Cologne

Thomas Pleines
Member of the Executive Board of Allianz Deutschland AG; Chairman of the Executive Board of Allianz Versicherungs AG, Munich

Membership of statutory supervisory boards of other German companies:
DEKRA AG, Stuttgart;
DEKRA Automobil GmbH, Stuttgart;
Vereinte Spezial Versicherung Aktiengesellschaft, Munich (Chairman)*

Friedrich Rosner (until May 21, 2008)
Employee of Bilfinger Berger AG,
Wiesbaden

Dr.-Ing. E.h. Rudolf Rupprecht (since May 21, 2008)
Formerly Chairman of the Executive Board of MAN Aktiengesellschaft, Munich

Membership of statutory supervisory boards of other German companies:
Bayerische Staatsforsten AöR, Regensburg;
Demag Cranes AG, Düsseldorf;
MAN Aktiengesellschaft, Munich;
Salzgitter AG, Salzgitter

Dietmar Schäfers (since May 21, 2008)
Deputy Chairman of the National Executive Board of Industriegewerkschaft Bauen-Agrar-Umwelt, (Construction, Agriculture and Environment Trade Union), Frankfurt am Main

Membership of statutory supervisory boards of other German companies:
ThyssenKrupp Xervon GmbH, Düsseldorf (Deputy Chairman);
Zentrales Versorgungswerk für das Dachdeckerhandwerk VVaG, Wiesbaden;
Zusatzversorgungskasse des Baugewerbes AG, Wiesbaden (Deputy Chairman);
Zusatzversorgungskasse des Dachdeckerhandwerks VVaG, Wiesbaden

Rainer Schilling (since May 21, 2008)
Employee of Babcock Borsig Service GmbH,
Oberhausen

Membership of statutory supervisory boards of other German companies:
Babcock Borsig Service GmbH, Oberhausen*

Bernhard Schreier (since May 21, 2008)
Chairman of the Executive Board of Heidelberger Druckmaschinen AG, Heidelberg

Membership of statutory supervisory boards of other German companies:
ABB AG, Mannheim;
Heidelberg Druckmaschinen Vertrieb Deutschland GmbH, Heidelberg (Chairman)*;
Universitätsklinikum Heidelberg, AöR, Heidelberg

Membership of comparable monitoring boards of other German and foreign companies:
Heidelberg Americas, Inc., Kennesaw / USA (Chairman)*;
Heidelberger Druckmaschinen Austria Vertriebs-GmbH, Vienna, Austria*;
Heidelberger Druckmaschinen Osteuropa Vertriebs-GmbH, Vienna, Austria*;
Heidelberg Graphic Equipment Ltd., Brentford, UK (Chairman)*;
Heidelberg Japan K.K., Tokyo, Japan*;
Heidelberg USA, Inc., Kennesaw, USA (Chairman)*

Udo Stark
Formerly Chairman of the Executive Board of MTU Aero Engines Holding AG, Munich

Membership of statutory supervisory boards of other German companies:
Cognis GmbH, Monheim;
MTU Aero Engines Holding AG, Munich;
Oystar Holding GmbH, Karlsruhe / Stutensee (Deputy Chairman)

Membership of comparable monitoring boards of other German and foreign companies:
Prysmian S.p.A., Milan, Italy

Rolf Steinmann (until May 21, 2008)
Representative of Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union), National Executive Board, Frankfurt am Main

Prof. Dr. Klaus Trützschler
Member of the Executive Board of Franz Haniel & Cie GmbH, Duisburg

Membership of statutory supervisory boards of other German companies:
Celesio AG, Stuttgart*;
TAKKT AG, Stuttgart (Chairman)*

Membership of comparable monitoring boards of other German and foreign companies:
Wilh. Wehrhahn KG, Neuss

Presiding Committee:

Bernhard Walter
Maria Schmitt (until May 21, 2008)
Stephan Brückner (since May 21, 2008)
Udo Stark

Audit Committee:

Udo Stark
Bernhard Walter
Friedrich Rosner (until May 21, 2008)
Klaus Obermierbach (since May 21, 2008)

Nomination Committee:

Bernhard Walter
Udo Stark

Committee to be formed pursuant to Section 31, Subsection 3 of the German Industrial Codetermination Act:

Bernhard Walter
Maria Schmitt (until May 21, 2008)
Stephan Brückner (since May 21, 2008)
Udo Stark
Wolfgang Erdner (until May 21, 2008)
Reinhard Heller (since May 21, 2008)

Executive Board

Herbert Bodner, Chairman
Corporate Development, Communications, Legal Affairs, Industrial Services

Membership of statutory supervisory boards of other German companies:
Bilfinger Berger Industrial Services AG, Munich (Chairman since January 20, 2009)*

Joachim Müller (since November 1, 2008)
IT Management
Joachim Müller will assume all of the responsibilities of Dr. Jürgen M. Schneider as of May 8, 2009

Dr. Joachim Ott
Facility Services, Environmental Technology, Real Estate Management

Membership of statutory supervisory boards of other German companies:
Bilfinger Berger Industrial Services AG, Munich;
HSG Zander GmbH, Nuremberg (Chairman)*

Klaus Raps
Power Services, International Subsidiaries

Membership of statutory supervisory boards of other German companies:
Babcock Borsig Service GmbH, Oberhausen (Deputy Chairman)*

Membership of comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Australia Pty. Limited, Sydney*

Kenneth D. Reid
Concessions, Civil Engineering

Membership of comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Projects S.à.r.l., Luxembourg (Chairman)*

Prof. Hans Helmut Schetter
Human Resources, Technology, Building Construction, European and International Subsidiaries

Membership of comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Polska S.A., Warsaw (Chairman)*;
Fru-Con Holding Corporation, Ballwin, Missouri (Chairman)*;
Hydrobudowa-6 S.A., Warsaw (Chairman)*

Dr. Jürgen M. Schneider (until July 31, 2009)
Accounting, Finance, Controlling, Investor Relations

Membership of statutory supervisory boards of other German companies:
Babcock Borsig Service GmbH, Oberhausen (Chairman)*;
Bilfinger Berger Industrial Services AG, Munich*

Membership of comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Australia Pty. Limited, Sydney*;
Bilfinger Berger Polska S.A., Warsaw*;
Dachser GmbH & Co., Kempten (Deputy Chairman);
Fru-Con Holding Corporation, Ballwin, Missouri*;
Hydrobudowa-6 S.A., Warsaw*

Unless otherwise indicated, all details correct at January 1, 2009.

* Group mandate

Glossary

Associated companies
Companies upon which a significant influence can be exercised but in which there is no majority holding or controlling interest. The holding is usually between 20% and 50%.

Business-unit-related financial assets/ interest income
Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective unit of the Group.

Capital employed
The average capital tied up in operative assets, which, in the context of return-on-capital-employed controlling, is expected to yield a return at least as high as the weighted average cost of capital (WACC).

Cash earnings
Financial performance measure for the ability of a company to provide its own funds. Measures the financial surplus earned in a certain period from current, profit-relevant activities, but without taking into consideration the change in working capital.

Cash flow
Figure for the assessment of the financial strength and profitability of a company in terms of the flow of funds. The statement of cash flows shows the changes in marketable securities and cash during an accounting period in terms of the cash flows from, or into, operating, investing and financing activities.

Corporate governance
The internationally common term for a responsible system of corporate management and monitoring with a focus on long-term value creation.

CTA
Abbreviation for 'contractual trust arrangement', a form of financing pension obligations whereby pension plan assets covering the Company's pension obligations are transferred to a trust fund. In consolidated financial statements prepared according to IFRS, this has the effect of reducing the balance-sheet total, as the plan assets are netted out against the corresponding pension provisions. The effect is to improve the international comparability of the consolidated financial statements.

Deferred taxes
Asset or liability items that compensate for different accounting periods compared with earnings according to the tax financial statements. Deferred tax expenses / income are corrections to the actual tax expense derived from the tax financial statements for the period. The primary aim is to show an income-tax expense in a proper relation to the reported earnings before taxes.

Discounted cash-flow method

Valuation model for projects and ventures. All future free cash flows are discounted to their present values and added up. Key factors are the cost of capital (discount), the future free cash flows and the period of time involved.

EBIT

Abbreviation for 'earnings before interest and taxes.' In Bilfinger Berger's accounting, EBIT is used as a performance measure for the profits from operating activities.

Equity consolidation

Minority holdings in companies of between 20 % and 50 % are included in the consolidated financial statements as associated companies by means of equity-method consolidation. In the consolidated income statement, the pro-rated net profit of the associated companies – reduced by goodwill amortization if necessary – is shown under income from investments.

Equity ratio

Key figure for a company's financing structure, stating the ratio between equity and total assets.

Fair value

The amount for which an asset could be sold or a liability could be settled between knowledgeable, willing and independent parties.

Goodwill

The difference between the amount paid for a company and the market value of its net assets. It arises as a result of taking into consideration a company's expected future earnings when deciding on a suitable price for it. Goodwill is capitalized under fixed assets and subjected to annual impairment tests in accordance with IFRS 3 / IAS 36.

IASB

Abbreviation for 'International Accounting Standards Board' based in London. An institution founded in 1973 for the formulation of International Accounting Standards (IAS).

IFRIC

Abbreviation for the London-based 'International Financial Reporting Interpretations Committee.' IFRIC determines the details of the interpretation of the IAS.

IFRS

Abbreviation for 'International Financial Reporting Standards' based on Anglo-American accounting principles. Against a background of harmonization of international accounting, these standards are becoming increasingly important for German accounting. IFRS is based on the International Accounting Standards (IAS/IFRS), which set rules for accounting and valuation: for example, IAS 19 for the valuation of pension provisions.

ISIN code

Abbreviation for 'International Securities Identification Number.' Internationally valid identification number for securities. Uniform system for the simplification of cross-border transactions.

Joint venture

A company, keeping its own accounts, that is established by two or more construction companies for the period of executing a construction contract. Profits and losses are entered in the income statements of the partner companies according to their percentage of participation and shown under sales revenues. The respective shares of joint-venture revenues are not shown in the financial statements of the partner companies.

Long-term incentive plan (LTI)

Components of Executive Board compensation with a long-term incentive effect, related both to internal measures of success as well as the performance of the Bilfinger Berger share price.

Non-recourse financing

Debt which is secured solely against the financed project, without the possibility of any recourse liability for Bilfinger Berger.

Output volume

This comprises the supply of goods and services by the Group and the pro-rated supply of goods and services by joint ventures in which the Group participates.

Percentage-of-completion method (POC)

Accounting method according to IAS 11 for long-term construction contracts. Contract costs and revenues are accounted for in accordance with the percentage of completion of the contract so that the realization of profits is shown in the income statement in line with the progress made by the project.

Performance share units (PSU)

Phantom shares that are granted to the members of the Executive Board as a part of their compensation within the framework of our long-term incentive plans depending on the development of value added.

Plan assets

Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. In accordance with IFRS, plan assets are netted out against pension provisions, which reduces the balance-sheet total. See CTA.

Project-related financial assets / project-related interest income

Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective units of the Group.

Public-private partnership (PPP)

Public-private partnerships, are private-sector solutions to real estate or infrastructure tasks in the public sector, with design, financing, construction and long-term operation from one source. Refinancing of the entire investment takes place during the operational phase by means of user fees.

Return

The measure of earnings in return-on-capital-employed controlling at Bilfinger Berger, derived from EBIT.

Return on equity

Measure of earnings which states the ratio between net profit and shareholders' equity.

Return on output volume

Measure of profitability showing the ratio of EBIT to output volume.

ROCE

Abbreviation for 'return on capital employed.' Ratio between the earnings of a reporting period (return) and the average operative assets (capital employed).

Syndicated credit lines

Credit lines that are agreed upon with a group of banks (syndicate) under uniform conditions.

Statement of cash flows

Presentation of liquidity developments / flows of funds taking into consideration the sources and applications of funds within a certain period. The statement of cash flows shows the separate cash flows from, or into, operating, investing and financing activities.

Value added

Difference between ROCE and the weighted average cost of capital multiplied by capital employed. If value added is positive, this means that the return on capital employed is higher than the weighted average cost of capital.

WACC

Abbreviation for 'weighted average cost of capital.' Serves as a measurement of the financing of the operative assets in return-on-capital-employed controlling at Bilfinger Berger. It reflects the minimum required rate of return of the shareholders and the creditors.

Working capital

Factor for observing changes in liquidity. It shows the difference between current assets, without cash and marketable securities, and current liabilities.

Ten-year overview

Group

€ million	1999*	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assets										
Non-current assets	**714.2**	**846.4**	**898.8**	**1,257.8**	**1,117.4**	**1,364.8**	**1,951.9**	**2,451.2**	**3,139.0**	**3,964.3**
Intangible assets	1.2	8.0	8.4	212.4	299.9	349.3	592.4	738.4	786.9	1,235.3
Property, plant and equipment	412.6	475.4	502.4	553.6	539.7	475.3	512.0	607.3	581.2	599.3
Receivables from concession projects	0.0	0.0	0.0	0.0	0.0	139.1	525.3	893.2	1,499.5	1,641.8
Other non-current assets	300.1	308.4	335.6	419.5	172.7	288.7	187.0	84.2	167.3	299.5
Deferred tax assets	0.3	54.6	52.4	72.3	105.1	112.4	135.2	128.1	104.1	188.4
Current assets	**2,361.1**	**2,230.1**	**2,411.8**	**2,375.0**	**2,365.9**	**2,355.6**	**2,404.7**	**2,678.2**	**2,988.8**	**2,808.7**
Inventories, receivables, other	1,459.0	1,353.0	1,609.7	1,602.6	1,465.4	1,441.9	1,572.8	1,895.5	2,192.8	2,088.5
Cash and marketable securities	902.1	877.1	802.1	772.4	900.5	913.7	831.9	782.7	796.0	720.2
Equity and liabilities										
Shareholders' equity	**633.5**	**903.4**	**1,113.0**	**1,032.3**	**1,136.1**	**1,130.5**	**1,188.8**	**1,206.2**	**1,331.9**	**1,141.0**
Subscribed capital	108.6	108.8	108.9	109.1	110.2	110.2	111.6	111.6	111.6	111.6
Reserves	511.0	776.8	980.9	866.0	953.3	963.1	1,012.3	1,031.3	1,132.0	1,034.0
Treasury shares	–	–	–	–	–	–	–	–	–	–100.0
Unappropriated retained earnings	14.8	14.8	20.0	36.4	47.7	36.7	37.2	46.5	67.0	74.4
Minority interest	–0.9	3.0	3.2	20.8	24.9	20.5	27.7	16.8	21.3	21.0
Non-current liabilities	**458.7**	**517.3**	**532.3**	**541.8**	**436.2**	**471.1**	**898.8**	**1,319.7**	**1,817.1**	**2,602.0**
Pension provisions	100.3	129.4	119.9	187.6	90.5	97.2	130.2	159.7	135.4	218.8
Other provisions	130.3	112.2	109.2	106.2	106.1	107.7	105.3	99.5	89.0	68.6
Financial liabilities, recourse	212.9	197.9	155.4	87.2	68.3	85.5	86.6	90.9	70.0	306.1
Financial liabilities, non recourse	0.0	31.0	101.7	113.3	110.3	114.2	485.1	808.3	1,313.9	1,488.5
Other liabilities	15.1	20.1	1.1	6.3	4.6	13.9	17.2	67.3	79.0	392.7
Deferred tax liabilities	0.0	26.7	45.0	41.2	56.4	52.6	74.4	94.0	129.8	127.3
Current liabilities	**1,983.1**	**1,655.8**	**1,665.3**	**2,058.7**	**1,911.0**	**2,118.8**	**2,269.0**	**2,603.5**	**2,978.8**	**3,030.0**
Tax provisions	33.5	33.5	32.6	47.3	44.8	55.4	50.2	71.5	80.7	120.3
Other provisions	521.2	314.2	274.3	302.7	302.7	343.3	419.9	424.5	434.8	447.7
Financial debt, recourse	88.9	93.5	94.2	225.4	113.6	48.7	40.9	47.8	40.6	21.7
Financial debt, non-recourse	0.0	0.0	0.0	30.3	51.3	90.7	10.1	18.9	48.0	29.6
Other liabilities	1,339.5	1,214.6	1,264.2	1,453.0	1,398.6	1,580.7	1,747.9	2,040.8	2,374.7	2,410.7
Balance-sheet total	**3,075.3**	**3,076.5**	**3,310.6**	**3,632.8**	**3,483.3**	**3,720.4**	**4,356.6**	**5,129.4**	**6,127.8**	**6,773.0**
Proportion of balance-sheet total										
Non-current assets	23 %	28 %	27 %	35 %	32 %	37 %	45 %	48 %	51 %	59 %
Current assets	77 %	72 %	73 %	65 %	68 %	63 %	55 %	52 %	49 %	41 %
Shareholders' equity	21 %	29 %	34 %	28 %	33 %	30 %	27 %	24 %	22 %	17 %
Non-current liabilities	15 %	17 %	16 %	15 %	12 %	13 %	21 %	26 %	30 %	38 %
Current liabilities	64 %	54 %	50 %	57 %	55 %	57 %	52 %	50 %	48 %	45 %

* These figures according to the Geman Commercial Code (HGB)

Business developments

€ million	1999[1]	2000	2001	2002	2003	2004	2005	2006	2007	2008
Output volume	**4,586**	**4,437**	**4,607**	**4,912**	**5,586**	**6,111**	**7,061**	**7,936**	**9,222**	**10,742**
Orders received	**4,320**	**4,591**	**4,680**	**5,216**	**5,605**	**6,139**	**7,545**	**10,000**	**11,275**	**10,314**
Order backlog	**4,046**	**4,200**	**4,272**	**5,168**	**6,277**	**6,339**	**7,001**	**8,747**	**10,759**	**10,649**
Capital expenditure	**217**	**80**	**111**	**324**	**271**	**165**	**330**	**370**	**268**	**697**
Property, plant and equipment	82	66	73	71	88	70	102	136	204	237
Financial assets	135	14	38	253	183	95	228	234	64	460
Employees (at year-end)	**41,641**	**40,653**	**43,471**	**50,277**	**50,460**	**49,852**	**55,346**	**49,141**	**52,723**	**60,923**
Group earnings										
EBIT	8	10	35	69	89	81	110	170	229	298
Earnings before taxes (EBT)	30	62	71	85[2]	86[2]	91	115	173	228	283
Net profit	22	43	52	60[3]	50[3]	51	66	92	134	200
Cash flow from operating activities	103	43	35	74	30	198	188	207	325	357
Cash flow per share	2.85	1.17	0.96	2.04	0.82	5.39	5.09	5.57	8.74	9.99
Earnings per share	0.62	1.20	1.44	1.66	1.37	1.39	1.80	2.48	3.60	5.61
Bilfinger Berger AG										
Dividend distribution	14.8	14.8	20.0	36.4	47.7	36.7	37.2	46.5	63.6	70.6
Dividend per share	0.41	0.41	0.55	0.55	0.65	1.00	1.00	1.25	1.80	2.00
Dividend bonus				0.45	0.65					
Share price at year-end	**21.60**	**12.99**	**25.00**	**14.60**	**27.00**	**30.25**	**40.30**	**55.52**	**52.78**	**37.32**

[1] These figures according to the German Commercial Code (HGB)
[2] Adjusted for exceptional items totaling € 48 million in 2003 and € 36 million in 2002
[3] Adjusted for exceptional items totaling € 76 million in 2003 and € 54 million in 2002

Financial calendar

2009	
May 7	Annual General Meeting* Interim Report Q1 2009
August 13	Interim Report Q2 2009
November 10	Interim Report Q3 2009

*Congress Centrum Rosengarten
Mannheim, 10 a.m.

Investor Relations

Andreas Müller
Phone +49-6 21-4 59-23 12
Fax +49-6 21-4 59-27 61
E-Mail: sabine.klein@bilfinger.de

Corporate Communications

Martin Büllesbach
Phone +49-6 21-4 59-24 75
Fax +49-6 21-4 59-25 00
E-Mail: martin.buellesbach@bilfinger.de

Headquarters

Carl-Reiß-Platz 1–5
68165 Mannheim, Germany
Phone +49-6 21-4 59-0
Fax +49-6 21-4 59-23 66

You will find the addresses of our branches and affiliates in Germany and abroad in the Internet at www.bilfinger.com

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