

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).

The Supervisory Board is informed regularly by its Presiding Committee on the structure of the compensation system for the Executive Board. The Presiding Committee is responsible for determining the compensation of the Executive Board.

For Mr. Reid and Mr. Raps, who were appointed to the Executive Board in 2007, as well as for Dr. Ott, the compensation rules were modified in several points.

Annual Salary

The fixed annual salary is reviewed every two years. In consultation with external experts, it was set, with effect on July 1, 2006, at €642,000 for the Chairman of the Executive Board and €428,000 for the other members of the Executive Board. Newly appointed members of the Executive Board receive an annual salary that is 20% lower over a period of 18 months. 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

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

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 in a particular financial year exceeds the minimum agreed for that year, the members of the Executive Board are granted phantom shares in the form of so-called performance share units (PSUs). If Bilfinger Berger shares under perform compared with the comparative index, the MDAX, the number of PSUs granted can be reduced by up to 20%. 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

Compensation with a long-term incentive effect (long-term incentive plan)	Jan. 1, 2007		PSUs granted for the year		Dec. 31, 2007	
	Number of PSUs	Number of PSUs	Maximum amount to be paid out	Value at granting	Number of PSUs	Theoretical amount to be paid out based on year-end closing price 2007
Herbert Bodner (Chairman)	70,351	8,972	525 T€	338 T€	79,323	1,398 T€
Dr. Joachim Ott	46,895	8,273	350 T€	282 T€	55,168	966 T€
Klaus Raps	0	1,656	70 T€	56 T€	1,656	70 T€
Kenneth D. Reid	0	6,626	280 T€	226 T€	6,626	280 T€
Prof. Hans Helmut Schetter	46,895	5,970	350 T€	225 T€	52,865	931 T€
Dr. Jürgen M. Schneider	46,895	5,970	350 T€	225 T€	52,865	931 T€
	211,036	37,467	1,925 T€	1,352 T€	248,503	4,576 T€

€ thousands	Fixed salary		Bonus		Total cash compensation		Long-term incentive (value at granting)	
	2007	2006	2007	2006	2007	2006	2007	2006
Herbert Bodner (Chairman)	642	610	797	797	1,439	1,407	338	525
Dr. Joachim Ott	428	407	531	531	959	938	282	350
Klaus Raps	86	-	101	-	187	-	56	-
Kenneth D. Reid	342	-	405	-	747	-	226	-
Prof. Hans Helmut Schetter	428	407	531	531	959	938	225	350
Dr. Jürgen M. Schneider	428	407	531	531	959	938	225	350
	2,354	1,831	2,896	2,390	5,250	4,221	1,352	1,575

paid out. For Mr. Bodner, Professor Schetter and Dr. Schneider, payment is made after a waiting period of two years – 65% in cash (taxable) and 35% 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 Dr. Ott, Mr. Raps and Mr. Reid, after which the total value of the PSU (after taxes) is paid out in cash.

The applicable value added is the difference between the return and the cost of capital. The return is determined by EBITA plus interest income and the value added from the BOT portfolio. The cost of capital results from the multiplication of the capital employed by the weighted average cost of capital (see page 168 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 reduce the number of existing PSUs (effects Mr. Bodner, Professor Schetter and Dr. Schneider) or the PSU credit is removed (effects Dr. Ott, Mr. Raps and Mr. Reid). There is also a cap (for the Chairman of the Executive Board €525,000, for a member of the Executive Board €350,000, for the newly appointed members of the Executive Board €280,000 for 18 months), which limits the payment to an absolute maximum annual amount.

For the 2007 financial year, the members of the Executive Board were granted a total of 37,467 PSUs, whose maximum payment amount is limited by the cap to €1,925,000.

At the balance-sheet date, the members of the Executive Board held a total of 248,503 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 2007 of €52.78, from today's perspective under consideration of the cap, this would lead to a total amount to be paid out of €4,576,000.

No loans or advances were made to the Executive Board in financial year 2007. Compensation for the execution of Group mandates was not paid in financial year 2007. They would be – insofar as they exceed €20,000 – applied against Executive Board Compensation.

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 €200,000 (2006: €110,000).

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. In the 2007 financial statements the transfer of the part of the retirement benefits already earned by Dr. Ott to a pension fund led to a one-time charge of €258,000. 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 €34,000. For the Executive Board members Mr. Raps and Mr. Reid, pension commitments exist with an obligation value of €79,000 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 43), 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% 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.

In the case of a change of control, that is, if a shareholder in the Company reaches or exceeds a shareholding of 30% 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.

Pensions

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to €2,438,000 in 2007 (2006: €2,455,000). The present value of future pension obligations for these persons calculated according to IAS 19 amounted to €29,034,000 (2006: €32,161,000).

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

€ thousand	Probable annual pension entitlement upon retirement	Payments to a relief fund 2007	Capital returned to the Company from the pension fund
Herbert Bodner (Chairman)	330	338	-90
Dr. Joachim Ott	200	183	-7
Klaus Raps	88	154	-
Kenneth D. Reid	137	164	-
Prof. Hans Helmut Schetter	237	204	-64
Dr. Jürgen M. Schneider	237	346	-69
	1,229	1,389	-230

Supervisory Board compensation	Fixed compensation ¹	Variable compensation ¹	Total	Voluntarily waived	Total after waiver
€ thousand					
Bernhard Walter (Chairman, Chairman of the Presiding Committee and member of the Audit Committee)	20	170	190	50	140
Maria Schmitt (Deputy Chairwoman and member of the Presiding Committee)	15	128	143	38	105
Hans Bauer	10	85	95	25	70
Dr. Horst Dietz	10	85	95	25	70
Wolfgang Erdner	10	85	95	25	70
Dr. Jürgen Hambrecht	10	85	95	25	70
Reiner Jäger	10	85	95	25	70
Rainer Knerler	10	85	95	25	70
Prof. Dr. Hermut Kormann	10	85	95	25	70
Harald Möller	10	85	95	25	70
Klaus Obermierbach	10	85	95	25	70
Thomas Pleines	10	85	95	25	70
Friedrich Rosner (member of the Audit Committee)	15	128	143	38	105
Udo Stark (member of the Presiding Committee and Chairman of the Audit Committee)	15	128	143	38	105
Rolf Steinmann	10	85	95	25	70
Prof. Dr. Klaus Trützschler	10	85	95	25	70
	185	1,574	1,759	464	1,295

¹ On the basis of the proposed dividend of €1.80

With a proposed dividend of €1.80 per share, the resulting increase in Supervisory Board compensation in accordance with existing provisions in the Articles of Incorporation does not seem appropriate to the Supervisory Board. In order to reduce its dividend related compensation, the Supervisory Board will propose to the Annual General Meeting on May 21, 2008 that, effective from financial year 2008, fixed compensation be set at €40,000 and that variable compensation be reduced to €300 for every cent by which the dividend exceeds €0.80 per share. For financial year 2007, the Supervisory Board will apply the proposed regulation voluntarily. This means that with the proposed dividend of €1.80 per share, a Supervisory Board member will receive €70,000 instead of the €95,000 in accordance with existing regulations. All members of the Supervisory Board have made a relevant waiver.

In addition, expenses were reimbursed in a total amount of €22,000. The total compensation of the members of the Supervisory Board for the 2007 financial year thus amounted to €1,317,000 (2006: €1,270,000).

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