

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF BUCYRUS INTERNATIONAL, INC.**

I. PURPOSE AND SCOPE

The primary purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Bucyrus International, Inc. (the "Company") are: (1) to establish and maintain competitive, fair and equitable compensation practices designed to attract and retain key management employees throughout the Company and to establish appropriate incentives to motivate and reward key management employees for achieving or exceeding established performance goals; and (2) to oversee the competency and qualifications of senior management personnel and the provisions of senior management succession planning.

The Board shall annually appoint the Committee, including the Chairperson thereof. Members of this committee are not eligible for inclusion in incentive plans in effect within the Company other than non-discretionary grants of options under the Company's stock option plans. In exercising its responsibilities, the Committee will consider the recommendations of top management and the Company's executive compensation professionals. The Committee has the authority to retain counsel and experts as deemed appropriate.

II. DUTIES AND RESPONSIBILITIES

The Committee is responsible for a broad range of activities including:

- Recommending to the full Board the salary(ies) of the Chairperson of the Board, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer after an evaluation of market data, internal salary relationships as provided by the Company's executive compensation professionals, and such other factors as the Committee deems appropriate.
- Determining the salaries for other elected Corporate Officers and selected key management employees after reviewing the recommendations made by the Chief Executive Officer and the Chief Operating Officer.
- Recommending to the full Board the type of incentive plans, if any, which will be offered to management employees.
- Administering the Company's 2004 Equity Incentive Plan and Executive Officer Incentive Plan, which includes, after reviewing the recommendations of the Chief Executive Officer and the Chief Operating Officer, determining the employees to be eligible for plan participation.
- Producing an annual report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission, for inclusion in the Company's proxy statement.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Committee shall meet as provided by its rules, which shall be at least two times annually or more frequently as circumstances require. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

IV. ACCOUNTABILITY

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.