

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

CHICAGO BRIDGE & IRON CO N V

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FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly period ended June 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-12815

CHICAGO BRIDGE & IRON COMPANY N.V.

Incorporated in The Netherlands

IRS Identification Number: Not Applicable

Polarisavenue 31
2132 JH Hoofddorp
The Netherlands
31-23-5685660

(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES (X)

NO ()

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the exchange act).

YES (X)

NO ()

The number of shares outstanding of a single class of common stock as of July 31, 2004 – 47,838,345

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CHICAGO BRIDGE & IRON COMPANY N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

*(In thousands, except per share data)***(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	\$ 415,373	\$ 389,309	\$ 858,926	\$ 711,618
Cost of revenue	385,808	339,954	782,598	622,602
Gross profit	29,565	49,355	76,328	89,016
Selling and administrative expenses	23,616	23,887	47,463	43,085
Intangibles amortization (Note 3)	519	649	1,025	1,287
Other operating income, net	(97)	(345)	(120)	(481)
Income from operations	5,527	25,164	27,960	45,125
Interest expense	(1,734)	(1,558)	(3,460)	(3,245)
Interest income	243	510	449	976
Income before taxes and minority interest	4,036	24,116	24,949	42,856
Income tax expense	(1,292)	(7,307)	(7,984)	(12,918)
Income before minority interest	2,744	16,809	16,965	29,938
Minority interest in loss (income)	2,200	(345)	2,583	(710)
Net income	\$ 4,944	\$ 16,464	\$ 19,548	\$ 29,228
Net income per share (Note 1):				
Basic	\$ 0.10	\$ 0.37	\$ 0.41	\$ 0.66
Diluted	\$ 0.10	\$ 0.35	\$ 0.40	\$ 0.63
Weighted average shares outstanding:				
Basic	47,566	44,604	47,294	44,500
Diluted	49,491	46,863	49,403	46,557
Dividends on shares:				
Amount	\$ 1,909	\$ 1,786	\$ 3,793	\$ 3,562
Per share	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.08

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

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CHICAGO BRIDGE & IRON COMPANY N.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2004 <u>(Unaudited)</u>	December 31, 2003
Assets		
Cash and cash equivalents	\$ 116,939	\$ 112,918
Accounts receivable, net of allowance for doubtful accounts of \$1,128 in 2004 and \$1,178 in 2003	245,890	200,521
Contracts in progress with costs and estimated earnings exceeding related progress billings	118,207	142,235
Deferred income taxes	25,049	23,509
Other current assets	24,156	33,244
Total current assets	<u>530,241</u>	<u>512,427</u>
Property and equipment, net	121,371	124,505
Non-current contract retentions	8,516	11,254
Deferred income taxes	6,199	2,876
Goodwill	232,166	219,033
Other intangibles	29,924	30,949
Other non-current assets	27,671	31,318
Total assets	<u>\$ 956,088</u>	<u>\$ 932,362</u>
Liabilities		
Notes payable	\$ 1,014	\$ 1,901
Accounts payable	127,905	143,258
Accrued liabilities	85,091	95,237
Contracts in progress with progress billings exceeding related costs and estimated earnings	141,982	130,497
Income taxes payable	-	5,359
Total current liabilities	<u>355,992</u>	<u>376,252</u>
Long-term debt	75,000	75,000
Other non-current liabilities	104,029	85,038
Minority interest in subsidiaries	4,292	6,908
Total liabilities	<u>539,313</u>	<u>543,198</u>
Shareholders' Equity		
Common stock, Euro .01 par value; shares authorized: 125,000,000 in 2004 and 80,000,000 in 2003; shares issued: 47,771,328 in 2004 and 46,697,732 in 2003; shares outstanding: 47,734,939 in 2004 and 46,694,415 in 2003	489	475
Additional paid-in capital	299,916	283,625
Retained earnings	142,276	126,521
Stock held in Trust	(12,309)	(11,719)
Treasury stock, at cost; 36,389 in 2004 and 3,317 in 2003	(1,146)	(108)
Accumulated other comprehensive loss	(12,451)	(9,630)
Total shareholders' equity	<u>416,775</u>	<u>389,164</u>
Total liabilities and shareholders' equity	<u>\$ 956,088</u>	<u>\$ 932,362</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CHICAGO BRIDGE & IRON COMPANY N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

*(In thousands)***(Unaudited)**

	Six Months Ended June 30,	
	2004	2003
Cash Flows from Operating Activities		
Net income	\$ 19,548	\$ 29,228
Adjustments to reconcile net income to net cash provided by operating activities:		
Payments related to exit costs	(1,300)	(1,445)
Depreciation and amortization	10,814	9,770
Gain on sale of property and equipment	(120)	(481)
Change in operating assets and liabilities (see below)	(21,929)	(12,061)
Net cash provided by operating activities	<u>7,013</u>	<u>25,011</u>
Cash Flows from Investing Activities		
Cost of business acquisitions, net of cash acquired	(1,866)	(48,612)
Capital expenditures	(7,554)	(20,363)
Proceeds from sale of property and equipment	537	1,009
Net cash used in investing activities	<u>(8,883)</u>	<u>(67,966)</u>
Cash Flows from Financing Activities		
Increase in notes payable	1,013	-
Purchase of treasury stock	(1,036)	(1,213)
Issuance of treasury stock	-	2,529
Issuance of common stock	9,707	110
Dividends paid	(3,793)	(3,562)
Net cash provided by/(used in) financing activities	<u>5,891</u>	<u>(2,136)</u>
Increase/(decrease) in cash and cash equivalents	4,021	(45,091)
Cash and cash equivalents, beginning of the year	112,918	102,536
Cash and cash equivalents, end of the period	<u>\$ 116,939</u>	<u>\$ 57,445</u>
Change in Operating Assets and Liabilities		
(Increase)/decrease in receivables, net	\$ (45,368)	\$ 5,390
Decrease/(increase) in contracts in progress, net	35,513	(29,719)
Decrease/(increase) in non-current contract retentions	2,738	(4,323)
(Decrease)/increase in accounts payable	(15,353)	33,272
Change in contract capital	(22,470)	4,620
Decrease/(increase) in other current assets	9,775	(1,258)
(Decrease)/increase in income taxes payable and deferred income taxes	(624)	5,520
Decrease in accrued and other non-current liabilities	(7,222)	(7,145)
Increase in other	(1,388)	(13,798)
Total	<u>\$ (21,929)</u>	<u>\$ (12,061)</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CHICAGO BRIDGE & IRON COMPANY N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004

(in thousands, except per share data)

(Unaudited)

1. Significant Accounting Policies

Basis of Presentation—The accompanying unaudited consolidated financial statements for Chicago Bridge & Iron Company N.V. and Subsidiaries (“CB&I”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, our unaudited consolidated financial statements include all adjustments necessary for a fair presentation of our financial position as of June 30, 2004, and our results of operations and cash flows for each of the three-month and six-month periods ended June 30, 2004 and 2003. The consolidated balance sheet at December 31, 2003 is derived from the December 31, 2003 audited consolidated financial statements. Although management believes the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results of operations and cash flows for the interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying unaudited interim consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2003 Annual Report on Form 10-K.

Reclassification of Prior Year Balances—Certain prior year balances have been reclassified to conform with the current year presentation.

Revenue Recognition—Revenue is recognized using the percentage-of-completion method. A significant portion of our work is performed on a fixed price or lump sum basis. The balance of our work is performed on variations of cost reimbursable and target price approaches. Contract revenue is accrued based on the percentage that actual costs-to-date bear to total estimated costs. We utilize this cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. We follow the guidance of the Statement of Position 81-1, “Accounting for Performance of Construction-Type and Certain Production-Type Contracts,” for accounting policy relating to our use of the percentage-of-completion method, estimating costs, revenue recognition and claim recognition. The use of estimated cost to complete each contract, while the most widely recognized method used for percentage-of-completion accounting, is a significant variable in the process of determining income earned and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for agreed upon change orders and estimated minimum recoveries of claims. We recognize claims when it is probable that the claim will result in additional contract revenue and the amount of the claim can be reliably estimated. Claims are only recorded to the extent that contract costs relating to the claim have been incurred. At June 30, 2004 and December 31, 2003, we had net outstanding claims recognized of \$8,550 and \$6,970, respectively. Losses expected to be incurred on contracts in progress are charged to income in the period such losses are known. Provisions for additional costs associated with contracts projected to be in a loss position at June 30, 2004 resulted in a \$31,400 and \$46,300 charge to income in the three and six month periods ended June 30, 2004, respectively.

Cost and estimated earnings to date in excess of progress billings on contracts in process represent the cumulative revenue recognized less the cumulative billings to the customer. Any billed revenue that has not been collected is reported as accounts receivable. Unbilled revenue is reported as contracts in progress with costs and estimated earnings exceeding related progress billings on the consolidated balance sheet. The timing of when we bill our customers is generally contingent on completion of certain phases of the work as stipulated in the contract.

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billings in accounts receivable at June 30, 2004 and December 31, 2003 were currently due and included retentions totaling \$37,673 and \$32,533, respectively, to be collected within one year. Contract retentions collectible beyond one year are included in non-current contract retentions on our consolidated balance sheets. Cost of revenue includes direct contract costs such as material and construction labor, and indirect costs which are attributable to contract activity.

New Accounting Standards-In December 2003, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 132 (revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits.” The revised standard requires annual and interim disclosures in addition to those in the original standard concerning the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. This statement is effective for fiscal years ending after December 15, 2003. See Note 5 for the interim disclosure requirements of SFAS No. 132 (revised 2003).

In May 2004, the FASB issued FASB Staff Position (“FSP”) No. FAS 106-2 (“FSP 106-2”), “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003,” which supersedes FSP 106-1. FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”) for employers that sponsor postretirement health care plans that provide prescription drug benefits. FSP 106-2 also requires certain disclosures regarding the effect of the federal subsidy provided by the Act. FSP 106-2 is effective for the first interim and annual period beginning after June 15, 2004. We are currently evaluating the effect that adoption of FSP 106-2 will have on our financial condition or results of operations.

Earnings Per Share Computations-Basic earnings per share (“EPS”) is calculated by dividing our net income by the weighted average number of common shares outstanding for the period, which includes stock held in trust. Diluted EPS reflects the assumed conversion of all dilutive securities, consisting of employee stock options/restricted shares/performance shares and directors deferred fee shares. Excluded from our per share calculations for the three and six month periods ended June 30, 2004 were 424 shares and 64 shares, respectively, as they were considered antidilutive.

The following schedule reconciles the income and shares utilized in the basic and diluted EPS computations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income	\$ 4,944	\$ 16,464	\$ 19,548	\$ 29,228
Weighted average shares outstanding – basic	47,566	44,604	47,294	44,500
Effect of stock options/restricted shares/performance shares	1,872	2,210	2,056	2,008
Effect of directors deferred fee shares	53	49	53	49
Weighted average shares outstanding – diluted	49,491	46,863	49,403	46,557
Net income per share				
Basic	\$ 0.10	\$ 0.37	\$ 0.41	\$ 0.66
Diluted	\$ 0.10	\$ 0.35	\$ 0.40	\$ 0.63

Stock Plans-We account for stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of our stock at the date of the grant over the amount an employee must pay to acquire the stock, subject to any vesting provisions. Reported net income does not include any compensation expense associated with stock options, but does include compensation expense associated with restricted stock and performance share awards.

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Had compensation expense for the Employee Stock Purchase Plan and Long-Term Incentive Plans been determined consistent with the fair value method of SFAS No. 123, "Accounting for Stock-Based Compensation" (using the Black-Scholes pricing model for stock options), our net income and net income per common share would have reflected the following pro forma amounts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net Income, as reported	\$ 4,944	\$ 16,464	\$ 19,548	\$ 29,228
Add: Stock-based compensation for restricted stock and performance share awards included in reported net income, net of tax	(404)	695	607	771
Deduct: Stock-based compensation determined under the fair value method, net of tax	(33)	(1,626)	(1,354)	(2,625)
Pro forma net income	\$ 4,507	\$ 15,533	\$ 18,801	\$ 27,374
Basic EPS				
As reported	\$ 0.10	\$ 0.37	\$ 0.41	\$ 0.66
Pro forma	\$ 0.09	\$ 0.35	\$ 0.40	\$ 0.62
Diluted EPS				
As reported	\$ 0.10	\$ 0.35	\$ 0.40	\$ 0.63
Pro forma	\$ 0.09	\$ 0.33	\$ 0.38	\$ 0.59

Using the Black-Scholes option-pricing model, the fair value of each option grant is estimated on the date of grant based on the following weighted-average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Risk-free interest rate	4.41 %	3.29 %	3.63 %	3.29 %
Expected dividend yield	0.55 %	1.08 %	0.57 %	1.08 %
Expected volatility	46.09%	48.60%	46.29%	48.60%
Expected life in years	6	6	6	6

2. Comprehensive Income

Comprehensive income for the three and six months ended June 30, 2004 and 2003 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income	\$ 4,944	\$ 16,464	\$ 19,548	\$ 29,228
Other comprehensive (loss) income, net of tax:				
Cumulative translation adjustment	(1,387)	1,995	(2,003)	2,373
Change in unrealized loss on debt securities	26	26	52	52
Change in unrealized fair value of cash flow hedges	(204)	—	(870)	—
Comprehensive income	\$ 3,379	\$ 18,485	\$ 16,727	\$ 31,653

Accumulated other comprehensive loss reported on our balance sheet at June 30, 2004 includes the following, net of tax: \$11,922 of cumulative translation adjustment, \$211 of unrealized loss on debt securities, (\$447) of unrealized fair value of cash flow hedges and \$765 of minimum pension liability adjustments.

3. Goodwill and Other Intangibles

Goodwill

General-At June 30, 2004 and December 31, 2003, our goodwill balances were \$232,166 and \$219,033, respectively, attributable to the excess of the purchase price over the fair value of net assets acquired relative to acquisitions within our North America and EAME segments.

The increase in goodwill primarily relates to direct acquisition costs and final asset and liability valuations associated with our 2003 acquisitions of Petrofac and John Brown, a contingent earnout obligation associated with our 2000 acquisition of Howe-Baker International L.L.C. (“Howe-Baker”), the impact of foreign currency translation and a reduction in accordance with SFAS No. 109, “Accounting for Income Taxes,” where tax goodwill exceeded book goodwill.

The change in goodwill by segment for the six months ended June 30, 2004 is as follows:

	North America	EAME	Total
Balance at December 31, 2003	\$ 199,210	\$ 19,823	\$ 219,033
Adjustments associated with prior year acquisitions and contingent earnout obligations	5,417	7,716	13,133
Balance at June 30, 2004	\$ 204,627	\$ 27,539	\$ 232,166

Impairment Testing-SFAS No. 142 “Goodwill and Other Intangible Assets” prescribes a two-phase process for impairment testing of goodwill, which is performed annually, absent any indicators of impairment. The first phase screens for impairment, while the second phase (if necessary) measures the impairment. We have elected to perform our annual analysis during the fourth quarter of each year based upon goodwill balances as of the end of the third calendar quarter. Although no indicators of impairment have been identified during 2004, there can be no assurance that future goodwill impairment tests will not result in a charge to earnings.

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Other Intangible Assets

In accordance with SFAS No. 142, the following table provides information concerning our other intangible assets for the periods ended June 30, 2004 and December 31, 2003:

	June 30, 2004		December 31, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Technology (3 to 11 years)	\$ 6,221	\$ (4,220)	\$ 6,221	\$ (3,795)
Non-compete agreements (4 to 8 years)	4,810	(3,090)	4,810	(2,648)
Strategic alliances, customer contracts, patents (3 to 11 years)	2,695	(1,209)	2,695	(1,051)
Total	\$ <u>13,726</u>	\$ <u>(8,519)</u>	\$ <u>13,726</u>	\$ <u>(7,494)</u>
Unamortized intangible assets				
Tradenames	\$ <u>24,717</u>		\$ <u>24,717</u>	

The changes in other intangibles relate to additional amortization expense.

4. Financial Instruments

Forward Contracts-At June 30, 2004 our forward contracts to hedge intercompany loans and certain operating exposures are summarized as follows:

Currency Sold	Currency Purchased	Contract Amount ⁽¹⁾	Weighted Average Contract Rate
Forward contracts to hedge intercompany loans: ⁽²⁾			
Euro	U.S. Dollar	\$ 8,326	0.82
U.S. Dollar	Canadian Dollar	\$ 9,651	1.36
U.S. Dollar	British Pound	\$ 9,067	0.55
U.S. Dollar	Australian Dollar	\$ 6,849	1.44
U.S. Dollar	South African Rand	\$ 2,988	6.43
Forward contracts to hedge certain operating exposures: ⁽³⁾			
U.S. Dollar	Euro	\$ 26,809	0.82
U.S. Dollar	South African Rand	\$ 7,491	6.67
U.S. Dollar	Qatari Rial	\$ 3,763	3.63
U.S. Dollar	British Pound	\$ 666	0.56
U.S. Dollar	Japanese Yen	\$ 477	104.82

(1) Represents notional U.S. dollar equivalent at inception of contract.

(2) Contracts generally mature within seven days of quarter-end.

Contracts mature within one year of quarter-end and were designated as "cash flow hedges" under SFAS No. 133, "Accounting for (3) Derivative Instruments and Hedging Activities." At June 30, 2004, the fair value of these contracts, recorded in other current assets on our consolidated balance sheets, was \$687 (see Note 2). Any hedge ineffectiveness was not significant.

5. Retirement Benefits

We previously disclosed in our financial statements for the year ended December 31, 2003, that in 2004 we expected to contribute \$4,929 and \$3,006 to our defined benefit and other postretirement plans, respectively. The following table provides contribution information for our defined benefit and postretirement plans as of June 30, 2004:

	Defined Benefit Plans	Other Postretirement Benefits
Contributions made through June 30, 2004	\$ 2,288	\$ 1,626
Remaining contributions expected for 2004	<u>2,478</u>	<u>1,318</u>
Total contributions expected for 2004	\$ <u>4,766</u>	\$ <u>2,944</u>

The following table provides combined information for our defined benefit and other postretirement plans:

Components of Net Periodic Benefit Cost

	Defined Benefit Plans		Other Postretirement Benefits	
	2004	2003	2004	2003
Three months ended June 30,				
Service cost	\$1,412	\$435	\$316	\$420
Interest cost	399	269	490	448
Expected return on plan assets	(510)	(332)	-	-
Amortization of prior service costs	4	3	(67)	(26)
Recognized net actuarial loss	<u>70</u>	<u>103</u>	<u>65</u>	<u>24</u>
Net periodic benefit cost	<u>\$1,375</u>	<u>\$478</u>	<u>\$804</u>	<u>\$866</u>
	2004	2003	2004	2003
Six months ended June 30,				
Service cost	\$2,840	\$484	\$632	\$840
Interest cost	801	513	981	871
Expected return on plan assets	(1,025)	(633)	-	-
Amortization of prior service costs	8	5	(134)	(51)
Recognized net actuarial loss	<u>141</u>	<u>206</u>	<u>130</u>	<u>47</u>
Net periodic benefit cost	<u>\$2,765</u>	<u>\$575</u>	<u>\$1,609</u>	<u>\$1,707</u>

6. Segment Information

We manage our operations by four geographic segments: North America; Europe, Africa, Middle East; Asia Pacific; and Central and South America. Each geographic segment offers similar services.

The Chief Executive Officer evaluates the performance of these four segments based on revenue and income from operations. Each segment's performance reflects the allocation of corporate costs, which were based primarily on revenue. Intersegment revenue was not material.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue				
North America	\$ 242,752	\$ 239,046	\$ 499,802	\$ 443,196
Europe, Africa, Middle East	112,236	77,688	218,148	136,641
Asia Pacific	42,694	51,574	101,332	92,606
Central and South America	17,691	21,001	39,644	39,175
Total revenue	\$ 415,373	\$ 389,309	\$ 858,926	\$ 711,618
Income (Loss) From Operations				
North America	\$ 10,155	\$ 18,150	\$ 24,855	\$ 29,650
Europe, Africa, Middle East	(8,150)	2,343	(4,699)	5,903
Asia Pacific	870	2,986	2,550	4,299
Central and South America	2,652	1,685	5,254	5,273
Total income from operations	\$ 5,527	\$ 25,164	\$ 27,960	\$ 45,125

7. Commitments and Contingencies

Antitrust Proceedings-On October 25, 2001, the U.S. Federal Trade Commission (the "FTC" or the "Commission") announced its decision to file an administrative complaint (the "Complaint") challenging our February 2001 acquisition of certain assets of the Engineered Construction Division of PDM that we acquired together with certain assets of the Water Division of PDM (The Engineered Construction and Water Divisions of PDM are hereafter sometimes referred to as the "PDM Divisions"). The FTC's Complaint alleged that the acquisition violated Section 7 of the Clayton Antitrust Act and Section 5 of the Federal Trade Commission Act by threatening to substantially lessen competition in four specific markets in which both we and PDM had competed in the United States: liquefied natural gas storage tanks and associated facilities constructed in the United States; liquefied nitrogen, liquefied oxygen and liquefied argon storage tanks constructed in the United States; liquefied petroleum gas storage tanks constructed in the United States; and field erected thermal vacuum chambers (used for the testing of satellites) constructed in the United States. The FTC's Complaint asserted that the consequence of the acquisition will be increased prices in these four markets.

A trial before an FTC Administrative Law Judge was concluded on January 16, 2003. On June 12, 2003, the FTC Administrative Law Judge issued his ruling. The ruling found that our acquisition of PDM assets threatens to substantially lessen competition in the four markets identified above in which both CB&I and PDM participated. As a result of this finding by the FTC Administrative Law Judge, we have been ordered to divest within 180 days of a final order all physical assets, intellectual property and any uncompleted construction contracts of the PDM Divisions that we acquired from PDM to a purchaser approved by the FTC that is able to utilize those assets as a viable competitor.

We believe the FTC Administrative Law Judge's ruling is inconsistent with the law and facts presented at trial. We have appealed the ruling to the full Federal Trade Commission. In addition, the FTC Staff has appealed the sufficiency of the remedies contained in the ruling to the full Federal Trade Commission. Pending issuance of a

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final order by the Commission, we are subject to an interim order designed to preserve the status quo of the PDM assets, including a requirement that we notify the FTC 60 days before taking any action to dispose of any PDM assets at our Provo, Utah fabrication facility. On November 12, 2003, oral arguments were held before the Commission, which will issue its decision in due course. Until the FTC order becomes final, we expect the impact on our earnings will be minimal. However, the remedies contained in the order, if implemented, could have an adverse effect on us, including an expense relating to a potential write-down of the net book value of the divested assets. If additional remedies sought by the FTC staff are also implemented by the Full Commission, there may be additional adverse financial effects on us.

In addition, we were served with a subpoena for documents on July 23, 2003, by the Philadelphia office of the U.S. Department of Justice, Antitrust Division. The subpoena seeks documents that are in part related to matters that were the subject of testimony in the FTC administrative law trial, as well as documents relating to our Water Division. We are cooperating fully with the investigation. We cannot assure you that proceedings will not result from this investigation.

Environmental Matters-Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations and laws outside the U.S. establishing health and environmental quality standards, including those governing discharges and pollutants into the air and water and the management and disposal of hazardous substances and wastes. This exposes us to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred. We are not aware of any manifestation by a potential claimant of its awareness of a possible claim or assessment with respect to any such facility.

We believe that we are currently in compliance, in all material respects, with all environmental laws and regulations. We do not anticipate that we will incur material capital expenditures for environmental controls or for investigation or remediation of environmental conditions during the remainder of 2004 or 2005.

Contingent Earnout Obligations-In connection with our acquisition of Howe-Baker in 2000, we assumed two earnout arrangements contingent upon the performance of the underlying acquired entities. One of the arrangements which has and will continue to require us to make cash payments to the previous owners expires in July 2004 (of which \$9.6 million is included in accrued liabilities and expected to be paid in the third quarter of 2004), while the other arrangement was settled during 2003.

Consistent with the provisions of SFAS No. 141, "Business Combinations," any additional purchase consideration with respect to the remaining contingent obligation is allocated to goodwill when recognized.

Other-We are a defendant in a number of lawsuits arising in the normal course of business, including among others, lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed at various locations. We have never been a manufacturer, distributor or supplier of asbestos products, and we have in place appropriate insurance coverage for the type of work that we have performed. During 2004, we were named as a defendant in additional asbestos-related lawsuits. To date, we have been able to dismiss or settle all such claims without a material impact on our operating results or financial position and do not currently believe that the asserted claims will have a material adverse effect on our future results of operations or financial position. As a matter of standard policy, we continually review our litigation accrual and as further information is known on pending cases, increases or decreases, as appropriate, may be recorded in accordance with SFAS No. 5, "Accounting for Contingencies."

Item 2 – Management’ s Discussion and Analysis of Financial Condition and Results of Operations

The following “Management’ s Discussion and Analysis of Financial Condition and Results of Operations” is provided to assist readers in understanding our financial performance during the periods presented and significant trends, which may impact our future performance. This discussion should be read in conjunction with our Consolidated Financial Statements and the related notes thereto included elsewhere in this quarterly report.

We are a global specialty engineering, procurement and construction company serving customers in several primary end markets, including hydrocarbon refining, natural gas, water and the energy sector in general. We have been helping our customers store and process the earth’ s natural resources for more than 100 years by supplying a comprehensive range of engineered steel structures and systems. We offer a complete package of design, engineering, fabrication, procurement, construction and maintenance services. Our projects include hydrocarbon processing plants, liquefied natural gas (“LNG”) terminals and peak shaving plants, offshore structures, pipelines, bulk liquid terminals, water storage and treatment facilities, and other steel structures and their associated systems. We have been continuously engaged in the engineering and construction industry since our founding in 1889.

Results of Operations

New Business Taken/Backlog-During the three months ended June 30, 2004, new business taken, representing the value of new project commitments received during a given period, was \$398.3 million, compared with \$538.6 million in 2003. These commitments are included in backlog until work is performed and revenue is recognized or until cancellation. New business during the quarter included an LNG terminal expansion project and hydrogen plant projects in North America. New business taken for the first half of 2004 was \$746.0 million, compared with \$863.3 million for the same period last year. We anticipate new business for the full year 2004 to be \$1.8 billion to \$1.9 billion.

Backlog at June 30, 2004 decreased 11% to \$1.5 billion compared with \$1.6 billion at June 30, 2003.

Revenue-Revenue during the three months ended June 30, 2004 grew 7% to \$415.4 million from \$389.3 million in the second quarter of 2003. Our revenue fluctuates based on the changing project mix and is dependent on the amount and timing of new awards and on other matters such as project schedules. During the quarter, revenue increased 2% in the North America segment and 44% in the Europe, Africa, Middle East (“EAME”) segment, which included revenue from CBI John Brown, acquired May 30, 2003. Revenue declined 17% in the Asia Pacific (“AP”) segment and 16% in the Central and South America (“CSA”) segment, primarily due to the timing of project execution in the field.

Gross Profit-Gross profit for the quarter decreased 40% to \$29.6 million, or 7.1% of revenue, compared with 12.7% of revenue for the comparable period in 2003. The decrease was primarily attributable to the recognition of potentially unrecoverable costs on two projects, one in our EAME segment’ s Saudi Arabia region that is nearing completion and the other in our North America segment that has been completed.

Saudi Arabian Project

The Saudi project was forecasted to close in a loss position of \$1.4 million as of the end of 2003. In the first quarter of 2004 we recognized unanticipated costs for work performed on the project for which we are contractually obligated without the benefit of immediate owner approval. The increased costs were provided for in the period, resulting in a total charge of \$6.9 million in the first quarter.

Events in the Saudi Arabia region of our EAME segment during the second quarter resulted in an unanticipated level of uncertainty and instability in the region. As a result of disruptions, real or perceived, caused by terrorist activity beginning in May 2004, we incurred additional costs and encountered unexpected difficulties and delays on the Saudi project due to increased physical security requirements and the inefficiencies, delays and disruption caused by the need to replace employees choosing to depart the Kingdom. In the second quarter we increased our

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estimate of all costs expected to be incurred to complete the project. As the project is still forecasted to result in a loss, additional provision for such loss was made, resulting in a \$16.4 million charge in the second quarter.

Other than the Saudi project, we have active smaller projects in the Saudi Arabia region of our EAME segment where terrorist activity might significantly increase our costs or cause a delay in the completion of a project. We have taken steps to reduce risks from terrorist activity, including moving certain employees and support services out of Saudi Arabia and continuing to implement appropriate security measures at our jobsites and facilities. While no assurances can be given, we do not believe that we have any material risks at the present time attributable to terrorist activity in Saudi Arabia.

North American Project

On the North America segment project, a major general contractor for us (Jones LG LLC) filed for bankruptcy in late September 2003, and we undertook to takeover and complete the project on an expedited basis to ensure that our significant client's requirements were met. During the fourth quarter of 2003, work that had been performed by the contractor's subcontractors was suspended at a critical stage pending authorization from the bankruptcy court to proceed. Also during the fourth quarter of 2003, the general contractor gave us an estimate of the amount of the work completed and remaining to be completed. Late in the fourth quarter, we began to mobilize and believed we could perform within the budget. During the first quarter of 2004, costs increased from the impact of our taking over the work and included the continuation of mobilization; hiring and deployment of craft labor; selection of subcontractors and planning and organization of the takeover of the work and performance of work that had not been satisfactorily completed by the general contractor or its subcontractors. An \$8.0 million charge to earnings was recognized in the first quarter for the increase in forecasted total costs and the resulting reduced forecasted gross margin on the project.

During the second quarter of 2004, our forecast of total project costs increased as a result of a series of unexpected events that required us to perform unplanned work and incur unforecasted costs including the rework of components of the most critical equipment on the project; decreases in labor productivity and longer than anticipated equipment utilization. Additionally, commissioning and preparation for startup of the facility began before construction was complete and much of the work had to be completed on an expedited basis in order to support an aggressive commissioning and start up program, necessitating additional costs. Due to these previously unforeseen costs, the project was now forecasted to result in a negative gross margin. As a result, a provision for such loss was made, resulting in a \$15.0 million charge to earnings in the second quarter.

As of June 30, 2004, we have not recognized revenue for unapproved change orders or claims associated with these projects.

For the first half of 2004, gross profit decreased 14% to \$76.3 million compared with \$89.0 million in the first six months of 2003 primarily as a result of the Saudi Arabian and North American projects as discussed above.

Selling and Administrative Expenses-Selling and administrative expense for the three months ended June 30, 2004 was \$23.6 million, or 5.7% of revenue, compared with \$23.9 million, or 6.1% of revenue, for the comparable period in 2003.

Income from Operations-Income from operations in the second quarter of 2004 decreased 78% to \$5.5 million, compared with \$25.2 million in the comparable 2003 period, primarily due to the impact of the loss provisions for the North America and EAME segment projects as previously discussed.

Liquidity and Capital Resources

At June 30, 2004, cash and cash equivalents totaled \$116.9 million.

Operating-During the first six months of 2004, our operations generated \$7.0 million of cash flows, due to the impact of profitability being offset by growth in working capital. The level of working capital varies from period to period and is affected by the mix, stage of completion and commercial terms of contracts.

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Investing-In the first six months of 2004, we incurred \$7.6 million for capital expenditures. For 2004, capital expenditures are anticipated to be in the \$20.0 to \$25.0 million range. Our utilization of cash also included \$1.9 million of deferred purchase consideration and direct acquisition costs related to our 2003 acquisitions.

In connection with our acquisition of Howe-Baker International, L.L.C. (“Howe-Baker”), in 2000 we assumed two earnout arrangements contingent upon the performance of the underlying acquired entities. One of the arrangements, which has and will continue to require us to make cash payments to the previous owners expires in July 2004 (of which \$9.6 million is included in accrued liabilities and expected to be paid in the third quarter of 2004), while the other arrangement was settled in 2003.

We continue to evaluate and selectively pursue opportunities for expansion of our business through acquisition of complementary businesses. These acquisitions, if they arise, may involve the use of cash or, depending upon the size and terms of the acquisition, may require debt or equity financing.

Financing-Net cash flows provided by financing activities were \$5.9 million, primarily attributable to the issuance of common stock resulting from the exercise of stock options. Cash dividends of \$3.8 million were paid during the first six months of 2004.

Our primary source of liquidity is cash flow generated from operations. Capacity under revolving credit agreements is also available, if necessary, to fund operating or investing activities. We have a three-year \$233.3 million revolving credit facility and a five-year \$116.7 million letter of credit facility, which terminate in August 2006 and August 2008, respectively. Both facilities are committed and unsecured. As of June 30, 2004, no direct borrowings existed under the revolving credit facility, but we had issued \$121.7 million of letters of credit under the three-year facility and \$15.3 million under the five-year facility. As of June 30, 2004, we had \$213.0 million of available capacity under these facilities. The facilities contain certain restrictive covenants including minimum levels of net worth, fixed charge and leverage ratios, among other restrictions. The facilities also place restrictions on us with regard to subsidiary indebtedness, sales of assets, liens, investments, type of business conducted, and mergers and acquisitions, among other restrictions. We were in compliance with all covenants at June 30, 2004.

We also have various short-term, uncommitted revolving credit facilities across several geographic regions of approximately \$275.4 million. These facilities are generally used to provide letters of credit or bank guarantees to customers in the ordinary course of business to support advance payments, as performance guarantees or in lieu of retention on our contracts. At June 30, 2004, we had available capacity of \$123.5 million under these uncommitted facilities. In addition to providing letters of credit or bank guarantees, we also provide surety bonds in the ordinary course of business to support our contract performance.

As of June 30, 2004, the following commitments were in place to support our ordinary course obligations:

(In thousands)	Amounts of Commitments by Expiration Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Letters of Credit/Bank Guarantees	\$ 288,881	\$ 173,339	\$ 101,489	\$ 14,053	\$ -
Surety Bonds	439,410	346,803	92,337	241	29
Total Commitments	\$ 728,291	\$ 520,142	\$ 193,826	\$ 14,294	\$ 29

Note: Includes \$22,308 of letters of credit issued in support of our insurance program.

We believe funds generated by operations, amounts available under existing credit facilities and external sources of liquidity, such as the issuance of debt and equity instruments, will be sufficient to finance capital expenditures, the settlement of earnout obligations, the settlement of commitments and contingencies (as fully described in Note 7 to our Consolidated Financial Statements) and working capital needs for the foreseeable future. However, there can be no assurance that such funding will be available, as our ability to generate cash flows from operations and our ability to access funding under the revolving credit facilities may be impacted by a variety of business, economic,

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legislative, financial and other factors which may be outside of our control. Additionally, while we currently have significant, uncommitted bonding facilities, primarily to support various commercial provisions in our engineering and construction contracts, a termination or reduction of these bonding facilities could result in the utilization of letters of credit in lieu of performance bonds, thereby reducing our available capacity under the revolving credit facilities. There can be no assurance that such facilities will be available at reasonable terms to service our ordinary course obligations.

Off-Balance Sheet Arrangements

We use operating leases for facilities and equipment when they make economic sense. In 2001, we entered into a sale (for approximately \$14.0 million) and leaseback transaction of our Plainfield, Illinois administrative office with a lease term of 20 years. The leaseback structure's future payments are accounted for as an operating lease. Rentals under this and all other lease commitments are reflected in rental expense.

We have no other off-balance sheet arrangements.

New Accounting Standards

In December 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." The revised standard requires annual and interim disclosures in addition to those in the original standard concerning the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. This statement is effective for fiscal years ending after December 15, 2003. See Note 5 to our Consolidated Financial Statements for the interim disclosure requirements of SFAS No. 132 (revised 2003).

In May 2004, the FASB issued FASB Staff Position ("FSP") No. FAS 106-2 ("FSP 106-2"), "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," which supersedes FSP 106-1. FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") for employers that sponsor postretirement health care plans that provide prescription drug benefits. FSP 106-2 also requires certain disclosures regarding the effect of the federal subsidy provided by the Act. FSP 106-2 is effective for the first interim and annual period beginning after June 15, 2004. We are currently evaluating the effect that adoption of FSP 106-2 will have on our financial condition or results of operations.

Critical Accounting Policies

In general, there have been no significant changes in our critical accounting policies since December 31, 2003. For a detailed discussion of these policies, please see Item 7 of our annual report on Form 10-K for the year ended December 31, 2003. The following provides further clarification to our revenue recognition policy:

Revenue Recognition-Revenue is recognized using the percentage-of-completion method. A significant portion of our work is performed on a fixed price or lump sum basis. The balance of our work is performed on variations of cost reimbursable and target price approaches. Contract revenue is accrued based on the percentage that actual costs-to-date bear to total estimated costs. We utilize this cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. We follow the guidance of the Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts," for accounting policy relating to our use of the percentage-of-completion method, estimating costs, revenue recognition and claim recognition. The use of estimated cost to complete each contract, while the most widely recognized method used for percentage-of-completion accounting, is a significant variable in the process of determining income earned and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

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Contract revenue reflects the original contract price adjusted for agreed upon change orders and estimated minimum recoveries of claims. We recognize claims when it is probable that the claim will result in additional contract revenue and the amount of the claim can be reliably estimated. Claims are only recorded to the extent that contract costs relating to the claim have been incurred. At June 30, 2004 and December 31, 2003, we had net outstanding claims recognized of \$8.6 million and \$7.0 million, respectively. Losses expected to be incurred on contracts in progress are charged to income in the period such losses are known.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. You should read carefully any statements containing the words “expect,” “believe,” “anticipate,” “project,” “estimate,” “predict,” “intend,” “should,” “could,” “may,” “might,” or similar expressions or the negative of any of these terms.

Forward-looking statements involve known and unknown risks and uncertainties. In addition to the material risks listed under “Risk Factors,” as set forth in our Form 10-K dated March 12, 2004, that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements, the following factors could also cause our results to differ from such statements:

our ability to realize cost savings from our expected execution performance of contracts;

the uncertain timing and the funding of new contract awards, and project cancellations and operating risks;

cost overruns on fixed price contracts;

risks associated with percentage of completion accounting;

changes in the costs or availability of or delivery schedule for components and materials;

increased competition;

fluctuating revenues resulting from a number of factors, including the cyclic nature of the individual markets in which our customers operate;

lower than expected activity in the hydrocarbon industry, demand from which is the largest component of our revenue;

the expected growth in our primary end markets does not occur;

risks inherent in our acquisition strategy and our ability to obtain financing for proposed acquisitions;

our ability to integrate and successfully operate acquired businesses and the risks associated with those businesses;

adverse outcomes of pending claims or litigation or the possibility of new claims or litigation;

the ultimate outcome or effect of the pending FTC proceeding on our business, financial condition and results of operations.

lack of necessary liquidity to finance expenditures prior to the receipt of payment for the performance of contracts and to provide bid and performance bonds and letters of credit securing our obligations under our bids and contracts;

proposed revisions to U.S. tax laws that seek to increase income taxes payable by certain international companies;

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political and economic conditions including, but not limited to, war, conflict or civil or economic unrest in countries in which we operate; and

a downturn in the economy in general.

Although we believe the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future performance or results. We are not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should consider these risks when reading any forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in foreign currency exchange rates, which may adversely affect our results of operations and financial condition. One exposure to fluctuating exchange rates relates to the effects of translating the financial statements of our non-U.S. subsidiaries, which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. The foreign currency translation adjustments are recognized in shareholders' equity in accumulated other comprehensive income (loss) as cumulative translation adjustment, net of tax. We generally do not hedge our exposure to potential foreign currency translation adjustments.

Another form of foreign currency exposure relates to our non-U.S. subsidiaries' normal contracting activities. We generally try to limit our exposure to foreign currency fluctuations in most of our engineering and construction contracts through provisions that require client payments in U.S. dollars or other currencies corresponding to the currency in which costs are incurred. As a result, we generally do not need to hedge foreign currency cash flows for contract work performed. However, where construction contracts do not contain foreign currency provisions, we use forward exchange contracts to hedge foreign currency transaction exposure. The gains and losses on these contracts offset changes in the value of the related exposures. As of June 30, 2004, the notional amount of cash flow hedge contracts outstanding was \$39.2 million, and the fair value of these contracts was an asset of approximately \$0.7 million. The terms of these contracts generally do not exceed one year.

In circumstances where intercompany loans and/or borrowings are in place with non-U.S. subsidiaries, we will also use forward contracts. If the timing or amount of foreign-denominated cash flows varies, we incur foreign exchange gains or losses, which are included in the consolidated statements of income. We do not use financial instruments for trading or speculative purposes.

We maintain operations and have construction projects in Venezuela, which continued to experience negative political and economic conditions during the first six months of 2004. As a result, the Venezuelan Bolivar, which devalued more than 85% against the U.S. dollar in 2002, was subject to trading restrictions in 2003 and the first six months of 2004. As of June 30, 2004, we had \$1.6 million of net assets in Venezuela that are subject to foreign currency translation adjustments. As noted above, the exposure on our construction projects is generally limited by contractual provisions. However, we will continue to face currency exposure on our net assets.

The carrying value of our cash and cash equivalents, accounts receivable, accounts payable, notes payable and forward contracts approximates their fair values because of the short-term nature of these instruments. See Note 4 to our Consolidated Financial Statements for quantification of our financial instruments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures-As of the end of the period covered by this quarterly report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon such evaluation, the CEO and CFO have concluded that, as of the end of such period, our disclosure controls and procedures are effective to

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ensure information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Controls-There was no significant change in our internal controls over financial reporting that occurred during our most recently completed fiscal quarter, that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Antitrust Proceedings-On October 25, 2001, the U.S. Federal Trade Commission (the "FTC" or the "Commission") announced its decision to file an administrative complaint (the "Complaint") challenging our February 2001 acquisition of certain assets of the Engineered Construction Division of PDM that we acquired together with certain assets of the Water Division of PDM (The Engineered Construction and Water Divisions of PDM are hereafter sometimes referred to as the "PDM Divisions"). The FTC's Complaint alleged that the acquisition violated Section 7 of the Clayton Antitrust Act and Section 5 of the Federal Trade Commission Act by threatening to substantially lessen competition in four specific markets in which both we and PDM had competed in the United States: liquefied natural gas storage tanks and associated facilities constructed in the United States; liquefied nitrogen, liquefied oxygen and liquefied argon storage tanks constructed in the United States; liquefied petroleum gas storage tanks constructed in the United States; and field erected thermal vacuum chambers (used for the testing of satellites) constructed in the United States. The FTC's Complaint asserted that the consequence of the acquisition will be increased prices in these four markets.

A trial before an FTC Administrative Law Judge was concluded on January 16, 2003. On June 12, 2003, the FTC Administrative Law Judge issued his ruling. The ruling found that our acquisition of PDM assets threatens to substantially lessen competition in the four markets identified above in which both CB&I and PDM participated. As a result of this finding by the FTC Administrative Law Judge, we have been ordered to divest within 180 days of a final order all physical assets, intellectual property and any uncompleted construction contracts of the PDM Divisions that we acquired from PDM to a purchaser approved by the FTC that is able to utilize those assets as a viable competitor.

We believe the FTC Administrative Law Judge's ruling is inconsistent with the law and facts presented at trial. We have appealed the ruling to the full Federal Trade Commission. In addition, the FTC Staff has appealed the sufficiency of the remedies contained in the ruling to the full Federal Trade Commission. Pending issuance of a final order by the Commission, we are subject to an interim order designed to preserve the status quo of the PDM assets, including a requirement that we notify the FTC 60 days before taking any action to dispose of any PDM assets at our Provo, Utah fabrication facility. On November 12, 2003, oral arguments were held before the Commission, which will issue its decision in due course. Until the FTC order becomes final, we expect the impact on our earnings will be minimal. However, the remedies contained in the order, if implemented, could have an adverse effect on us, including an expense relating to a potential write-down of the net book value of the divested assets. If additional remedies sought by the FTC staff are also implemented by the Full Commission, there may be additional adverse financial effects on us.

In addition, we were served with a subpoena for documents on July 23, 2003, by the Philadelphia office of the U.S. Department of Justice, Antitrust Division. The subpoena seeks documents that are in part related to matters that were the subject of testimony in the FTC administrative law trial, as well as documents relating to our Water Division. We are cooperating fully with the investigation. We cannot assure you that proceedings will not result from this investigation.

Environmental Matters-Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations and laws outside the U.S. establishing health and environmental quality standards, including those governing discharges and pollutants into the air and water and the management and disposal of hazardous

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substances and wastes. This exposes us to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred. We are not aware of any manifestation by a potential claimant of its awareness of a possible claim or assessment with respect to any such facility.

We believe that we are currently in compliance, in all material respects, with all environmental laws and regulations. We do not anticipate that we will incur material capital expenditures for environmental controls or for investigation or remediation of environmental conditions during the remainder of 2004 or 2005.

Other-We are a defendant in a number of lawsuits arising in the normal course of business, including among others, lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed at various locations. We have never been a manufacturer, distributor or supplier of asbestos products, and we have in place appropriate insurance coverage for the type of work that we have performed. During 2004, we were named as a defendant in additional asbestos-related lawsuits. To date, we have been able to dismiss or settle all such claims without a material impact on our operating results or financial position and do not currently believe that the asserted claims will have a material adverse effect on our future results of operations or financial position. As a matter of standard policy, we continually review our litigation accrual and as further information is known on pending cases, increases or decreases, as appropriate, may be recorded in accordance with SFAS No. 5, "Accounting for Contingencies."

Item 4. Submission of Matters to a Vote of Security Holders

The annual Meeting of Shareholders of Chicago Bridge & Iron Company N.V. was held on May 13, 2004. The following matters were voted upon and adopted at the meeting:

- (i) Reappointment of Jerry H. Ballengee and L. Donald Simpson as members of the Supervisory Board to serve until the Annual General Meeting of Shareholders in 2007 and until their successors have been duly appointed.

	First Nominee Jerry H. Ballengee	Second Nominee David P. Bordages	Abstain
First Position For	24,773,224	1,611,384	680,505
	First Nominee L. Donald Simpson	Second Nominee Samuel C. Leventry	Abstain
Second Position For	24,392,849	2,061,005	1,188,172

- (ii) The authorization to prepare the annual accounts and the annual report in the English language and to adopt the Dutch Statutory Annual Accounts of the Company for the fiscal year ended December 31, 2003.

For	25,050,417
Against	4,729
Abstain	233,727

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- (iii) The discharge of members of the Management Board and the Supervisory Board from liability in respect of the exercise of their duties during the fiscal year ended December 31, 2003.

For	19,490,758
Against	4,836,663
Abstain	961,452

- (iv) The approval of the distribution from profits for the year ended December 31, 2003 in the amount of US \$0.16 per share previously paid as interim dividends and the interim distribution in kind in the form of one share for each issued share.

For	24,866,660
Against	4,792
Abstain	417,421

- (v) The approval to extend the authority of the Management Board to repurchase up to 30% of the issued share capital of the Company until November 13, 2005.

For	15,048,486
Against	8,077
Abstain	62,310

- (vi) The approval to cancel shares to be acquired by the Company in its own share capital.

For	24,797,971
Against	40,199
Abstain	450,703

- (vii) The approval to extend the authority of the Supervisory Board to issue and/or grant rights (including options to subscribe) on shares of the Company and to limit and exclude pre-emption rights until May 13, 2009.

For	18,922,473
Against	5,820,909
Abstain	545,491

- (viii) The amendment of the Articles of Association to increase the number of authorized shares.

For	23,284,063
Against	1,488,861
Abstain	515,949

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(ix) To appoint the Company's independent public accountants.

For	24,362,630
Against	143,260
Abstain	782,983

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3	Amended Articles of Association of the Company (English translation)
10.6a	Amendments of Sections 2.13 and 4.3 of the CB&I Excess Benefit Plan
10.23b	Amendment to the Three-Year and Five-Year Credit Agreements
10.24a	Amendment to the Three-Year and Five-Year Credit Agreements
31.1	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

We filed a current report on Form 8-K on April 29, 2004. Under Item 12 (Results of Operations and Financial Condition) we furnished a copy of our press release dated April 29, 2004 announcing financial results for the quarter ended March 31, 2004.

We filed a current report on Form 8-K on June 4, 2004. Under Item 5 (Other Events and Regulation FD Disclosure) we filed a copy of our press release dated June 4, 2004 announcing a revision to our second quarter and full-year 2004 expectations.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Chicago Bridge & Iron Company N.V.
By: Chicago Bridge & Iron Company B.V.
Its: Managing Director

/s/ RICHARD E. GOODRICH

Richard E. Goodrich
Managing Director
(Principal Financial Officer)

Date: August 9, 2004

Exhibit Index

3	Amended Articles of Association of the Company (English translation)
10.6a	Amendments of Sections 2.13 and 4.3 of the CB&I Excess Benefit Plan
10.23b	Amendment to the Three-Year and Five-Year Credit Agreements
10.24a	Amendment to the Three-Year and Five-Year Credit Agreements
31.1	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The undersigned:

Professor Martin van Olffen, notaris (civil-law notary) practising in Amsterdam, declares with respect to the articles of association (the "ARTICLES OF ASSOCIATION") of the limited liability company: CHICAGO BRIDGE & IRON COMPANY N.V., with its corporate seat in Amsterdam, the Netherlands (the "COMPANY") as follows:

- (i) the Articles of Association correspond with the document in the Dutch language which is attached to this declaration;
- (ii) the document in the English language attached to this declaration is an unofficial translation of the Articles of Association; if differences occur in the translation, the Dutch text will govern by law; and
- (iii) the Articles of Association were most recently amended by deed (the "Deed") executed on 14 May 2004 before Professor M. van Olffen, notaris (civil-law notary) in Amsterdam; according to the Deed the ministerial declaration of no-objection was granted on 12 May 2004 under number N.V. 579.328.

When issuing the statements included above under (i) and (iii) I, Professor M. van Olffen, notaris, based any observations entirely on the information stated in the extract from the trade register of the registration of the Company and on an official copy of the Deed.

Signed in Amsterdam on 4 June 2004.

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ARTICLES OF ASSOCIATION

of:

Chigaco Bridge & Iron Company N.V.
with corporate seat in Amsterdam
dated 14 May 2004

CHAPTER I. DEFINITIONS. ARTICLE 1.

In the articles of association the following expressions shall have the following meanings:

- a. the general meeting: the body of the company formed by shareholders, and other persons entitled to vote;
- b. the general meeting of shareholders: the meeting of shareholders, and other persons entitled to attend the general meetings;
- c. the distributable part of the net assets: that part of the company's net assets which exceeds the aggregate of the part of the capital which has been paid and called up and the reserves which must be maintained by virtue of the law;
- d. the annual accounts: the balance sheet and profit and loss account with the explanatory notes;
- e. the accountant: a registered accountant or other accountant referred to in Section 393 of Book 2 of the Civil Code;
- f. the annual meeting: the general meeting of shareholders held for the purpose of discussion and adoption of the annual accounts;
- g. group: a group consists of two or more persons acting as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of the company's securities;
- h. issued and outstanding share capital: all shares issued by the company for which votes could be cast in any general meeting of shareholders.

CHAPTER II.

NAME, SEAT, OBJECTS.

ARTICLE 2. NAME AND SEAT.

- 1. The name of the company is: CHICAGO BRIDGE & IRON COMPANY N.V.
- 2. The official seat of the company is in Amsterdam.

ARTICLE 3. OBJECTS.

The objects of the company are:

- a. to incorporate, to own, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, companies and businesses;
- b. to perform any and all activity of an industrial, financial or commercial nature;

- c. to design, develop, manufacture, market, sell and service products of any nature, including without limitation any hardware and/or software;
- d. to develop and trade in patents, trademarks, copyrights, licenses, know-how and other intellectual property rights;
- e. to borrow, to lend and to raise funds, including the issuance of bonds, promissory notes or other securities or evidence of indebtedness, as well as to enter into agreements in connection with the aforementioned;
- f. to furnish advice and to render services to enterprises and companies with which the company forms a group and to third parties;
- g. to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group, including its subsidiaries, and on behalf of third parties;
- h. to obtain, alienate, manage and exploit real estate and items of property in general;
- i. to trade in securities and items of property in general;

as well as everything pertaining to the foregoing, relating thereto or in furtherance thereof, all in the widest sense of the word.

CHAPTER III.

CAPITAL AND SHARES. REGISTER.

ARTICLE 4. AUTHORIZED CAPITAL.

- 1. The authorized share capital amounts to one million two hundred and fifty thousand euro (EUR 1,250,000).
- 2. The authorized share capital is divided into one hundred and twenty-five million (125,000,000) shares of one eurocent (EUR 0.01) each.
- 3. All shares are in registered form.

ARTICLE 5. CERTIFICATES OF SHARES.

- 1. At the discretion of the management board or at the request of a shareholder share certificates may be issued for shares.
- 2. Multiple certificates shall be issued at a shareholder's request for such numbers of shares as shall be determined by the management board. At the holder's request, a multiple certificate shall be exchanged for certificates of single shares up to the same nominal amount.

3. The share certificates shall be signed by a member of the management board or by both a member of the supervisory board and a member of the management board and such signatures will be valid if reproduced on the certificates in print. One or, as the case may be, both of these signatures may also be replaced by a distinctive company stamp, provided by the company or under its supervision. If there is at least one original signature, then no company stamp described hereinabove is required.
4. The company shall not charge any fee for the issuance and exchange of share certificates.

ARTICLE 5.A. DUPLICATE CERTIFICATES.

1. In the event of the loss, theft or destruction of share certificates, the management board can issue duplicates.

The management board may attach conditions to the issuance of duplicates, including the provision of security and the payment of costs by the applicant.

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2. The issuance of a duplicate shall render the original document of no value with regard to the company.
3. The new document shall clearly state that it is a duplicate.

ARTICLE 5.B. REGISTER OF SHAREHOLDERS.

1. The management board shall keep a register containing the names and addresses of all shareholders.
2. Every holder of one or more shares and any person having a life interest or a right of pledge over one or more shares shall be obliged to provide the company in writing with their name and address.
3. All entries and notes in a register shall be signed by a member of the management board or by a person authorised thereto by a member of the management board.
4. Furthermore, article 85, Book 2 of the Civil Code applies to the register.
5. Extracts from the register are not transferable.

CHAPTER IV. ISSUANCE OF SHARES. OWN SHARES.

ARTICLE 6. ISSUANCE OF SHARES. BODY COMPETENT TO ISSUE SHARES.

1. The issuance of shares shall be effected pursuant to a resolution of the supervisory board provided that the supervisory board has been designated by the general meeting as authorized body for this purpose. Such authorization of the supervisory board shall only take place for a specific period of no more than five years and may not be extended by more than five years on each occasion.
2. The provisions of paragraph 1 of this article shall also apply to the issuance of options to subscribe for new shares.
3. In case the supervisory board is no longer authorized to issue shares, the general meeting shall be authorized to issue shares upon the proposal of the supervisory board.
4. The supervisory board is authorised, provided that the supervisory board has been designated by the general meeting as the body authorized to issue shares, to issue, at the expense of a reserve of the company, with due observance of the provisions of article 31, paragraph 3, shares and options to subscribe for new shares, provided that such shares and options are issued to employees of the company under a valid employee option scheme of the company.

ARTICLE 7. CONDITIONS OF ISSUANCE. RIGHTS OF PRE-EMPTION.

1. A resolution for the issuance of shares shall stipulate the price and further conditions of issuance.
2. On the issuance of shares, each shareholder shall have a right of pre-emption in proportion to the aggregate nominal value of his shares. No pre-emptive rights shall exist with regard to shares issued against a contribution other than cash nor with regard to shares issued to employees of the company or employees of group companies.
3. Shareholders shall have a similar right of pre-emption if options are granted to subscribe for shares.
4. The company shall inform the shareholders of the issuance of shares in respect of which there is a right of pre-emption, or, as the case may be, the granting of options to subscribe for shares in respect of which there is a right of pre-emption, as well as the period of time during which the right of pre-emption may be exercised, with due observance of the

applicable provisions of Dutch law.

5. The right of pre-emption may, subject to due observance of the relevant provisions of the law, be limited or excluded by the supervisory board provided the supervisory board is designated as the authorized body in this respect by resolution of the general meeting for a fixed period of time not exceeding five years. Article 6 paragraph 3 shall apply correspondingly.

ARTICLE 8. PAYMENT FOR SHARES.

1. The full nominal amount of each share must be paid in on issue, as well as, if a share is subscribed for at a higher price, the balance of these amounts.
2. Payment for a share must be made in cash insofar as no other manner of payment has been agreed on. Payment in foreign currency can be made only after approval by the company, which approval shall be deemed given upon acceptance of foreign currency by the company.
3. The management board shall be authorised to enter into transactions concerning non-monetary contributions on shares, and the other transactions referred to in article 94 paragraph 1, Book 2 of the Civil Code, without the prior approval of the general meeting.

ARTICLE 9. OWN SHARES.

1. When issuing shares the company shall not be entitled to subscribe for its own shares.
2. The company shall be entitled to acquire its own fully paid up shares or depository receipts in respect thereof, provided either no valuable consideration is given or provided that:
 - a. the distributable part of the net assets is at least equal to the purchase price; and
 - b. the nominal value of the shares or the depository receipts in respect thereof to be acquired by the company itself, already held by the company or pledged for the benefit of the company, or which are held by a subsidiary, does not exceed one tenth of the issued share capital.
3. The validity of the acquisition shall be determined by the amount of the net assets according to the latest adopted balance sheet, decreased by the consideration for shares in the company's capital or depository receipts in respect thereof and distributions of profits or by the charge of any reserve to third parties which have fallen due by the company and its subsidiaries after the balance sheet date. If more than six months of a financial year have elapsed and the annual accounts have not been adopted,

any acquisition in conformity with paragraph 2 shall not be permitted.

4. An acquisition for valuable consideration shall be permitted only if the general meeting has authorized the management board in this respect. The authorization by the general meeting shall be valid for a period not exceeding eighteen months. The general meeting shall stipulate in the authorization how many shares or depositary receipts in respect thereof may be acquired, how they may be acquired, and between what limits the price must be.
5. An acquisition of shares in contravention of paragraphs 2-4 shall be void. Depositary receipts in respect of shares acquired by the company in contravention of paragraphs 2-4 shall be transferred to all members of the management board by operation of law.
6. The transfer of shares owned by the company or depositary receipts in respect thereof held by the company shall be effected by virtue of a resolution of the management board, after approval of the supervisory board. The resolution to such transfer shall also stipulate the

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conditions thereof.

7. No voting rights can be exercised in the general meeting in respect of any share belonging to the company or to any subsidiary of the company; the same applies to any share in respect of which either the company or any subsidiary holds depositary receipts. The beneficiary of a life interest in respect of a share held by the company itself or a subsidiary company is, however, not excluded from exercising the right to vote if the life interest was created before the share was held by the company or one of its subsidiaries. The company or its subsidiary may not exercise voting rights in respect of shares of which the company has a life interest.
8. In establishing to what extent shareholders exercise voting rights, are present or are represented, shares for which no voting rights can be exercised shall not be taken into consideration. 9. The company may take its own shares or depositary receipts in respect thereof as pledge only if:
 - a. the shares to be pledged are fully paid up;
 - b. the aggregate nominal value of the shares and depositary receipts in respect thereof to be pledged and already held or held in pledge does not exceed one-tenth of the issued capital, and

- c. the general meeting has approved the pledge agreement.
10. Upon the proposal of the management board - which proposal must have prior approval from the supervisory board - the general meeting shall have the power to decide to cancel shares acquired by the company in its own share capital, subject however to the statutory provisions relating hereto.

CHAPTER V.

TRANSFER OF SHARES, RIGHTS "IN REM".

ARTICLE 10. TRANSFER OF SHARES. LIFE INTEREST ("VRUCHTGEBRUIK"). PLEDGING ("PANDRECHT"). DEPOSITARY RECEIPTS.

1. The transfer of shares and the creation and transfer of limited rights thereon shall take place in accordance with the provisions of Dutch law applicable thereto and, if applicable, in accordance with paragraphs 2 and 3 of this article.
2. If the transfer concerns a share for which a share certificate has been issued, the corresponding share certificate must be delivered to the company or its duly authorized representative.

The company or its duly authorized representative on behalf of the company can only acknowledge the transfer of such share by, at the discretion of the management board, either (i) endorsement on the share certificate or (ii) issuance of a new share certificate to the transferee, registered in the name of the transferee. The provisions of paragraph 3 of article 5 shall apply accordingly.

3. The provisions of paragraph 2 of this article 10 shall equally apply to the transfer of shares as a consequence of foreclosure of a right of pledge.
4. The shareholder shall have the voting rights in respect of the shares in which a life interest has been created. However, the voting rights shall accrue to the beneficiary of a life interest if it was so stipulated at the creation of the life interest. The shareholder who holds no

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voting rights and the beneficiary of a life interest who does hold voting rights, shall have the rights which the law attributes to holders of depository receipts issued with the company's co-operation. The rights referred to in the preceding sentence shall not accrue to the beneficiary of the life interest who holds no voting rights.

5. The shareholder shall have the rights resulting from a share in which a life interest has been created relating to the acquisition of newly issued shares, such as stock dividends, it being understood that he/she shall have to compensate the beneficiary of the life interest for the value of these rights insofar as the latter is entitled thereto by virtue of his/her life interest.
6. When shares are pledged, the voting rights cannot be assigned to the pledgee. He shall not have the rights which the law attributes to holders of depository receipts issued with the company's co-operation.
7. The company shall not co-operate with the issuance of depository receipts in respect of its shares.

CHAPTER VI.
MANAGEMENT.

ARTICLE 11. MANAGEMENT BOARD.

1. The management of the company shall be constituted by a management board consisting of one or more members.
2. The number of members shall be determined by the supervisory board.

ARTICLE 12. APPOINTMENT.

1. The members of the management board shall be appointed by the general meeting from a nomination of at least two persons for every position to be filled, which has been drawn up by the supervisory board.
2. The general meeting shall be free to make the appointment if the supervisory board has not made any nomination within, on or before the date which is three months after the vacancy occurs.
3. Every nomination made by the supervisory board shall be binding if made on or before the date which is three months after the vacancy occurs. The general meeting can only disturb the binding character of the nomination by resolution passed by a majority of at least two thirds of the votes cast, which two thirds of the votes represents more than half of the issued share capital.

ARTICLE 13. SUSPENSION AND DISMISSAL.

1. A member of the management board may at any time be suspended or dismissed by the general meeting.
2. With respect to any suspension or dismissal other than on the proposal of the supervisory board, the general meeting can only pass a resolution based on a majority of at least two thirds of the votes cast which two thirds of the votes represent more than half of the issued share capital.

3. A member of the management board may at any time be suspended by the supervisory board. Such suspension may be discontinued by the general meeting at any time.
4. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If at the end of that period no decision has been taken on

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termination of the suspension, or on dismissal, the suspension shall cease.

ARTICLE 14. REMUNERATION.

The remuneration and further conditions of employment of every member of the management board shall be determined by the supervisory board.

ARTICLE 15. DUTIES OF THE MANAGEMENT BOARD. DECISION MAKING PROCESS. ALLOCATION OF DUTIES.

1. Subject to the restrictions imposed by these articles of association, the management board shall be entrusted with the management of the company.
2. The management board may lay down rules regarding its own decisionmaking process. These rules shall be subject to the approval of the supervisory board.
3. Meetings of the management board shall only be held in the Netherlands except that the management board may decide to have telephonic meetings. The management board may adopt resolutions without a meeting provided the proposal concerned is submitted to all members of the management board and none of them objects to this manner of adopting resolutions.
4. The management board may determine which duties in particular each member of the management board will be charged with. The allocation of duties shall be subject to the approval of the supervisory board.

ARTICLE 16. REPRESENTATION.

1. The management board as such is authorized to represent the company. Each member of the management board shall also be authorized to represent the company.
2. The management board may appoint staff members with general or limited

power to represent the company. Each of those staff members shall be authorized to represent the company with due observance of any restrictions imposed on him/her. The management board shall determine such staff members' titles.

3. In the event of a conflict of interest between the company and a member of the management board, the company shall be represented by a member of the management board or another person as the supervisory board shall designate for this purpose.

ARTICLE 17. APPROVAL OF DECISIONS OF THE MANAGEMENT BOARD.

1. The supervisory board is entitled to require such resolutions of the management board to be subject to its approval as the supervisory board shall decide. Such resolutions shall be clearly specified and notified to the management board in writing.
2. The supervisory board is authorized to give the management board instructions concerning the general policy of the company for financial, social and economic matters. The management board shall act in accordance with such instructions.
3. The lack of approval referred to in this article 17 does not affect the authority of the management board or its members to represent the company.

ARTICLE 18. ABSENCE OR PREVENTION.

If a member of the management board is absent or is prevented from performing his duties, the remaining members or member of the management board shall be temporarily entrusted with the entire management of the company. If all members of the management board or the sole member of the management board are/is absent or are/is prevented from performing their duties, the management of the company shall be temporarily entrusted to the supervisory board which shall then be authorized to entrust the management temporarily to one or more persons, whether or not

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from among its members.

CHAPTER VII.

SUPERVISORY BOARD.

ARTICLE 19. NUMBER OF MEMBERS.

1. The company shall have a supervisory board, consisting of at least six

members, with a maximum of twelve members.

2. With due observance of the provisions of paragraph 1., the number of members of the supervisory board shall be determined by the supervisory board.
3. Where the number of members of the supervisory board falls below six, measures shall be taken forthwith to fill the number of members. In the meantime the supervisory board shall keep all its powers.

ARTICLE 20. APPOINTMENT.

1. All members of the supervisory board shall be appointed by the general meeting from a nomination of at least two persons for every position to be filled, which has been drawn up by the supervisory board.
2. The provisions in paragraph 2 and 3 of article 12 shall likewise apply to an appointment by the general meeting.
3. No person who has reached the age of seventy-two may be appointed as a supervisory board member.

ARTICLE 21. SUSPENSION AND DISMISSAL. RETIREMENT.

1. Every member of the supervisory board may be suspended or dismissed by the general meeting at any time.
2. The provisions in paragraph 2 of article 13 shall similarly apply to the suspension and dismissal of supervisory board members by the general meeting.
3. A supervisory board member shall retire no later than at the next annual meeting held after a period of three years following his appointment. A so retired member of the supervisory board may be immediately re-elected.
4. Every member of the supervisory board shall retire no later than on the day on which the annual meeting is held in the financial year in which he reaches the age of seventy-two.
5. With due observance of the preceding paragraphs the supervisory board shall draw up a rotation plan.

ARTICLE 22. REMUNERATION.

The general meeting shall determine the remuneration for every member of the supervisory board.

ARTICLE 23. DUTIES AND POWERS.

1. It shall be the duty of the supervisory board to supervise the activities of the management board and the general course of affairs in the company

and in the business connected therewith. It shall assist the management board with advice. In performing their duties, the supervisory board members shall act in accordance with the interests of the company and of the business connected therewith.

2. With due observance of these articles of association, the supervisory board may adopt rules and regulations governing its internal proceedings and especially pertaining to voting, including voting on nomination of supervisory directors, and provisions relating to supervisory board composition and governance and to give effect to matters agreed upon in

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shareholder agreements.

3. The management board shall supply the supervisory board, in due time, with the information required for the performance of its duties.
4. The supervisory board may delegate any of its powers to committees consisting of such member or members of its body as it thinks fit; any committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may be imposed on it by the supervisory board.

ARTICLE 24. PROCEEDINGS AND DECISION-MAKING PROCESS.

1. The supervisory board shall elect a chairman from among its members, and a vice chairman who shall take the place of the chairman in the latter's absence. It shall appoint a secretary, who need not be a member of the supervisory board, and shall make arrangements for his/her substitution in case of absence.
2. In the absence of the chairman and the vice chairman at a meeting, the board members in attendance shall designate a chairman therefor.
3. The supervisory board shall meet whenever the chairman, or two other supervisory board members, or the management board, deem(s) such necessary, but if the supervisory board has not met for six months, any supervisory board member may call a meeting.
4. The secretary shall keep minutes of the proceedings at meetings of the supervisory board. The minutes shall be adopted in the same meeting or in the following meeting of the supervisory board and shall be signed by the chairman and the secretary as evidence thereof.

5. All resolutions of the supervisory board shall be adopted by a majority of the votes cast.
6. With the exception of article 25 paragraph 4 under a., resolutions of the supervisory board shall only be valid if passed at a meeting at which the majority of the supervisory board members are present or represented. The supervisory board may also adopt resolutions in a telephone meeting or without a meeting, provided the proposal concerned is submitted to all supervisory board members and none of them objects to this manner of adopting resolutions. The secretary shall draw up a report regarding a resolution thus adopted and shall attach the replies received to the report, which shall be signed by the chairman and the secretary.
7. A supervisory board member may be represented by a co-member of the supervisory board authorized in writing. The expression "in writing" shall include any message transmitted by current means of communication and received in writing. A supervisory board member may not act as representative for more than one co-member.
8. The supervisory board shall meet together with the management board as often as the supervisory board or management board deems necessary.

ARTICLE 25. INDEMNIFICATION. LIMITED LIABILITY.

1. The company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the company) by reason of the fact that he is or was a supervisory director, member of the management board, officer, employee or agent of the company, or is or was serving at the request of the company as a supervisory director, member of the management board,

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officer, director, employee, trustee or agent of another company, a partnership, joint venture, trust or other enterprise or entity, against all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful or outside of his mandate. The termination of any action, suit or proceeding by a judgement, order, settlement, conviction, or upon a plea of nolo

contender or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and not in a manner which he reasonably could believe to be in or not opposed to the best interest of the company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

2. The company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding by or in the right of the company to procure a judgement in its favour, by reason of the fact that he is or was a supervisory director, member of the management board, officer or agent of the company, or is or was serving at the request of the company as a supervisory director, member of the management board, officer, director, employee, trustee or agent of another company, a partnership, joint venture, trust or other enterprise or entity, against all expenses (including attorneys' fees) judgements, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or wilful misconduct in the performance of his duty to the company, unless and only to the extent that the court in which such action or proceeding was brought or any other court having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnification against such expenses which the court in which such action or proceeding was brought or such other court having appropriate jurisdiction shall deem proper.
3. To the extent that a supervisory director, member of the management board, officer, employee or agent of the company has been successful on the merits or otherwise in defense of any action, suits of proceeding, referred to in paragraphs 1 and 2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
4. Any indemnification by the company referred to in paragraphs 1 and 2 shall (unless ordered by a court) only be made upon a determination that indemnification of the supervisory director, member of the management board, officer, director, employee, trustee or agent is proper under the circumstances because he had met the applicable standard of conduct set forth in paragraph 1 and 2 of this Article 25. Such determination shall be made:
 - a. by a majority of supervisory directors who are not parties to such action, suit or proceeding, even though less than a quorum, or;

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- b. if there are no supervisory directors who are not named as parties to such action, suit or proceeding or if the supervisory directors who are not named as parties to such action, suit or proceeding so direct, by independent legal counsel in a written opinion; or
 - c. by the general meeting of shareholders.
5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the company in advance of the final disposition of such action, suit or proceeding upon a resolution of the supervisory board with respect to the specific case upon receipt of an undertaking by or on behalf of the supervisory director, member of the management board, officer, director, employee, trustee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the company as authorized in this article.
6. The indemnification provided for by this article shall not be deemed exclusive of any other right to which a person seeking indemnification may be entitled under the laws of the Netherlands as from time to time amended or under any by-laws, agreement, resolution of the general meeting of shareholders or of the disinterested members of the supervisory board or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such position, and shall continue as to a person who has ceased to be a supervisory director, member of the management board, officer, director, employee, trustee or agent and shall also inure to the benefit of the heirs, executors and administrators of such a person.
7. The company shall have the power to purchase and maintain insurance on behalf of any person who is or was a supervisory director, member of the management board, officer, employee or agent of the company, or is or was serving at the request of the company as a supervisory director, member of the management board, officer, director, employee, trustee or agent of another company, a partnership, joint venture, trust or other enterprise, or entity, against any liability asserted against him and incurred by him in any such capacity or arising out of his capacity as such, whether or not the company would have the power to indemnify him against such liability under the provisions of this article.
8. Whenever in this article reference is made to the company, this shall include, in addition to the resulting or surviving company also any constituent company (including any constituent company of a constituent company) absorbed in a consolidation or merger which, if its separate existence had continued, would have had the power to indemnify its

supervisory directors, members of the management board, officers, employees and agents, so that any person who is or was a supervisory director, member of the management board, officer, employee or agent of such constituent company, or is or was serving at the request of such constituent company as a supervisory director, member of the management board, officer, director, employee, trustee or agent of another company, a partnership, joint venture, trust or other enterprise or entity, shall stand in the same position under the provisions of this article with respect to the resulting or surviving company as he would have with respect to such constituent company if its separate existence had continued.

9. No person shall be personally liable to the company or its stockholders for monetary damages for breach of fiduciary duty as a supervisory director or member of the

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management board; provided, however, that the foregoing shall not eliminate or limit the liability of a supervisory director or member of the management board (1) for any breach of such individual's duty of loyalty to the company or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for any transaction from which the director derived an improper personal benefit or (4) for personal liability which is imposed by Dutch law, as from time to time amended. Any amendment, repeal or modification of this Article 25 shall not adversely affect any right or protection of any person with respect to any act or omission occurring prior to such amendment, repeal or modification.

CHAPTER VIII.

ANNUAL ACCOUNTS. PROFITS.

ARTICLE 26. FINANCIAL YEAR. DRAWING UP THE ANNUAL ACCOUNTS. DEPOSITION FOR INSPECTION.

1. The fiscal year of the company shall be the calendar year.
2. Annually, and not later than five months after the end of the fiscal year, the management board shall draw up the annual accounts, unless, by reason of special circumstances, this period is extended with a maximum extension of six months by the general meeting.
3. Within the period referred to in paragraph 2, the annual accounts shall be deposited at the office of the company for inspection by the shareholders. Within this period of time, the management board shall also submit the

annual report. The statement of the accountant, as mentioned in article 29, and the additional information required by virtue of the law shall be added to the annual accounts.

4. The annual accounts shall be signed by all the members of the management board; if the signature of one or more of the members is lacking, this shall be stated and reasons given.

ARTICLE 27. ACCOUNTANT.

1. The company shall appoint an accountant to audit the annual accounts.
2. Such appointment shall be made by the general meeting. This resolution of the general meeting shall require the approval of the supervisory board. If the general meeting fails to make an appointment, the supervisory board shall be competent to do so or, in the absence of the supervisory board members or in the event the supervisory board fails to do so, the management board shall be competent to do so. The appointment of an accountant shall not be limited by virtue of any nomination; the appointment may, at all times, be revoked by the general meeting or by the supervisory board or management board if either of the latter boards has appointed the accountant.
3. The accountant shall issue a report on his audit examination to the supervisory board and the management board.
4. The accountant shall give the results of his investigations in a declaration as to the faithfulness of the annual accounts.

ARTICLE 28. SUBMISSION TO THE SUPERVISORY BOARD.

1. The management board shall submit simultaneously the annual accounts and the annual report to the supervisory board.
2. The annual accounts shall be signed by the members of the supervisory board; if the signature of one or more of them is lacking, this shall be stated and reasons given.

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3. The supervisory board shall present a report on the annual accounts to the general meeting.

ARTICLE 29. ADOPTION.

1. The company shall ensure that the annual accounts, the annual report and the information to be added by virtue of the law are kept at its office as of the date on which the annual meeting is convened. Shareholders, and beneficiaries of a life interest in shares to whom the right to vote the shares accrue, may inspect the documents at such place and obtain a copy thereof, free of charge.
2. The general meeting shall adopt the annual accounts. The annual accounts may not be adopted in the event that the general meeting has been unable to inspect the accountant's declaration referred to in article 27, paragraph 4, unless a legal ground is given in the information required to be added by law for the lack of the accountant's declaration referred to in article 27, paragraph 4.

ARTICLE 30. PUBLICATION.

1. The company shall publish the annual accounts within eight days following the adoption thereof. The publication shall be effected by the deposit of a complete copy in the Dutch language or, if such copy was not prepared, a copy in the French, German or English language, at the offices of the Trade Register in whose district the company has its official seat according to these articles of association. The date of adoption must be stated on the copy.
2. If the annual accounts are not adopted within seven months of the termination of the fiscal year, in accordance with the legal requirements, then the management board shall, without further delay, publish the prepared annual accounts in the manner prescribed in paragraph 1; it shall be noted on the annual accounts that they have not yet been adopted.
3. In the event that the general meeting shall have extended the period for the preparation of the annual accounts in accordance with article 28, paragraphs 2, then the last preceding paragraph shall apply with effect from the date falling two months from the termination of such period.
4. A copy of the annual report, produced in the same language or in Dutch, shall, together with the additional information required by virtue of law, be published at the same time and in the same manner as the annual accounts. Insofar as the law permits, the foregoing shall not apply if copies of those documents are held at the office of the company for inspection by any person and, upon request, full or partial copies thereof are supplied at a price not exceeding the cost; the company shall make an official return thereof for filing in the Trade Register.
5. The publication shall be effected with due observance of the applicable legal exemptions.

ARTICLE 31. PROFITS. DISTRIBUTION.

1. From the profits appearing from the annual accounts as adopted, such an amount shall be reserved by the company as shall be determined by the

management board which resolution requires the approval of the supervisory board. The profits remaining thereafter shall be treated in accordance with the provisions of the following paragraphs of this article.

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2. The profits remaining after the reservation referred to in paragraph 1 are at the disposal of the general meeting for distribution on the shares equally and proportionally and/or for reservation.
3. A distribution can only take place up to the distributable part of the net assets.
4. Distributions of profits shall take place after adoption of the annual accounts from which it shall appear that approval of such accounts has been given.
5. The management board may, subject to due observance of article 31, paragraph 3, and article 105, paragraph 4, of Book 2 of the Civil Code and with the approval of the supervisory board resolve to pay or distribute an interim dividend or other interim distribution in anticipation of the final dividend or final distribution regarding the fiscal year concerned.
6. On the proposal of the management board, which proposal shall require the prior approval of the supervisory board, subject to the due observance of the provisions of article 31, paragraph 3, the general meeting may resolve to make distributions at the expense of any reserve.
7. The supervisory board or - in case the supervisory board is no longer authorised to issue shares in accordance to article 6 - the general meeting, may determine to distribute stock dividends.

ARTICLE 32. DATE ON WHICH DISTRIBUTIONS BECOME PAYABLE. CURRENCY.

1. The date on which dividends and other payments become payable shall be announced in accordance with article 42.
2. The management board may resolve to make payments in the currency of the country where these payments are made payable.
3. Any claim of a shareholder for payment shall be barred after five years have elapsed.

CHAPTER IX.

GENERAL MEETINGS OF SHAREHOLDERS.

ARTICLE 33. ANNUAL MEETING.

1. Annually, and not later than six months after the end of the fiscal year, the annual meeting shall be held.
2. The agenda for such meeting shall set forth, inter alia, the following points for discussion:
 - a. the annual report;
 - b. adoption of the annual accounts;
 - c. appropriation of profits;
 - d. discharge of supervisory directors and management directors;
 - e. filling of any vacancies in the management board and/or supervisory board and if necessary the appointment of the accountants;
 - f. other proposals put forward for discussion and announced with due observance of article 35 by the supervisory board, the management board or by shareholders or beneficiaries of a life interest or pledgees to whom the voting rights have been granted, representing, in the aggregate, at least one-tenth of the issued capital.

ARTICLE 34. OTHER MEETINGS.

1. Other general meetings of shareholders shall be held as often as the management board or the supervisory board deems such necessary.

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2. Shareholders, and beneficiaries of a life interest to whom the voting right have been granted, representing in the aggregate at least one-tenth of the issued capital, may request the management board to convene a general meeting of shareholders, stating the subjects to be discussed. If the management board has not convened a meeting within four weeks in such a manner that the meeting can be held within six weeks after the request has been made, the persons who have made the request shall be authorized to convene a meeting themselves.

ARTICLE 35. CONVOCATION. AGENDA.

1. General meetings of shareholders shall be convened by the management board.

2. The convocation shall be given no later than on the fifteenth day prior to the date of the meeting.
3. The convocation shall specify the subjects to be discussed. Subjects that were not specified in the notification may be announced at a later date, subject to due observance of the requirements set out in this article.
4. The convocation shall be made in the manner stated in article 42.

ARTICLE 36. THE ENTIRE CAPITAL IS REPRESENTED.

As long as the entire issued capital is represented at a general meeting of shareholders, valid resolutions can be adopted on all subjects brought up for discussion, even if the formalities prescribed by law or by the articles of association for the convocation and holding of meetings have not been complied with, provided such resolutions are adopted unanimously.

ARTICLE 37. PLACE OF THE MEETINGS.

The general meetings of shareholders shall be held in Amsterdam, Rotterdam, The Hague or Schiphol Airport (municipality Haarlemmermeer). In meetings held elsewhere, resolutions can be validly adopted provided the entire issued capital is present.

ARTICLE 38. CHAIRMANSHIP.

1. The general meetings of shareholders shall be presided over by the chairman of the supervisory board or, in his absence, by the vice chairman of the supervisory board; in the event that the latter is also absent, the supervisory board members present shall elect a chairman from their midst. The supervisory board may designate another person to act as chairman of a general meeting of shareholders.
2. If the chairman has not been appointed in accordance with paragraph 1, the shareholders present at such meeting shall, themselves, choose a chairman.
3. The chairman may adopt rules regarding, inter alia, the length of time for which persons in attendance may speak.

The chairman may determine other rules if he considers this desirable with a view to the orderly proceedings of the meeting.

Any matters regarding the proceedings at the general meeting of shareholders for which these articles of association contain no provisions shall be decided upon by the chairman with due observance of the provisions of article 13 of Book 2 of the Civil Code.

ARTICLE 39. MINUTES. RECORDS.

1. Minutes of the proceedings at any general meeting of shareholders shall be

kept by a secretary to be designated by the chairman. The minutes shall be confirmed by the chairman and the secretary and shall be signed by them as proof thereof.

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2. The supervisory board, the chairman or the person who has convened the meeting may determine that notarial minutes of the proceedings of the meeting shall be drawn up. The notarial minutes shall be co-signed by the chairman.
3. The management board shall keep a record of the resolutions made at this general meeting. If the management board is not represented at a general meeting, the chairman of the meeting shall provide the management board with a transcript of the resolutions made as soon as possible after the meeting. The records shall be deposited at the offices of the company for inspection by the shareholders and the holders of depositary receipts. Upon request, each of them shall be provided with a copy or an extract of such record at not more than the actual cost thereof. Shareholders in this respect shall include beneficiaries of a life interest who hold voting rights.

ARTICLE 40. MEETING RIGHTS. ADMITTANCE.

1. The management board may determine that any person entitled per a certain date, such date to be determined by the management board (hereinafter: the "record date"), to attend the general meeting of shareholders, may attend the general meeting of shareholders if (i) they are as such registered in a register (or one or more parts thereof) designated for that purpose by the management board, and (ii) at the request of the applicant the holder of the register has notified the company in writing prior to the general meeting that such applicant has the intention to attend the general meeting of shareholders, regardless of who will be applicant at the time of the general meeting of shareholders. The notification will state the name and the number of shares for which the applicant is entitled to attend the general meeting. The provision under (ii) on the notification to the company will also apply to a proxy authorized in writing by an applicant.
2. The record date referred to in paragraph 1 of this article and the date on which the notification of the intention to attend the general meeting of shareholders shall have been given at the latest, referred to in paragraph 1 of this article, cannot be fixed earlier than at a time on the seventh day, and not later than at a time on the third day, prior to the date of the general meeting of shareholders. The convocation of the general

meeting of shareholders will include said times, the place of the meeting, the proceedings for registration and/or notification and, if share certificates have been issued, share certificates must be lodged not later than on the date referred to in the convocation of the meeting, at the place referred to in such convocation.

3. In case the management board does not exercise the power to set a record date as referred to in paragraph 1 of this article, paragraphs 4, 5 and 6 of this article apply.
4. Each shareholder entitled to vote and each beneficiary of a life interest or pledgee to whom the voting rights accrue shall be entitled to attend the general meeting of shareholders, to address the meeting and to exercise his voting rights.

The management board must be notified in writing of the intention to attend the meeting and, if share certificates have been issued, share certificates must be lodged not later than on the date referred to in the notice of the meeting, at the place referred to in such notice. The notice of the intention to attend the meeting must be received by the management board not later than on the date referred to in the notice of the meeting.

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5. The right to take part in the meeting in accordance with paragraph 4 may be exercised by a proxy authorised in writing, provided that the power of attorney has been received by the management board not later than on the date referred to in the notice of the meeting.
6. The date referred to in the notice of the meeting, referred to in paragraphs 4 and 5 of this article, cannot be earlier than the seventh day prior to the date of the meeting.
7. If the voting rights on a share accrue to the beneficiary of a life interest or to a pledgee, instead of to the shareholder, the shareholder is also authorized to attend the general meeting of shareholders and to address the meeting, provided that the management board has been notified of the intention to attend the meeting in accordance with paragraph 4 of this article, and, where share certificates have been issued, the lodging as prescribed by paragraph 4 of this article has taken place. Paragraph 5 of this article applies accordingly.
8. Each share confers the right to cast one vote.
9. Each person entitled to vote or his proxy shall sign the attendance list.

10. The members of the supervisory board and of the management board shall, as such, have the right to advise the general meeting of shareholders.
11. The chairman shall decide whether persons other than those who shall be admitted in accordance with the above provisions of this article shall be admitted to the meeting.

ARTICLE 41. VOTES.

1. Insofar as no greater majority is prescribed by law or these articles of association, all resolutions of the general meeting shall be adopted by a majority of the votes cast.
2. To the extent (i) the general meeting of shareholders has the authority to vote on the matters listed below, (ii) the authority to vote on the matters listed below has not been delegated to another corporate body of the company and (iii) there is a person that alone or together with a group (beneficially) holds more than fifteen percent (15%) of the issued and outstanding share capital of the company, the general meeting may only adopt resolutions by a majority consisting of at least eighty percent (80%) of the entire issued and outstanding share capital:
 - a. to the extent the management board is not authorized to do so pursuant to sections 2:331.1 or 2:334ff.1 Dutch Civil Code, a resolution for a legal merger, legal de merger, dissolution, liquidation and legal division with or to any person;
 - b. to the extent the general meeting has not designated the supervisory board as authorized body to issue shares and without prejudice to the right of the general meeting of shareholders to designate the supervisory board to that extent, a resolution to issue shares to all shareholders, including to a person that, alone or together with a group, (beneficially) holds more than fifteen percent (15%) of the issued and outstanding share capital of the company or (beneficially) held more than fifteen percent (15%) of the issued and outstanding share capital of the company at any time since the first day of January two thousand;
 - c. in case the supervisory board is no longer authorized to issue shares in accordance to article 6, but without prejudice to the right of the general meeting to designate the supervisory board to that extent, a resolution to distribute profits or to distribute reserves in the form of stock dividend to all shareholders, including to a person that, alone or together with a group company, (beneficially) holds more than fifteen

percent (15%) of the issued and outstanding share capital of the company or (beneficially) held more than fifteen percent (15%) of the issued and outstanding share capital of the company at any time since the first day of January two thousand;

- d. without prejudice to the right of the general meeting to authorize the management board to resolve that the company shall acquire shares in its own capital or depositary receipts for those shares for a valuable consideration, which authorization is valid for a maximum period of eighteen (18) months, any acquisition of the company, for a valuable consideration, of shares in its own capital or of depositary receipts of those shares from all shareholders, including from a person that, alone or together with a group, (beneficially) holds more than fifteen percent (15%) of the issued and outstanding share capital of the company or (beneficially) held more than fifteen percent (15%) of the issued and outstanding share capital of the company at any time since the first day of January two thousand;
 - e. any transaction with a person that, alone or together with a group, (beneficially) holds more than fifteen percent (15%) of the issued and outstanding share capital of the company or (beneficially) held more than fifteen percent (15%) of the issued and outstanding share capital of the company at any time since the first day of January two thousand that would otherwise require shareholder approval. This paragraph does not create any additional rights for the general meeting that it does not already have under Dutch law or these articles of association.
3. If, in an election of persons, a majority is not obtained, a second vote shall be taken. If, again, a majority is not obtained, further votes shall be taken until either one person obtains the absolute majority or the election is between two persons who have received an equal number of votes. In the event of a further election (not including the second free vote), the election shall be between the persons who participated in the preceding election, with the exception of the person who received the smallest number of votes in that preceding election. If, in that preceding election, more than one person received the smallest number of votes, it shall be decided by lot who of these persons shall no longer participate in the new election. If the votes are equal in the election between the two, it shall be decided by lot who is to be chosen. If there is a tie vote in a vote for the election of persons out of a binding list of nominees, the first person on that list shall be elected.
4. If there is a tie vote on a matter other than a vote for the election of persons, the proposal shall be rejected.

5. Votes need not be held in writing. The chairman is, however, entitled to decide that a vote shall be by secret ballot. If the vote concerns an election of persons, any person present at the meeting and entitled to vote can also demand a vote by a secret ballot.
6. Abstentions and invalid votes shall not be counted as votes that have been cast.
7. Voting by acclamation shall be allowed if none of the persons present and entitled to vote objects to it.
8. The chairman's decision at the meeting about the outcome of a vote shall be final and conclusive. The same shall apply to the contents of an adopted resolution regarding the voting on an unwritten proposal. If, however, the correctness of that decision is challenged immediately after its pronouncement, a new vote shall be taken if either the majority of the

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persons present and entitled to vote so requests, or, if the original voting was taken by roll call or in writing, any person present and entitled to vote so requests. As a result of the new vote, the original vote shall have no legal consequence and shall be cancelled.

CHAPTER X.
CONVOCATION AND NOTIFICATION.
ARTICLE 42.

1. All announcements for the general meetings of shareholders, all notifications concerning dividend and other payments and all other communications to holders of registered shares shall be effected by means of letters to the shareholders mailed to the addresses as shown in the register of shareholders.
2. The expression "shareholders" in paragraph 1 shall include the beneficiaries of a life interest and pledgees to which the voting rights on shares accrue.

CHAPTER XI.
AMENDMENT OF THE ARTICLES OF ASSOCIATION AND DISSOLUTION. LIQUIDATION.
ARTICLE 43. AMENDMENT OF THE ARTICLES OF ASSOCIATION. DISSOLUTION.

1. When a proposal to amend the articles of association or to dissolve the company is to be submitted to the general meeting, such must be mentioned

in the notice of the general meeting of shareholders and, if an amendment to the articles of association is to be discussed, a copy of the proposal, setting forth the text of the proposed amendment verbatim, shall at the same time be deposited for inspection at the company's office, and shall be held available for shareholders as well as for beneficiaries of a life interest and pledgees to whom the voting rights on shares accrue, free of charge until the end of the meeting.

2. A proposal to amend the articles of association to legally merge or to dissolve the company shall require prior approval of the supervisory board.

ARTICLE 44. LIQUIDATION.

1. In the event of dissolution of the company by virtue of a resolution of the general meeting, the members of the management board shall be charged with the liquidation of the business of the company, and the members of the supervisory board with the supervision thereof.
2. During liquidation, the provisions of these articles of association shall remain in force to the extent possible.
3. The balance remaining after payment of creditors shall be transferred to the shareholders.
4. The liquidation shall take place in accordance with the provisions of Section 1 of Volume 2 of the Civil Code.

ARTICLE 45. TRANSITIONAL PROVISION.

Each issued bearer share is hereby converted into one (1) registered share. Holders of bearer shares cannot exercise the rights attached to their shares until they have handed in their share certificate(s) to the company and are registered in the register referred to in article 5.B. (new). This article shall lapse and shall cease to be effective upon receipt by the company of the share certificate(s) referred to in this article.

AMENDMENT
TO
CHICAGO BRIDGE & IRON COMPANY
EXCESS BENEFIT PLAN

Chicago Bridge & Iron Company ("Company"), by a duly authorized officer of the Company and a Managing Director of Chicago Bridge & Iron Company B.V., pursuant to Section 8.7 of the Chicago Bridge & Iron Company Excess Benefit Plan (the "Plan"), hereby amends Sections 2.13 and 4.3 of the Plan to read as follows:

2.13 " Measurement Fund" means a publicly traded or offered mutual fund or funds from the following list of funds managed by T. Rowe Price Associates, Inc., or one of its affiliates, which a Participant may select under Section 4.3 to determine the subsequent imputed interest on his or her deferrals:

- American Funds Europacific Growth Fund
- Blue Chip Fund
- Balanced Fund
- Equity Income Fund
- Equity Index
- Janus Fund
- New Horizons Fund
- Small-Cap Value Fund
- Spectrum Income Fund
- Spectrum Growth Fund
- Summit Cash Reserve

4.3 Income (or Loss) on Credits. For purposes of determining income (or loss) on a Participant's Account, the Account shall be deemed invested in such Measurement Funds as the Participant may designate from time to time under procedures established by the Plan Administrator. The designation of Measurement Funds from time to time shall apply to both his or her Matching Contribution Subaccount and Company Contribution Subaccount until changed. Designation of Measurement Funds shall be in whole percentages of the periodic credits to the Participant's Account, or of the balance of his or her Account, which percentages shall add up to 100%. If the Participant does not otherwise designate a Measurement Fund under procedures established by the Plan Administrator, his or her Account shall be deemed invested in the Summit Cash Reserve Fund.

As of any Change Date, a Participant may change the designation or allocation of Measurement Funds to determine income (or loss) on future credits to his or her Account, or may change the existing allocation of his or her Account among Measurement Funds, under procedures established

by the Plan Administrator to implement such changes.

For purposes of determining income (or loss), a Participant's Matching and Company Contribution Credits shall be deemed to have been invested in Measurement Funds as soon as reasonably practicable after the date as of which they are credited under Sections 4.1 or 4.2. For purposes of determining income (or loss), a Participant's Account shall be deemed to have been reinvested in the newly-designated Measurement Funds as soon as reasonably practicable under the procedures established by the Plan Administrator to implement such changes.

CHICAGO BRIDGE & IRON COMPANY

By: -----

Title: Executive Vice President and
Chief Financial Officer

Date: -----

AMENDMENT NO. 2 AND CONSENT

THIS AMENDMENT NO. 2 AND CONSENT is being executed and delivered as of May 13, 2004, by and among Chicago Bridge and Iron Company N.V., a corporation organized under the laws of the Kingdom of the Netherlands (the "Company"), certain Subsidiaries party thereto as Borrowers (the "Subsidiary Borrowers"), Bank One, NA as Administrative Agent (the "Administrative Agent") under the hereinafter identified and defined Credit Agreements and certain of the lenders party to said Credit Agreements. All capitalized terms used herein without definition shall have the same meanings as set forth in the hereinafter identified and defined Three-Year Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Company, the Subsidiary Borrowers, the Lenders and the Administrative Agent are currently party to that certain Three-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Three-Year Credit Agreement"), and that certain Five-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Five-Year Credit Agreement," and, together with the Three-Year Credit Agreement, the "Credit Agreements");

WHEREAS, Chicago Bridge & Iron Company, a Delaware corporation and a Subsidiary Borrower (the "Issuer"), desires to enter into a transaction (the "Convertible Note Offering") pursuant to which (i) the Issuer will issue, and incur and maintain Indebtedness under, certain Convertible Senior Notes due 2024 in an aggregate principal amount not to exceed \$172,500,000, such Convertible Senior Notes being convertible into common shares of the Company and as otherwise described in Schedule I hereto (the "Convertible Notes") and (ii) the Company and certain Subsidiaries will guarantee the Indebtedness under the Convertible Notes;

WHEREAS, the Company has informed the Administrative Agent and the Lenders of its desire to prepay all of the Company's Indebtedness (accompanied by the payment of all accrued interest thereon and all related make-whole premiums) under the Note Purchase Agreement (the "Private Note Prepayment," and, together with the Convertible Note Offering, the "Transactions");

WHEREAS, the Company has requested that, notwithstanding anything contained in the Credit Agreements, the Lenders consent (the "Consent") to the Transactions; and

WHEREAS, the Lenders party hereto are willing to grant the Consent on the terms and conditions stated herein;

WHEREAS, the Borrowers have also requested the Lenders and the Administrative Agent to amend the Credit Agreements in certain other respects;

WHEREAS, the Lenders and the Administrative Agent have agreed to amend the Credit Agreements on the terms and conditions set forth in section 2 hereof.

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions stated herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrowers and the Lenders, such parties hereby agree as follows:

1. Consent. The Lenders party hereto hereby grant the Consent; provided that (a) the Private Note Prepayment is consummated in full within 35 days of the date of the Convertible Note Offering and (b) the aggregate amount of the make-whole premiums effected in connection with the Private Note Prepayment does not exceed \$8,000,000. The parties hereto acknowledge and agree that, upon the effectiveness of this Amendment No. 2 and Consent and subject to the continued effectiveness of the foregoing Consent, the Credit Agreements (including without limitation Sections 7.3(A), 7.3(E) and 7.3(S)) shall be deemed amended to permit, in addition to the matters otherwise permitted thereunder, the Transactions.

2. Amendments. Each Credit Agreement shall be and hereby is amended as follows:

(a) Section 1.1 is amended to insert the following new defined terms thereto:

"Convertible Notes" is defined in the Second Amendment.

"Convertible Note Documents" means the Convertible Notes, the indenture entered into in connection therewith and any and all instruments and documents related to the foregoing.

"Note Documents" means the Convertible Note Documents and the Note Purchase Agreement.

"Private Note Prepayment" is defined in the Second Amendment.

"Second Amendment" means that certain Amendment No. 2 and Consent dated as of May 13, 2004 by and among the Borrowers, the Lenders party thereto and the Administrative Agent.

(b) Section 1.1 is further amended to amend and restate the following definitions appearing therein:

"Callidus Sale" is defined in the First Amendment, except that (i) the reference to "\$12,000,000" appearing therein shall be deemed a reference to "\$13,000,000" and (ii) the reference to "June 30, 2004" appearing therein shall be deemed a reference to "July 31, 2004".

"Consolidated Fixed Charges" means, for any period, the sum of (i) Consolidated Long-Term Lease Rentals for such period and (ii) consolidated interest expense of the Company and its Subsidiaries (including capitalized interest and the interest component of Capitalized Leases) for such period; but excluding therefrom the aggregate amount of interest paid as part of the Private Note Prepayment.

"EBIT" means, for any period, on a consolidated basis for the Company and its Subsidiaries, the sum of the amounts for such period, without duplication, calculated in each case in accordance with Agreement Accounting Principles, of (i) Net Income, plus (ii) Interest Expense to the extent deducted in computing Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) any other non-recurring non-cash charges (excluding any such non-cash charges to the extent any such non-cash charge becomes, or is expected to become, a cash charge in a later period) to the extent deducted in computing Net Income, plus (v) extraordinary losses incurred other than in the ordinary course of business to the extent deducted in computing Net Income, plus (vi) up to \$8,000,000 of the aggregate amount of the one-time nonrecurring make-whole premium paid as part of the Private Note Prepayment, minus (vii) any non-recurring non-cash credits to the extent added in computing Net Income, minus (viii) extraordinary gains realized other than in the ordinary course of business to the extent added in computing Net Income.

(c) Section 1.1 is further amended to amend the definition of "Adjusted Indebtedness" by adding the following sentence at the end thereof:

"In addition, solely during the period commencing on the date of the Convertible Note Offering and ending (x) 35 days thereafter or (y) if earlier, the date the Private Note Prepayment is consummated in full Adjusted Indebtedness will exclude, for purposes of calculating the Leverage Ratio, the Indebtedness outstanding under the Note Purchase Agreement."

(d) Section 1.1 is further amended to amend the definitions of

"Contractual Obligations" and "Restricted Payments" by deleting the references to "the Note Purchase Agreement" appearing therein and substituting "any of the Note Documents" in lieu thereof.

(e) Section 7.2(K)(iii) is amended to delete the references to "the Note Purchase Agreement" appearing therein and substitute "any of the Note Documents" in lieu thereof.

(f) Section 7.3(A)(ix) is amended to delete the reference to "\$10,000,000" appearing therein and substitute "\$12,000,000" in lieu thereof.

(g) The former Section 7.3(A)(x) is renumbered as Section 7.3(A)(xi) and is amended to delete the reference to "(other than Indebtedness incurred pursuant to clauses (i), (ii), (iv), (v), (vi), (vii), (viii) and (ix) of this Section 7.3(A)" appearing therein and substitute "(other than Indebtedness incurred pursuant to clauses (i), (ii), (iv), (v), (vi), (vii), (viii), (ix) and (x) of this Section 7.3(A)" in lieu thereof.

(h) A new Section 7.3(A)(x) is inserted to read as follows:
"Indebtedness outstanding under the Convertible Notes; and"

(i) Section 7.3(S) is amended to delete the reference to "(other than permitted Restricted Payments listed on Schedule 7.3(S))" and insert "(other than permitted Restricted Payments listed on Schedule 7.3(S) and the Private Note Prepayment)" in lieu thereof.

(j) Section 7.3(T) is amended to delete the references to "Note Purchase Agreement" and "the Note Purchase Agreement" appearing therein and substitute "any of the Note Documents" in lieu thereof.

3. Conditions of Effectiveness. This Amendment No. 2 and Consent shall be deemed to have become effective as of the date hereof, but such effectiveness shall be subject to the conditions specified in the proviso contained in Section 1 hereof and the following conditions: (i) the Administrative Agent shall have received executed counterparts hereto duly executed and delivered by the Company, the Subsidiary Borrowers and the "Required Lenders" (under each of the Credit Agreements); (ii) the Convertible Note Offering shall have been consummated on terms and conditions satisfactory to the Administrative Agent; and (iii) no Default or Unmatured Default shall have occurred and remain unwaived or uncured.

4. Representations, Warranties and Covenants. Each Borrower hereby represents and warrants that (i) all of the representations and warranties contained in Article VI of each Credit Agreement are true and correct and (ii) no Default or Unmatured Default is in effect. Each Borrower hereby covenants and agrees to deliver to the Administrative Agent, as soon as practicable after the date hereof, counterparts to the Reaffirmation attached

hereto duly executed by the Subsidiary Guarantors.

5. No Implicit Waiver. Except as expressly set forth herein, (i) the execution, delivery and effectiveness of this Amendment No. 2 and Consent shall neither operate as a waiver of any rights, power or remedy of the Administrative Agent or the Lenders under the Credit Agreements or any other documents executed in connection with the Credit Agreements, nor constitute a waiver of any provision of the Credit Agreements nor any other document executed in connection therewith and (ii) the Credit Agreements shall remain in full force and effect in accordance with their original terms.

6. GOVERNING LAW. THE ADMINISTRATIVE AGENT ACCEPTS THIS AMENDMENT NO. 2 AND CONSENT, ON BEHALF OF ITSELF AND THE LENDERS, AT CHICAGO, ILLINOIS BY ACKNOWLEDGING AND AGREEING TO IT THERE. ANY DISPUTE BETWEEN ANY BORROWER AND THE ADMINISTRATIVE AGENT OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH, THIS CONSENT AND AMENDMENT, THE CREDIT AGREEMENTS OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING SECTION 735 ILCS 105/5-1 ET SEQ.

BUT OTHERWISE WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment No. 2 and Consent has been duly executed as of the day and year first above written.

CHICAGO BRIDGE & IRON COMPANY N.V., as the
Company
By: CHICAGO BRIDGE & IRON COMPANY B.V.
Its: Managing Director

By:-----
Name: Gerald M. Glenn
Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

CHICAGO BRIDGE & IRON COMPANY
(DELAWARE), as a Subsidiary Borrower

By:-----

Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I TYLER COMPANY, as a Subsidiary Borrower

By:-----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI SERVICES, INC., as a Subsidiary Borrower

By:-----
Name: Terrence G. Browne
Title: Treasurer

CB&I CONSTRUCTORS, INC., as a Subsidiary
Borrower

By:-----
Name: Richard A. Byers
Title: Vice President and Treasurer

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

BANK ONE, NA (having its principal office in
Chicago, Illinois), as Administrative Agent
and as a Lender

By:-----
Name:
Title::

BANK OF AMERICA, N.A., as Syndication Agent
and as a Lender

By:-----
Name:
Title::

BANK OF MONTREAL, as a Documentation Agent
and as a Lender

By:-----
Name:
Title::

CREDIT SUISSE FIRST BOSTON, ACTING THROUGH

ITS CAYMAN ISLANDS BRANCH, as a Documentation Agent and as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

WELLS FARGO BANK, N.A., as a Lender

By:-----
Name:
Title::

BNP PARIBAS , as a Lender

By:-----
Name:
Title::

By:-----
Name:
Title::

FORTIS CAPITAL CORP., as a Lender

By:-----
Name:
Title::

SOUTHWEST BANK OF TEXAS, N.A., as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
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Three-Year Credit Agreement and Five-Year Credit Agreement

WASHINGTON MUTUAL BANK, as a Lender

By:-----
Name:
Title::

THE NORTHERN TRUST COMPANY, as a Lender

By:-----
Name:
Title::

KEYBANK NATIONAL ASSOCIATION, as a Lender

By:-----
Name:
Title::

JPMORGAN CHASE BANK, as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
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REGIONS BANK, as a Lender

By:-----
Name:
Title::

ALLIED IRISH BANK, PLC, as a Lender

By:-----
Name:
Title::

STANDARD CHARTERED BANK, as a Lender

By:-----
Name:
Title::

HIBERNIA NATIONAL BANK, as a Lender

By:-----
Name:
Title::

LEHMAN COMMERCIAL PAPER INC., as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

ARAB BANKING CORPORATION, as a Lender

By:-----
Name:
Title::

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 and Consent in connection with that certain Three-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Three-Year Credit Agreement"), and that certain Five-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Five-Year Credit Agreement," and, together with the Three-Year Credit Agreement, the "Credit Agreements") by and among Chicago Bridge and Iron Company N.V. (the "Company"), certain Subsidiaries of the Company party thereto as Borrowers (the "Subsidiary Borrowers"), Bank One, NA as Administrative Agent (the "Administrative Agent") under the Credit Agreements and the lenders party to said Credit Agreements, which Amendment No. 2 and Consent is dated as of May 13, 2004 (the "Amendment and Consent"). Capitalized terms used in this Reaffirmation and not defined herein shall have the meanings given to them in the Three-Year Credit Agreement. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the undersigned consents to the Amendment and Consent and reaffirms the terms and conditions of the Guaranty and any other Loan Document executed by it and acknowledges and agrees that such agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreements remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreements contained in the above-referenced documents shall be a reference to the Credit Agreements as so modified by the Amendment and Consent and as the same may from time to time hereafter be amended, modified or restated.

CHICAGO BRIDGE & IRON COMPANY N.V.
By: CHICAGO BRIDGE & IRON COMPANY B.V.
Its: Managing Director

By -----
Name: Gerald M. Glenn
Title: Managing Director

CHICAGO BRIDGE & IRON COMPANY

a Delaware corporation

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

CHICAGO BRIDGE & IRON COMPANY (DELAWARE)

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I TYLER COMPANY

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I CONSTRUCTORS, INC.

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI SERVICES, INC.

By -----
Name: Terrence G. Browne
Title: Treasurer

CHICAGO BRIDGE & IRON COMPANY
an Illinois corporation

By -----

Name: Richard A. Byers
Title: Vice President and Treasurer

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

HORTON CBI, LIMITED

By -----
Name: James W. House
Title: Treasurer

CBI VENEZOLANA, S.A.

By -----
Name: Mario D. Marquez
Title: Vice President

CBI EASTERN ANSTALT

By -----
Name: John R. Edmonds
Title: Administrator

CBI CONSTRUCTORS PTY, LTD.

By -----
Name: Vassily J. Calligeros
Title: Director

LEALAND FINANCE COMPANY B.V.

By -----
Name: Timothy J. Moran
Title: Managing Director

CB&I (EUROPE) B.V.

By -----
Name: Ray Buckley
Title: Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

ARABIAN GULF MATERIAL SUPPLY COMPANY, LTD.

By -----
Name: Harold Paul Mercer
Title: Vice President

ASIA PACIFIC SUPPLY CO.

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI COMPANY LTD.

By -----
Name: Richard A. Byers
Title: Treasurer

CBI CONSTRUCCIONES S.A.

By -----
Name: Rick P. Nieland
Title: Director

CBI CONSTRUCTORS LIMITED

By -----
Name: Ray Buckley
Title: Director

CBI HOLDINGS (U.K.) LIMITED

By -----
Name: Ray Buckley
Title: Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

CBI OVERSEAS, LLC

By -----
Name: Wong Keem Ming
Title: Treasurer

CENTRAL TRADING COMPANY, LTD.

By -----
Name: Richard A. Byers

Title: Vice President and Treasurer

CHICAGO BRIDGE & IRON (ANTILLES) N.V.

By -----

Name: Gerald M. Glenn

Title: Managing Director

CHICAGO BRIDGE & IRON COMPANY B.V.

By -----

Name: Gerald M. Glenn

Title: Managing Director

CMP HOLDINGS B.V.

By -----

Name: Ray Buckley

Title: Director

PACIFIC RIM MATERIAL SUPPLY COMPANY, LTD.

By -----

Name: Harold Paul Mercer

Title: Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

HOWE-BAKER INTERNATIONAL, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER ENGINEERS, LTD.

By -----

Name: James R. McAdory III

Title: President

HOWE-BAKER HOLDINGS, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER MANAGEMENT, L.L.C.

By -----

Name: James R. McAdory III

Title: President

MATRIX ENGINEERING, LTD.

By and through its General Partner,
Matrix Management Services, L.L.C

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

HBI HOLDINGS, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER INTERNATIONAL MANAGEMENT, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

A&B BUILDERS, LTD.

By and through its General Partner,
Matrix Management services, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

MATRIX MANAGEMENT SERVICES, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

CONSTRUCTORS INTERNATIONAL, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

SOUTHERN TROPIC MATERIAL SUPPLY COMPANY, LTD.

By -----

Name: Harold Paul Mercer

Title: Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

CB&I (NIGERIA) LIMITED

By -----

Name: John R. Edmonds

Title: Director

CHICAGO BRIDGE & IRON (ESPANA) S.A.

By -----

Name: Ray Buckley

Title: Director

CBI (PHILLIPINES), INC.

By -----

Name: Alan R. Black

Title: Treasurer

CB&I JOHN BROWN LIMITED

By -----

Name: Colin L. Astin

Title: Director

MORSE CONSTRUCTION GROUP, INC.

By -----

Name: Terrence G. Browne

Title: Treasurer

CBI HUNGARY HOLDING LIMITED LIABILITY COMPANY

By -----

Name: Ray Buckley

Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al

Three-Year Credit Agreement and Five-Year Credit Agreement

CALLIDUS TECHNOLOGIES, L.L.C.

By -----
Name: W. P. Bartlett
Title: President and CEO

CALLIDUS TECHNOLOGIES INTERNATIONAL, L.L.C.

By -----
Name: W. P. Bartlett
Title: President and CEO

CBI LUXEMBOURG S.A.R.L.

By -----
Name: Ray Buckley
Title: Managing Director

CB&I FINANCE COMPANY LIMITED

By -----
Name: Alan R. Black
Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

AMENDMENT NO. 2 AND CONSENT

THIS AMENDMENT NO. 2 AND CONSENT is being executed and delivered as of May 13, 2004, by and among Chicago Bridge and Iron Company N.V., a corporation organized under the laws of the Kingdom of the Netherlands (the "Company"), certain Subsidiaries party thereto as Borrowers (the "Subsidiary Borrowers"), Bank One, NA as Administrative Agent (the "Administrative Agent") under the hereinafter identified and defined Credit Agreements and certain of the lenders party to said Credit Agreements. All capitalized terms used herein without definition shall have the same meanings as set forth in the hereinafter identified and defined Three-Year Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Company, the Subsidiary Borrowers, the Lenders and the Administrative Agent are currently party to that certain Three-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Three-Year Credit Agreement"), and that certain Five-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Five-Year Credit Agreement," and, together with the Three-Year Credit Agreement, the "Credit Agreements");

WHEREAS, Chicago Bridge & Iron Company, a Delaware corporation and a Subsidiary Borrower (the "Issuer"), desires to enter into a transaction (the "Convertible Note Offering") pursuant to which (i) the Issuer will issue, and incur and maintain Indebtedness under, certain Convertible Senior Notes due 2024 in an aggregate principal amount not to exceed \$172,500,000, such Convertible Senior Notes being convertible into common shares of the Company and as otherwise described in Schedule I hereto (the "Convertible Notes") and (ii) the Company and certain Subsidiaries will guarantee the Indebtedness under the Convertible Notes;

WHEREAS, the Company has informed the Administrative Agent and the Lenders of its desire to prepay all of the Company's Indebtedness (accompanied by the payment of all accrued interest thereon and all related make-whole premiums) under the Note Purchase Agreement (the "Private Note Prepayment," and, together with the Convertible Note Offering, the "Transactions");

WHEREAS, the Company has requested that, notwithstanding anything contained in the Credit Agreements, the Lenders consent (the "Consent") to the Transactions; and

WHEREAS, the Lenders party hereto are willing to grant the Consent on the terms and conditions stated herein;

WHEREAS, the Borrowers have also requested the Lenders and the Administrative Agent to amend the Credit Agreements in certain other respects;

WHEREAS, the Lenders and the Administrative Agent have agreed to amend the Credit Agreements on the terms and conditions set forth in section 2 hereof.

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions stated herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrowers and the Lenders, such parties hereby agree as follows:

1. Consent. The Lenders party hereto hereby grant the Consent; provided that (a) the Private Note Prepayment is consummated in full within 35 days of the date of the Convertible Note Offering and (b) the aggregate amount of the make-whole premiums effected in connection with the Private Note Prepayment does not exceed \$8,000,000. The parties hereto acknowledge and agree that, upon the effectiveness of this Amendment No. 2 and Consent and subject to the continued effectiveness of the foregoing Consent, the Credit Agreements (including without limitation Sections 7.3(A), 7.3(E) and 7.3(S)) shall be deemed amended to permit, in addition to the matters otherwise permitted thereunder, the Transactions.

2. Amendments. Each Credit Agreement shall be and hereby is amended as follows:

(a) Section 1.1 is amended to insert the following new defined terms thereto:

"Convertible Notes" is defined in the Second Amendment.

"Convertible Note Documents" means the Convertible Notes, the indenture entered into in connection therewith and any and all instruments and documents related to the foregoing.

"Note Documents" means the Convertible Note Documents and the Note Purchase Agreement.

"Private Note Prepayment" is defined in the Second Amendment.

"Second Amendment" means that certain Amendment No. 2 and Consent dated as of May 13, 2004 by and among the Borrowers, the Lenders party thereto and the Administrative Agent.

(b) Section 1.1 is further amended to amend and restate the following definitions appearing therein:

"Callidus Sale" is defined in the First Amendment, except that (i) the reference to "\$12,000,000" appearing therein shall be deemed a reference to "\$13,000,000" and (ii) the reference to "June 30, 2004" appearing therein shall be deemed a reference to "July 31, 2004".

"Consolidated Fixed Charges" means, for any period, the sum of (i) Consolidated Long-Term Lease Rentals for such period and (ii) consolidated interest expense of the Company and its Subsidiaries (including capitalized interest and the interest component of Capitalized Leases) for such period; but excluding therefrom the aggregate amount of interest paid as part of the Private Note Prepayment.

"EBIT" means, for any period, on a consolidated basis for the Company and its Subsidiaries, the sum of the amounts for such period, without duplication, calculated in each case in accordance with Agreement Accounting Principles, of (i) Net Income, plus (ii) Interest Expense to the extent deducted in computing Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) any other non-recurring non-cash charges (excluding any such non-cash charges to the extent any such non-cash charge becomes, or is expected to become, a cash charge in a later period) to the extent deducted in computing Net Income, plus (v) extraordinary losses incurred other than in the ordinary course of business to the extent deducted in computing Net Income, plus (vi) up to \$8,000,000 of the aggregate amount of the one-time nonrecurring make-whole premium paid as part of the Private Note Prepayment, minus (vii) any non-recurring non-cash credits to the extent added in computing Net Income, minus (viii) extraordinary gains realized other than in the ordinary course of business to the extent added in computing Net Income.

(c) Section 1.1 is further amended to amend the definition of "Adjusted Indebtedness" by adding the following sentence at the end thereof:

"In addition, solely during the period commencing on the date of the Convertible Note Offering and ending (x) 35 days thereafter or (y) if earlier, the date the Private Note Prepayment is consummated in full Adjusted Indebtedness will exclude, for purposes of calculating the Leverage Ratio, the Indebtedness outstanding under the Note Purchase Agreement."

(d) Section 1.1 is further amended to amend the definitions of

"Contractual Obligations" and "Restricted Payments" by deleting the references to "the Note Purchase Agreement" appearing therein and substituting "any of the Note Documents" in lieu thereof.

(e) Section 7.2(K)(iii) is amended to delete the references to "the Note Purchase Agreement" appearing therein and substitute "any of the Note Documents" in lieu thereof.

(f) Section 7.3(A)(ix) is amended to delete the reference to "\$10,000,000" appearing therein and substitute "\$12,000,000" in lieu thereof.

(g) The former Section 7.3(A)(x) is renumbered as Section 7.3(A)(xi) and is amended to delete the reference to "(other than Indebtedness incurred pursuant to clauses (i), (ii), (iv), (v), (vi), (vii), (viii) and (ix) of this Section 7.3(A)" appearing therein and substitute "(other than Indebtedness incurred pursuant to clauses (i), (ii), (iv), (v), (vi), (vii), (viii), (ix) and (x) of this Section 7.3(A)" in lieu thereof.

(h) A new Section 7.3(A)(x) is inserted to read as follows:
"Indebtedness outstanding under the Convertible Notes; and"

(i) Section 7.3(S) is amended to delete the reference to "(other than permitted Restricted Payments listed on Schedule 7.3(S))" and insert "(other than permitted Restricted Payments listed on Schedule 7.3(S) and the Private Note Prepayment)" in lieu thereof.

(j) Section 7.3(T) is amended to delete the references to "Note Purchase Agreement" and "the Note Purchase Agreement" appearing therein and substitute "any of the Note Documents" in lieu thereof.

3. Conditions of Effectiveness. This Amendment No. 2 and Consent shall be deemed to have become effective as of the date hereof, but such effectiveness shall be subject to the conditions specified in the proviso contained in Section 1 hereof and the following conditions: (i) the Administrative Agent shall have received executed counterparts hereto duly executed and delivered by the Company, the Subsidiary Borrowers and the "Required Lenders" (under each of the Credit Agreements); (ii) the Convertible Note Offering shall have been consummated on terms and conditions satisfactory to the Administrative Agent; and (iii) no Default or Unmatured Default shall have occurred and remain unwaived or uncured.

4. Representations, Warranties and Covenants. Each Borrower hereby represents and warrants that (i) all of the representations and warranties contained in Article VI of each Credit Agreement are true and correct and (ii) no Default or Unmatured Default is in effect. Each Borrower hereby covenants and agrees to deliver to the Administrative Agent, as soon as practicable after the date hereof, counterparts to the Reaffirmation attached

hereto duly executed by the Subsidiary Guarantors.

5. No Implicit Waiver. Except as expressly set forth herein, (i) the execution, delivery and effectiveness of this Amendment No. 2 and Consent shall neither operate as a waiver of any rights, power or remedy of the Administrative Agent or the Lenders under the Credit Agreements or any other documents executed in connection with the Credit Agreements, nor constitute a waiver of any provision of the Credit Agreements nor any other document executed in connection therewith and (ii) the Credit Agreements shall remain in full force and effect in accordance with their original terms.

6. GOVERNING LAW. THE ADMINISTRATIVE AGENT ACCEPTS THIS AMENDMENT NO. 2 AND CONSENT, ON BEHALF OF ITSELF AND THE LENDERS, AT CHICAGO, ILLINOIS BY ACKNOWLEDGING AND AGREEING TO IT THERE. ANY DISPUTE BETWEEN ANY BORROWER AND THE ADMINISTRATIVE AGENT OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH, THIS CONSENT AND AMENDMENT, THE CREDIT AGREEMENTS OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING SECTION 735 ILCS 105/5-1 ET SEQ.

BUT OTHERWISE WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment No. 2 and Consent has been duly executed as of the day and year first above written.

CHICAGO BRIDGE & IRON COMPANY N.V., as the
Company
By: CHICAGO BRIDGE & IRON COMPANY B.V.
Its: Managing Director

By:-----
Name: Gerald M. Glenn
Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

CHICAGO BRIDGE & IRON COMPANY
(DELAWARE), as a Subsidiary Borrower

By:-----

Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I TYLER COMPANY, as a Subsidiary Borrower

By:-----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI SERVICES, INC., as a Subsidiary Borrower

By:-----
Name: Terrence G. Browne
Title: Treasurer

CB&I CONSTRUCTORS, INC., as a Subsidiary
Borrower

By:-----
Name: Richard A. Byers
Title: Vice President and Treasurer

Signature Page to Amendment No. 2 and Consent to
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Three-Year Credit Agreement and Five-Year Credit Agreement

BANK ONE, NA (having its principal office in
Chicago, Illinois), as Administrative Agent
and as a Lender

By:-----
Name:
Title::

BANK OF AMERICA, N.A., as Syndication Agent
and as a Lender

By:-----
Name:
Title::

BANK OF MONTREAL, as a Documentation Agent
and as a Lender

By:-----
Name:
Title::

CREDIT SUISSE FIRST BOSTON, ACTING THROUGH

ITS CAYMAN ISLANDS BRANCH, as a Documentation Agent and as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

WELLS FARGO BANK, N.A., as a Lender

By:-----
Name:
Title::

BNP PARIBAS , as a Lender

By:-----
Name:
Title::

By:-----
Name:
Title::

FORTIS CAPITAL CORP., as a Lender

By:-----
Name:
Title::

SOUTHWEST BANK OF TEXAS, N.A., as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
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Three-Year Credit Agreement and Five-Year Credit Agreement

WASHINGTON MUTUAL BANK, as a Lender

By:-----
Name:
Title::

THE NORTHERN TRUST COMPANY, as a Lender

By:-----
Name:
Title::

KEYBANK NATIONAL ASSOCIATION, as a Lender

By:-----
Name:
Title::

JPMORGAN CHASE BANK, as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
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Three-Year Credit Agreement and Five-Year Credit Agreement

REGIONS BANK, as a Lender

By:-----
Name:
Title::

ALLIED IRISH BANK, PLC, as a Lender

By:-----
Name:
Title::

STANDARD CHARTERED BANK, as a Lender

By:-----
Name:
Title::

HIBERNIA NATIONAL BANK, as a Lender

By:-----
Name:
Title::

LEHMAN COMMERCIAL PAPER INC., as a Lender

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

ARAB BANKING CORPORATION, as a Lender

By:-----
Name:
Title::

By:-----
Name:
Title::

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
Three-Year Credit Agreement and Five-Year Credit Agreement

REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 and Consent in connection with that certain Three-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Three-Year Credit Agreement"), and that certain Five-Year Credit Agreement dated as of August 22, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "Five-Year Credit Agreement," and, together with the Three-Year Credit Agreement, the "Credit Agreements") by and among Chicago Bridge and Iron Company N.V. (the "Company"), certain Subsidiaries of the Company party thereto as Borrowers (the "Subsidiary Borrowers"), Bank One, NA as Administrative Agent (the "Administrative Agent") under the Credit Agreements and the lenders party to said Credit Agreements, which Amendment No. 2 and Consent is dated as of May 13, 2004 (the "Amendment and Consent"). Capitalized terms used in this Reaffirmation and not defined herein shall have the meanings given to them in the Three-Year Credit Agreement. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the undersigned consents to the Amendment and Consent and reaffirms the terms and conditions of the Guaranty and any other Loan Document executed by it and acknowledges and agrees that such agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreements remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreements contained in the above-referenced documents shall be a reference to the Credit Agreements as so modified by the Amendment and Consent and as the same may from time to time hereafter be amended, modified or restated.

CHICAGO BRIDGE & IRON COMPANY N.V.
By: CHICAGO BRIDGE & IRON COMPANY B.V.
Its: Managing Director

By -----
Name: Gerald M. Glenn
Title: Managing Director

CHICAGO BRIDGE & IRON COMPANY

a Delaware corporation

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

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Chicago Bridge & Iron Company N.V. et al
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CHICAGO BRIDGE & IRON COMPANY (DELAWARE)

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I TYLER COMPANY

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CB&I CONSTRUCTORS, INC.

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI SERVICES, INC.

By -----
Name: Terrence G. Browne
Title: Treasurer

CHICAGO BRIDGE & IRON COMPANY
an Illinois corporation

By -----

Name: Richard A. Byers
Title: Vice President and Treasurer

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HORTON CBI, LIMITED

By -----
Name: James W. House
Title: Treasurer

CBI VENEZOLANA, S.A.

By -----
Name: Mario D. Marquez
Title: Vice President

CBI EASTERN ANSTALT

By -----
Name: John R. Edmonds
Title: Administrator

CBI CONSTRUCTORS PTY, LTD.

By -----
Name: Vassily J. Calligeros
Title: Director

LEALAND FINANCE COMPANY B.V.

By -----
Name: Timothy J. Moran
Title: Managing Director

CB&I (EUROPE) B.V.

By -----
Name: Ray Buckley
Title: Director

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ARABIAN GULF MATERIAL SUPPLY COMPANY, LTD.

By -----
Name: Harold Paul Mercer
Title: Vice President

ASIA PACIFIC SUPPLY CO.

By -----
Name: Richard A. Byers
Title: Vice President and Treasurer

CBI COMPANY LTD.

By -----
Name: Richard A. Byers
Title: Treasurer

CBI CONSTRUCCIONES S.A.

By -----
Name: Rick P. Nieland
Title: Director

CBI CONSTRUCTORS LIMITED

By -----
Name: Ray Buckley
Title: Director

CBI HOLDINGS (U.K.) LIMITED

By -----
Name: Ray Buckley
Title: Director

Signature Page to Amendment No. 2 and Consent to
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CBI OVERSEAS, LLC

By -----
Name: Wong Keem Ming
Title: Treasurer

CENTRAL TRADING COMPANY, LTD.

By -----
Name: Richard A. Byers

Title: Vice President and Treasurer

CHICAGO BRIDGE & IRON (ANTILLES) N.V.

By -----

Name: Gerald M. Glenn

Title: Managing Director

CHICAGO BRIDGE & IRON COMPANY B.V.

By -----

Name: Gerald M. Glenn

Title: Managing Director

CMP HOLDINGS B.V.

By -----

Name: Ray Buckley

Title: Director

PACIFIC RIM MATERIAL SUPPLY COMPANY, LTD.

By -----

Name: Harold Paul Mercer

Title: Director

Signature Page to Amendment No. 2 and Consent to
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HOWE-BAKER INTERNATIONAL, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER ENGINEERS, LTD.

By -----

Name: James R. McAdory III

Title: President

HOWE-BAKER HOLDINGS, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER MANAGEMENT, L.L.C.

By -----

Name: James R. McAdory III

Title: President

MATRIX ENGINEERING, LTD.

By and through its General Partner,
Matrix Management Services, L.L.C

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
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HBI HOLDINGS, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

HOWE-BAKER INTERNATIONAL MANAGEMENT, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

A&B BUILDERS, LTD.

By and through its General Partner,
Matrix Management services, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

MATRIX MANAGEMENT SERVICES, L.L.C.

By -----

Name: James R. McAdory III

Title: Chairman of the Board and CEO

CONSTRUCTORS INTERNATIONAL, L.L.C.

By -----

Name: James R. McAdory III

Title: President and CEO

SOUTHERN TROPIC MATERIAL SUPPLY COMPANY, LTD.

By -----

Name: Harold Paul Mercer

Title: Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al
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CB&I (NIGERIA) LIMITED

By -----

Name: John R. Edmonds

Title: Director

CHICAGO BRIDGE & IRON (ESPANA) S.A.

By -----

Name: Ray Buckley

Title: Director

CBI (PHILLIPINES), INC.

By -----

Name: Alan R. Black

Title: Treasurer

CB&I JOHN BROWN LIMITED

By -----

Name: Colin L. Astin

Title: Director

MORSE CONSTRUCTION GROUP, INC.

By -----

Name: Terrence G. Browne

Title: Treasurer

CBI HUNGARY HOLDING LIMITED LIABILITY COMPANY

By -----

Name: Ray Buckley

Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
Chicago Bridge & Iron Company N.V. et al

Three-Year Credit Agreement and Five-Year Credit Agreement

CALLIDUS TECHNOLOGIES, L.L.C.

By -----
Name: W. P. Bartlett
Title: President and CEO

CALLIDUS TECHNOLOGIES INTERNATIONAL, L.L.C.

By -----
Name: W. P. Bartlett
Title: President and CEO

CBI LUXEMBOURG S.A.R.L.

By -----
Name: Ray Buckley
Title: Managing Director

CB&I FINANCE COMPANY LIMITED

By -----
Name: Alan R. Black
Title: Managing Director

Signature Page to Amendment No. 2 and Consent to
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CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gerald M. Glenn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chicago Bridge & Iron Company N.V.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting,

to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GERALD M. GLENN

Gerald M. Glenn
Chief Executive Officer

Date: August 9, 2004

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard E. Goodrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chicago Bridge & Iron Company N.V.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting,

to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RICHARD E. GOODRICH

Richard E. Goodrich
Chief Financial Officer

Date: August 9, 2004

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Chicago Bridge & Iron Company N.V. (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald M. Glenn, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GERALD M. GLENN

Gerald M. Glenn
Chief Executive Officer
August 9, 2004

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Chicago Bridge & Iron Company N.V. (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard E. Goodrich, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD E. GOODRICH

Richard E. Goodrich
Chief Financial Officer
August 9, 2004