FORM 8-K

Current report filing

SEC Accession No. 0000950129-07-005788

(HTML Version on secdatabase.com)
Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 16, 2007

Chicago Bridge & Iron Company N.V.

(Exact name of registrant as specified in its charter)

The Netherlands
(State or other jurisdiction of incorporation)

1-12815
(Commission File Number)

N.A.
(IRS Employer Identification No.)

Polarisavenue 31
2132 JH Hoofddorp
The Netherlands
(Address of principal executive offices)

N.A.
(Zip Code)

Registrant’s telephone number, including area code: 31-23-568-5660

N.A.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following (See General Instruction A.2 below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01</td>
<td>Entry into a Material Definitive Agreement.</td>
</tr>
<tr>
<td>2.01</td>
<td>Completion of Acquisition of Disposition of Assets.</td>
</tr>
<tr>
<td>7.01</td>
<td>Regulation FD Disclosure.</td>
</tr>
<tr>
<td>9.01</td>
<td>Financial Statements and Exhibits.</td>
</tr>
</tbody>
</table>

**SIGNATURES**

**EXHIBIT INDEX**

- Consent of Ernst & Young LLP
- Press Release
- Certain Financial Statement of the Lummus Global business
- Certain pro forma financial information
- Term Loan Agreement
- Amendment No. 1 and Consent
- First Amendment to the Agreements
Item 1.01 Entry into a Material Definitive Agreement.

Chicago Bridge & Iron Company N.V. (“CB&I”), as Guarantor, and Chicago Bridge & Iron Company (“CB&I Delaware”), as Borrower, entered into a $200 million, five-year, unsecured term loan facility (the “Term Loan”) with JPMorgan Chase Bank, National Association, as administrative agent, and Bank of America, N.A., as syndication agent. CB&I Delaware has currently made no drawings under the Term Loan, but the facility is intended to be fully utilized upon the satisfaction of certain conditions in the Term Loan related to the acquisition of Lummus Global described in Item 2.01 below. Interest on Term Loan borrowings will be based upon LIBOR plus an applicable floating spread, and paid quarterly in arrears. The Term Loan will amortize in equal principal installments of $40 million on December 31 of each of 2008 through 2011, with the last principal payment due on November 9, 2012.

The Term Loan contains certain restrictive covenants, such as a minimum net worth level, a minimum fixed charge coverage ratio and a maximum leverage ratio. The Term Loan also includes restrictions with regard to subsidiary indebtedness, sales of assets, liens, investments, type of business conducted, affiliate transactions, sales and leasebacks, and mergers and acquisitions, among other restrictions. The Term Loan agreement is attached hereto as Exhibit 99.4.

CB&I also entered into Amendment No. 1 and Consent (the “Credit Agreement Amendment”) to its Second Amended and Restated Credit Agreement dated as of October 13, 2006 (the “Credit Agreement”) with JPMorgan Chase Bank, National Association, as administrative agent, and Bank of America, N.A., as syndication agent. The Credit Agreement Amendment provides the lenders’ consent for the Lummus Global acquisition described in Item 2.01 below, the expansion of the aggregate facility limit of the Credit Agreement from $850 million to $1.1 billion, and an opportunity for further expansion up to $1.25 billion during the term of the Credit Agreement, among other matters. The Credit Agreement Amendment is attached hereto as Exhibit 99.5.

CB&I and certain of its subsidiaries also entered into a First Amendment (the “First Amendment”) to the three committed and unsecured letter of credit and term loan agreements (the “LC Agreements”) each dated as of November 6, 2006 with Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, National Association, and various private placement note investors. The First Amendment primarily provides the lenders’ consent for the amendment to the Credit Agreement and the consent to Term Loan, among other matters. The First Amendment is attached hereto as Exhibit 99.6.

Item 2.01 Completion of Acquisition of Disposition of Assets.

Effective November 16, 2007, CB&I completed the acquisition of the Lummus Global business from ABB Asea Brown Boveri Ltd. (“ABB”) for a net cash purchase price of approximately $825 million. The acquisition was effected pursuant to a Share Sale and Purchase Agreement dated as of August 24, 2007 by and among ABB Holdings Inc., ABB Holdings B.V., ABB, Chicago Bridge & Iron Company, Chicago Bridge & Iron Company B.V. and CB&I.
Item 7.01 Regulation FD Disclosure.

Item 9.01 Financial Statements and Exhibits.
(a) Financial Statements of Businesses Acquired.
The following financial statements of the Lummus Global business are included in Exhibit 99.2 hereto and incorporated herein by reference:

Audited Financial Statements:
- Report of Independent Auditors
- Combined Statements of Operations for the Years Ended December 31, 2006, 2005 and 2004
- Combined Balance Sheets as of December 31, 2006, 2005 and 2004
- Notes to Consolidated Financial Statements

Unaudited Interim Financial Statements:
- Combined Balance Sheet at September 30, 2007
- Notes to Combined Financial Statements

(b) Pro Forma Financial Information.
The following pro forma financial information is included as Exhibit 99.3 hereto and incorporated herein by reference.
- Unaudited Pro Forma Condensed Combined Statement of Income for the Year Ended December 31, 2006
- Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2007
**Table of Contents**

(d) Exhibits.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.1</td>
<td>Consent of Ernst &amp; Young LLP</td>
</tr>
<tr>
<td>99.2</td>
<td>Certain financial statements of the Lummus Global business (see Item 9.01(a) above)</td>
</tr>
<tr>
<td>99.3</td>
<td>Certain pro forma financial information (see Item 9.01(b) above)</td>
</tr>
<tr>
<td>99.4</td>
<td>Term Loan Agreement dated as of November 9, 2007, among Chicago Bridge &amp; Iron Company N.V., as Guarantor, Chicago Bridge &amp; Iron Company, as Borrower, the institutions from time to time parties thereto as Lenders, JPMorgan Chase Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Royal Bank of Scotland plc, Wells Fargo Bank, N.A., and Calyon New York Branch, as Documentation Agents.</td>
</tr>
<tr>
<td>99.5</td>
<td>Amendment No. 1 and Consent dated as of November 9, 2007, by and among Chicago Bridge and Iron Company N.V., certain Subsidiaries party to the therein identified and defined Credit Agreement, collectively as borrowers, JPMorgan Chase Bank, National Association, as administrative agent, and the Required Lenders and New Lenders party thereto.</td>
</tr>
<tr>
<td>99.6</td>
<td>First Amendment to the Agreements dated as of November 9, 2007 re: $50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, $100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, and $125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, among Chicago Bridge &amp; Iron Company N.V., Chicago Bridge &amp; Iron Company (Delaware), CBI Services, Inc., CB&amp;I Constructors, Inc., and CB&amp;I Tyler Company, as Co-Obligors, Bank of America, N.A., as Administrative Agent and Letter of Credit Issuer, JPMorgan Chase Bank, N.A., as Letter of Credit Issuer and Joint Book Manager, and the Lenders party thereto.</td>
</tr>
</tbody>
</table>
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 hereunto duly authorized.

CHICAGO BRIDGE & IRON COMPANY N.V.
By: Chicago Bridge & Iron Company B.V.
Its: Managing Director

Date: November 21, 2007

By: __________________________ /s/ Ronald A. Ballschmiede

Ronald A. Ballschmiede
Managing Director
(Principal Financial Officer)
EXHIBIT INDEX


23.1 Consent of Ernst & Young LLP


99.2 Certain financial statement of the Lummus Global business (see Item 9.01(a) above)

99.3 Certain pro forma financial information (see Item 9.01(b) above)

99.4 Term Loan Agreement dated as of November 9, 2007, among Chicago Bridge & Iron Company N.V., as Guarantor, Chicago Bridge & Iron Company, as Borrower, the institutions from time to time parties thereto as Lenders, JPMorgan Chase Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Royal Bank of Scotland plc, Wells Fargo Bank, N.A., and Calyon New York Branch, as Documentation Agents.

99.5 Amendment No. 1 and Consent dated as of November 9, 2007, by and among Chicago Bridge and Iron Company N.V., certain Subsidiaries party to the therein identified and defined Credit Agreement, collectively as borrowers, JPMorgan Chase Bank, National Association, as administrative agent, and the Required Lenders and New Lenders party thereto.

99.6 First Amendment to the Agreements dated as of November 9, 2007 re: $50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, $100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, and $125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006, among Chicago Bridge & Iron Company N.V., Chicago Bridge & Iron Company (Delaware), CBI Services, Inc., CB&I Constructors, Inc., and CB&I Tyler Company, as Co-Obligors, Bank of America, N.A., as Administrative Agent and Letter of Credit Issuer, JPMorgan Chase Bank, N.A., as Letter of Credit Issuer and Joint Book Manager, and the Lenders party thereto.
Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-64442) pertaining to the Employee Stock Purchase Plan of Chicago Bridge & Iron Company N.V.,

2. Registration Statement (Form S-8 No. 333-87081) pertaining to the 1999 Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,

3. Registration Statement (Form S-8 No. 333-39975) pertaining to the Employee Stock Purchase Plan (1997) of Chicago Bridge & Iron Company N.V.,

4. Registration Statement (Form S-8 No. 333-24443) pertaining to the Management Defined Contribution Stock Incentive Plan of Chicago Bridge & Iron Company N.V.,

5. Registration Statement (Form S-8 No. 333-24445) pertaining to the Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,

6. Registration Statement (Form S-8 No. 333-33199) pertaining to the Savings Plan of Chicago Bridge & Iron Company N.V.; of our report dated June 1, 2007, with respect to the combined financial statements ABB Lummus Global as of and for the years ended December 31, 2006, 2005 and 2004, included in this Form 8-K.

/s/ Ernst & Young LLP

New York, New York
November 15, 2007
CB&I COMPLETES LUMMUS GLOBAL ACQUISITION

THE WOODLANDS, Texas – November 19, 2007 – CB&I (NYSE: CBI) announced today it has completed the acquisition of the Lummus Global business from ABB. CB&I shareholders approved the transaction at a special shareholder meeting in Amsterdam, The Netherlands on November 16, with 99.7 percent of the shares represented voting in favor of the acquisition.

“We are extremely pleased with the voting results and we thank our shareholders for their support,” said Philip K. Asherman, President and CEO. “This acquisition is transformational for CB&I. Lummus, which brings world-class process technology and a complementary EPC business, is a great fit and a welcome addition to our company. The acquisition broadens our range of capabilities and our geographic base, and the addition of more than 3,000 talented and experienced employees gives us a tremendous strategic advantage in responding to the growing demand for energy infrastructure around the globe.”

About CB&I

CB&I combines proven process technology with global capabilities in engineering, procurement and construction to deliver comprehensive solutions to customers in the energy and natural resource industries. With more than 70 proprietary licensed technologies and 1,500 patents, CB&I is uniquely positioned to take projects from conceptual design, through technology licensing, engineering and construction and final commissioning. Drawing upon the global expertise and local knowledge of approximately 17,000 employees in more than 80 locations, CB&I safely and reliably executes projects worldwide. For more information visit www.CBI.com.

Any statements made in this release that are not based on historical fact are forward-looking statements and represent management’s best judgment as to what may occur in the future. The actual outcome and results are not guaranteed, are subject to risks, uncertainties and assumptions, and may differ materially from those expressed or implied by any forward-looking statements. A variety of factors could cause business conditions and results to differ materially from what is contained in the forward-looking statements including, but not limited to, the Company’s ability to realize cost savings from its expected performance of contracts; the uncertain timing and funding of new contract awards, and project cancellations and operating risks; cost overruns on fixed price, target price or similar contracts whether as the result of improper estimates or otherwise; risks associated with percentage-of-completion accounting; the Company’s ability to settle or negotiate unapproved change orders and claims; changes in the costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; adverse impacts from weather conditions may affect the Company’s performance and timeliness of completion, which could lead to increased costs and affect the costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; increased competition; fluctuating revenue resulting from a number of factors, including the cyclical nature of the individual markets in which the Company’s customers operate; lower than expected activity in the hydrocarbon industry, demand from which is the largest component of the Company’s revenue; lower than expected growth in the Company’s primary end markets, including but not limited to LNG and refining and related.

CB&I-2007-27
processes; risks inherent in acquisitions and the Company’s ability to obtain financing for proposed acquisitions; the Company’s ability to integrate and successfully operate acquired businesses and the risks associated with those businesses; the weakening, non-competitiveness, unavailability of, or lack of demand for, our intellectual property rights; failure to keep pace with technological changes; adverse outcomes of pending claims or litigation or the possibility of new claims or litigation, including but not limited to pending securities class action litigation, and the potential effect on the Company’s business, financial condition and results of operations; the ultimate outcome or effect of the pending Federal Trade Commission order on the Company’s 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 the Company’s obligations under its bids and contracts; proposed and actual revisions to U.S. and non-U.S. tax laws, and interpretation of said laws, and U.S. tax treaties with non-U.S. countries (including, but not limited to The Netherlands), that seek to increase income taxes payable; political and economic conditions including, but not limited to, war, conflict or civil or economic unrest in countries in which the Company operates; and a downturn or disruption in the economy in general. Additional factors which could cause actual results to differ materially from such forward-looking statements are described under “Risk Factors” as set forth in the Company’s Form 10-K filed with the SEC for the year ended Dec. 31, 2006. The Company does not undertake to update any forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

# # #
Board of Directors
ABB Ltd.

We have audited the accompanying combined balance sheets of ABB Lummus Global (the “Company”) as of December 31, 2006, 2005 and 2004, and the related combined statements of operations, cash flows and changes in parent investment (deficit) for each of the three years in the period ended December 31, 2006. These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of ABB Lummus Global at December 31, 2006, 2005 and 2004, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 2 and 20 to the combined financial statements, effective December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.

/s/ Ernst & Young LLP

New York, New York
June 1, 2007
## Combined Statements of Operations

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(U.S. $ in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$988,362</td>
<td>$1,087,788</td>
<td>$1,279,589</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(931,662)</td>
<td>(947,771)</td>
<td>(1,139,721)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>56,700</td>
<td>140,017</td>
<td>139,868</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(102,374)</td>
<td>(88,477)</td>
<td>(85,983)</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>(10,815)</td>
<td>(12,040)</td>
<td>(13,104)</td>
</tr>
<tr>
<td>Earnings of investees accounted for by the equity method</td>
<td>11,731</td>
<td>12,885</td>
<td>10,477</td>
</tr>
<tr>
<td>Asbestos income (expense)</td>
<td>2,373</td>
<td>-</td>
<td>(33,000)</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>(1,210)</td>
<td>(508)</td>
<td>(9,618)</td>
</tr>
<tr>
<td>(Loss) income before interest income, interest expense, income taxes and minority interests</td>
<td>(43,595)</td>
<td>51,877</td>
<td>8,640</td>
</tr>
<tr>
<td>Interest income</td>
<td>5,947</td>
<td>4,894</td>
<td>4,102</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(37,067)</td>
<td>(31,431)</td>
<td>(24,604)</td>
</tr>
<tr>
<td>(Loss) income before income taxes and minority interests</td>
<td>(74,715)</td>
<td>25,340</td>
<td>(11,862)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>(4,638)</td>
<td>(18,101)</td>
<td>(26,847)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(620)</td>
<td>(2,247)</td>
<td>(1,281)</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$(79,973)</td>
<td>$4,992</td>
<td>$(39,990)</td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements.
## §§ABB Lummus Global

### Combined Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td>(U. $ in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$50,713</td>
<td>$68,284</td>
<td>$91,164</td>
</tr>
<tr>
<td>Trade receivables, net:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>197,833</td>
<td>189,926</td>
<td>197,284</td>
</tr>
<tr>
<td>Affiliates</td>
<td>334</td>
<td>512</td>
<td>701</td>
</tr>
<tr>
<td>Accounts receivable, other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>32,886</td>
<td>51,557</td>
<td>84,200</td>
</tr>
<tr>
<td>Affiliates</td>
<td>189,065</td>
<td>80,308</td>
<td>83,380</td>
</tr>
<tr>
<td>Costs and estimated earnings in excess of billings on uncompleted contracts</td>
<td>451,427</td>
<td>441,859</td>
<td>445,434</td>
</tr>
<tr>
<td>Other current assets</td>
<td>20,141</td>
<td>17,426</td>
<td>56,024</td>
</tr>
<tr>
<td>Total current assets</td>
<td>942,399</td>
<td>849,872</td>
<td>958,187</td>
</tr>
<tr>
<td>Investments</td>
<td>91,556</td>
<td>79,749</td>
<td>70,475</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>10,198</td>
<td>11,822</td>
<td>16,306</td>
</tr>
<tr>
<td>Goodwill</td>
<td>211,395</td>
<td>196,292</td>
<td>216,411</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>21,838</td>
<td>26,252</td>
<td>38,492</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>9,090</td>
<td>6,508</td>
<td>1,761</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>17,333</td>
<td>43,374</td>
<td>61,451</td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,303,809</td>
<td>$1,213,869</td>
<td>$1,363,083</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND PARENT INVESTMENT (DEFICIT)** |          |          |          |
| Short-term borrowings: |          |          |          |
| Third party | $128 | $17 | $8,668 |
| Affiliates  | 536,390 | 505,178 | 356,965 |
| Accounts payable: |          |          |          |
| Third party | 115,427 | 126,060 | 283,834 |
| Affiliates  | 2,789 | 1,695 | 2,474 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 172,362 | 109,059 | 164,941 |
| Provisions and accrued liabilities | 154,029 | 136,332 | 115,138 |
| Asbestos obligations | 3,633 | 43,450 | 46,981 |
| Other current liabilities | 447,683 | 358,869 | 437,420 |
| Total current liabilities | 1,432,441 | 1,280,660 | 1,416,421 |
| Long-term borrowings | 140 | 8 | 14 |
| Pensions and other employee benefits | 77,097 | 54,237 | 52,744 |
| Asbestos obligations | 25,300 | – | – |
| Deferred tax liabilities | 6,411 | 12,348 | 4,512 |
| Other noncurrent liabilities | 11,299 | 11,876 | 12,621 |
| Total liabilities | 1,552,688 | 1,359,129 | 1,486,312 |
| Minority interests | 15,582 | 15,384 | 13,166 |
| Parent investment (deficit) | (264,461) | (160,644) | (136,395) |
| Total liabilities and parent investment (deficit) | $1,303,809 | $1,213,869 | $1,363,083 |

See accompanying notes to combined financial statements.
## ABB Lummus Global

### Combined Statements of Cash Flows

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(US $ in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$(79,973)</td>
<td>$4,992</td>
<td>$(39,990)</td>
</tr>
<tr>
<td>Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>10,815</td>
<td>12,040</td>
<td>13,104</td>
</tr>
<tr>
<td>Impairment of long lived assets</td>
<td>–</td>
<td>–</td>
<td>714</td>
</tr>
<tr>
<td>Gain on sale of intellectual property rights</td>
<td>–</td>
<td>(4,600)</td>
<td>–</td>
</tr>
<tr>
<td>Loss from dispositions</td>
<td>151</td>
<td>304</td>
<td>512</td>
</tr>
<tr>
<td>Asbestos (income) provision</td>
<td>(2,373)</td>
<td>–</td>
<td>33,000</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(8,615)</td>
<td>5,680</td>
<td>977</td>
</tr>
<tr>
<td>Earnings of investees accounted for by the equity method, net of dividends received</td>
<td>(11,731)</td>
<td>(228)</td>
<td>695</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable</td>
<td>8,154</td>
<td>17,501</td>
<td>14,221</td>
</tr>
<tr>
<td>(Decrease) in costs and estimated earnings in excess of billings</td>
<td>(2,185)</td>
<td>(44,502)</td>
<td>(11,592)</td>
</tr>
<tr>
<td>(Decrease) in accounts payable</td>
<td>(12,585)</td>
<td>(106,577)</td>
<td>(169,877)</td>
</tr>
<tr>
<td>Decrease in asbestos liabilities</td>
<td>(12,144)</td>
<td>(3,531)</td>
<td>(131)</td>
</tr>
<tr>
<td>Increase (decrease) in billings in excess of costs and estimated billings</td>
<td>72,475</td>
<td>(47,902)</td>
<td>(27,552)</td>
</tr>
<tr>
<td>Increase in other operating assets and decrease in other operating liabilities, net</td>
<td>86,035</td>
<td>16,217</td>
<td>235,589</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>48,024</td>
<td>(150,606)</td>
<td>49,670</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>(1,695)</td>
<td>(1,118)</td>
<td>(767)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>30</td>
<td>45</td>
<td>341</td>
</tr>
<tr>
<td>Increase in investments and other assets</td>
<td>–</td>
<td>(9,046)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from sale of technology</td>
<td>–</td>
<td>4,600</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from sale of business</td>
<td>–</td>
<td>–</td>
<td>3,414</td>
</tr>
<tr>
<td>Purchase of business</td>
<td>(1,694)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>(3,359)</td>
<td>(5,519)</td>
<td>2,988</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in debt with affiliates</td>
<td>$31,212</td>
<td>$148,213</td>
<td>$(44,846)</td>
</tr>
<tr>
<td>(Increase) decrease in interest bearing receivables with affiliates</td>
<td>(110,311)</td>
<td>4,886</td>
<td>(52,032)</td>
</tr>
<tr>
<td>Proceeds (payments) related to third party debt</td>
<td>243</td>
<td>(8,657)</td>
<td>(7,588)</td>
</tr>
<tr>
<td>Capital contributions from parent</td>
<td>549</td>
<td>1,165</td>
<td>430</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>(78,307)</td>
<td>145,607</td>
<td>(104,036)</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes on cash and cash equivalents</td>
<td>16,071</td>
<td>(12,362)</td>
<td>10,997</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(17,571)</td>
<td>(22,880)</td>
<td>(40,381)</td>
</tr>
<tr>
<td>Cash and cash equivalents – beginning of year</td>
<td>68,284</td>
<td>91,164</td>
<td>131,545</td>
</tr>
<tr>
<td>Cash and cash equivalents – end of year</td>
<td>$50,713</td>
<td>$68,284</td>
<td>$91,164</td>
</tr>
<tr>
<td>Cash paid during the year for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$12,323</td>
<td>$29,683</td>
<td>$26,453</td>
</tr>
<tr>
<td>Income tax</td>
<td>$13,096</td>
<td>$26,995</td>
<td>$16,840</td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements.
<table>
<thead>
<tr>
<th>Year</th>
<th>Share Capital and Accumulated Deficit</th>
<th>Foreign Currency Translation Adjustments</th>
<th>Minimum Pension Liability Adjustment</th>
<th>Other Comprehensive Income (Loss)</th>
<th>Parent Investment (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1, 2004</td>
<td>$(59,025)</td>
<td>$16,390</td>
<td>$(317)</td>
<td>$16,073</td>
<td>$(42,952)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(39,990)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(39,990)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>-</td>
<td>(49,499)</td>
<td>-</td>
<td>(49,499)</td>
<td>(49,499)</td>
</tr>
<tr>
<td>Minimum pension liabilities</td>
<td>-</td>
<td>-</td>
<td>(4,384)</td>
<td>(4,384)</td>
<td>(4,384)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(93,873)</td>
</tr>
<tr>
<td>Parent contributions</td>
<td>430</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>430</td>
</tr>
<tr>
<td>Balance at December 31, 2004</td>
<td>(98,585)</td>
<td>(33,109)</td>
<td>(4,701)</td>
<td>(37,810)</td>
<td>(136,395)</td>
</tr>
<tr>
<td>Net income</td>
<td>4,992</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,992</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>-</td>
<td>(25,816)</td>
<td>-</td>
<td>(25,816)</td>
<td>(25,816)</td>
</tr>
<tr>
<td>Minimum pension liabilities</td>
<td>-</td>
<td>-</td>
<td>(4,590)</td>
<td>(4,590)</td>
<td>(4,590)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(25,414)</td>
</tr>
<tr>
<td>Parent contributions</td>
<td>1,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,165</td>
</tr>
<tr>
<td>Balance at December 31, 2005</td>
<td>(92,428)</td>
<td>(58,925)</td>
<td>(9,291)</td>
<td>(68,216)</td>
<td>(160,644)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(79,973)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(79,973)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>-</td>
<td>28,708</td>
<td>-</td>
<td>28,708</td>
<td>28,708</td>
</tr>
<tr>
<td>Minimum pension liabilities</td>
<td>-</td>
<td>-</td>
<td>235</td>
<td>235</td>
<td>235</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(51,030)</td>
</tr>
<tr>
<td>Adoption of SFAS No. 158</td>
<td>-</td>
<td>-</td>
<td>(53,336)</td>
<td>(53,336)</td>
<td>(53,336)</td>
</tr>
<tr>
<td>Parent contributions</td>
<td>549</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>549</td>
</tr>
<tr>
<td>Balance at December 31, 2006</td>
<td>$(171,852)</td>
<td>$(30,217)</td>
<td>$(62,392)</td>
<td>$(92,609)</td>
<td>$(264,461)</td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements.
1. Description of the Business

The accompanying Combined Financial Statements present the historical financial position, results of operations and cash flows of ABB Lummus Global as conducted by ABB Lummus Global Inc. ("Lummus"), ABB Oil & Gas Europe B.V. ("Lummus B.V.") and their respective subsidiaries (the “Company”) which both are indirectly owned by ABB Ltd. ("ABB” or the “Parent”). The Company’s operations include on/near shore engineering, procurement, construction and technology operations and are part of ABB’s Oil, Gas and Petrochemical business ("OGP").

OGP supplies a comprehensive range of products and services to the global oil, gas and petrochemical industries, including the design and supply of production facilities, refineries and petrochemical plants.

The oil, gas and petrochemical industry is typically divided into two markets:

**Upstream markets:** Equipment, systems and services for onshore and offshore oil and gas exploration and production

**Downstream markets:** Processing of hydrocarbon raw material using refineries, petrochemical and chemical plants, gas processing and pipelines.

The Company is focused mainly in the downstream business and generates its revenues through its segments of engineering, procurement and construction services and project management services (“EPC”) and engineering services and the licensing of technology (“PT”) to the refining and petrochemical industries. The Company transacts business and operates internationally with customers principally based in the United States of America, the Netherlands, the Czech Republic, Germany, Russia, Algeria, United Arab Emirates, China and Brazil.

The accompanying Combined Financial Statements were prepared in connection with the anticipated disposition of the Company. Net borrowings due to ABB will be settled as stipulated in the sale and purchase agreement between ABB and the buyer. A significant portion of affiliated Company debt in the U.S. at December 31, 2006 is subordinated to the Company’s asbestos obligations (see Note 15).

2. Significant Accounting Policies

   **Basis of Presentation and Combination**

Historically, financial statements have not been prepared for the Company, as the Parent does not account for it separately as a combined entity. The accompanying Combined Financial Statements have been prepared from the historical accounting records of the Parent to present the combined results of operations, financial position, and cash flows of the Company in compliance with the rules and regulations of the Securities and Exchange Commission as required by Rule 3-05 of Regulation S-X. The accompanying Combined Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain corporate expenses, assets and liabilities have been allocated to the Company by ABB based on measures relevant to the items being allocated. The Combined Financial Statements are not necessarily indicative of what the results of operations or financial position of the Company would have been, had the Company been operated as a separate stand-alone entity for the periods presented.

The Combined Financial Statements are presented in thousands of U.S. dollars ($), the reporting currency of the Parent.

Generally, the equity method is used for investment ownership ranging from 20% to 50%. Investment ownership of less than 20% is accounted for at cost. As is common in the industry, the Company executes certain contracts jointly with third parties through unincorporated joint ventures. For these contracts, the Company recognizes its share of joint venture revenues, costs, operating profits, and assets and liabilities in its
Combined Financial Statements based upon the Company’s relative involvement or control over the venture. Below is a summary of the Company’s unincorporated joint ventures.

<table>
<thead>
<tr>
<th>Project</th>
<th>Country</th>
<th>Method of Consolidation</th>
<th>Percentage Held</th>
<th>Year of Estimated or Actual Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio Polimeros</td>
<td>Various</td>
<td>Proportional</td>
<td>50%</td>
<td>2007</td>
</tr>
<tr>
<td>BHP Ohanet</td>
<td>The Netherlands</td>
<td>Full Consolidation</td>
<td>50%</td>
<td>2005</td>
</tr>
<tr>
<td>Kizomba A</td>
<td>United States</td>
<td>Full Consolidation</td>
<td>50%</td>
<td>2004</td>
</tr>
</tbody>
</table>

All significant transactions among entities within the Company have been eliminated in combination.

**Operating Cycle**

A portion of the Company’s operating cycle, including long term construction activities, exceeds one year. For classification of current assets and liabilities related to these types of construction activities, the Company elected to use the duration of the contracts as its operating cycle.

**Use of Estimates**

The preparation of the Combined Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Combined Financial Statements. Significant estimates for which changes in the near term are considered reasonably possible and that may have a material impact on the Combined Financial Statements are addressed in these notes to the Combined Financial Statements.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of acquisition.

**Concentration of Credit Risk**

The Company sells a broad range of services to oil, gas and petrochemical customers throughout the world. The risk of uncollectible trade receivables is considered low, as the Company’s customer base is generally major global oil, gas and petrochemical companies. Ongoing credit evaluations of customers’ financial positions are performed and, generally, no collateral is required. See Note 22 for segment, geographic and customer concentrations. The Company believes it maintains adequate reserves for potential losses and such losses have been minimal and approximate management estimates.

**Revenue Recognition, Contract Accounting and Provision for Losses**

The Company recognizes engineering and construction contract revenues using the percentage-of-completion method. The Company principally uses the cost-to-cost method to measure progress towards completion on contracts. Long term contracts typically extend over a period of several months to five years.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, including estimates for performance risks and warranties. The Company’s contracts occasionally allow customers to withhold a certain portion of the contract price until specific performance requirements are met.

Management expects the majority of related contracts will be completed and substantially all of the billed amounts retained by the customer will be collected within one year of the balance sheet date.
Provisions for warranties are based on specific project evaluations. Anticipated project warranty costs are expensed in proportion to sales recognition on the related contracts.

Bid costs are typically expensed, unless the costs are directly associated with a contract and have a future benefit, in which case they are capitalized as a cost of the contract when it is awarded.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. The Company recorded provisions for loss orders in cost of sales for the years 2006, 2005 and 2004 in the amounts of $125,300, $43,000 and $32,900, respectively.

Amounts in excess of the agreed contract price, including pending change orders and claims, are included in revenue only if it is probable that the claim will result in additional contract revenue and the amount can be reliably estimated. As of December 31, 2006, 2005 and 2004, amounts in excess of the agreed contract price of $27,295, $26,136 and $678, respectively, are included in the Company’s costs and estimated earnings in excess of billings on uncompleted contracts in the Combined Balance Sheets. In addition, as of December 31, 2006, 2005 and 2004, claims of $48, $0 and $261, respectively, are included in the Company’s costs and estimated earnings in excess of billings on uncompleted contracts on the Combined Balance Sheets.

Profit incentives are included in income when their realization is reasonably assured. The Company recognized profit incentives of $470, $2,598 and $4,708 for the years ended December 31, 2006, 2005 and 2004, respectively.

Selling, general and administrative expenses are charged to expense when incurred. When the Company is directly responsible for subcontractor labor, or third-party materials and equipment, the costs of such items are included in both revenues and costs. On other projects, where the client pays for such items directly and the Company has no associated responsibility for such items, these amounts are not reflected in either revenues or costs. Shipping and handling costs are recorded as a component of cost of sales.

Trade Receivables, Net

Trade receivables, third party are non-interest bearing and are generally with major global oil, gas and petrochemical companies. The Company routinely evaluates its portfolio of third party trade receivables for risk of non-collection and records an allowance for uncollectible receivables to reflect the carrying value of its trade receivables at estimated net realizable value. Such allowances are charged directly against the related project in cost of sales. There is no allowance provided for trade receivables with affiliates.

Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts

Costs and estimated earnings in excess of billings on uncompleted contracts arise in the Combined Balance Sheets when revenues have been recognized but the amounts cannot be billed under the terms of the contracts. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Also included in costs and estimated earnings in excess of billings on uncompleted contracts are amounts the Company is seeking or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Such amounts are recorded at estimated net realizable value when realization is probable and can be reasonably estimated. Claims and unapproved change orders may involve negotiation and, in certain cases, litigation. The Company believes that it has established legal bases for pursuing recovery of its recorded unapproved change orders and claims, and it is the Company’s intention to pursue and litigate such claims, if
necessary, until a decision or settlement is reached. Unapproved change orders and claims also involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded claims and unapproved change orders may be made in the near term. If the Company does not successfully resolve these matters, a net expense (recorded as a reduction in revenues) may be required, in addition to amounts that have been previously provided for. Claims against the Company are recognized when a loss is considered probable and amounts are reasonably determinable.

Property, Plant and Equipment, Net

Property, plant and equipment is stated at cost, less accumulated depreciation, and is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

- **Office buildings**: 30 to 40 years
- **Machinery and equipment and furniture and office equipment**: 3 to 15 years

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), goodwill and intangible assets determined to have an indefinite useful life are not amortized, but instead, are tested for impairment annually or more frequently if impairment indicators arise. A fair value approach is used to identify potential goodwill impairment and, when necessary, measure the amount of impairment. The Company uses a discounted cash flow model to determine the fair value of reporting units, unless there is a readily determinable fair market value.

The cost of acquired identifiable, intangible assets is amortized on a straight-line basis over their estimated useful lives, typically ranging from 5 to 15 years, and is reviewed for impairment in accordance with SFAS No. 144, *Impairment of Long Lived Assets*.

Capitalized Software Costs

Capitalized costs of software for internal use are accounted for in accordance with American Institute of Certified Public Accountants ("AICPA") Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, and are amortized on a straight-line basis over the estimated useful life of the software, typically ranging from three to five years.

Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts

Billings in excess of costs and estimated earnings on uncompleted contracts represent advance billings to clients in excess of costs and earnings.

Derivative Financial Instruments and Hedging Principles

The Company uses derivative financial instruments to manage currency exposures arising from its global operating, financing and investing activities over contract periods from several months to five years. The Company accounts for its derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as subsequently amended. The Company’s policies require that it economically hedge all contracted foreign exposures to the functional currency of the Company entity performing the work.

All derivatives are recognized on the Combined Balance Sheets at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as either a hedge of a forecasted transaction to the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge) or a foreign-currency cash flow hedge ("foreign currency” hedge). The Company
documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Company also formally assesses, both at the hedge’s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective hedge, the Company continues to carry the derivative on the Combined Balance Sheets at its fair value, and recognizes subsequent changes in the fair value of the derivative through earnings.

Changes in the fair value of derivatives that are highly effective and that are designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. Changes in the fair values of other derivative instruments are reported in earnings.

**Fair Value of Financial Instruments**

The fair value estimates of financial instruments contained in these Combined Financial Statements are based on relevant market information and information about the financial instruments for the year presented. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings in a particular financial instrument.

**Translation of Foreign Currencies and Foreign Exchange Transactions**

The functional currency for most of the Company’s operations is the applicable local currency. The translation from the applicable functional currencies into the Company’s reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for income statement accounts using average rates of exchange prevailing during the year. The resulting translation adjustments are excluded from the determination of earnings and are recognized in accumulated other comprehensive income (loss) until the entity is sold or substantially liquidated.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings except as they relate to intercompany loans that are equity-like in nature with no reasonable expectation of repayment, which are recognized in accumulated other comprehensive income (loss). Foreign currency exchange transaction losses were $(1,250), $(3,892) and $(1,670) for 2006, 2005 and 2004, respectively, and are included in other income (expense), net.

**Related Parties**

Transactions with ABB companies that are not entities included within the Combined Financial Statements, are classified as related party transactions and disclosed as such. The Company has no material transactions with other related parties.

**Research and Development**

Project specific research and development costs are capitalized as project costs, and recognized in cost of sales using the percentage-of-completion method of accounting.

Non-project specific research and development costs were $10,158, $8,956 and $9,489 for the years ended December 31, 2006, 2005 and 2004, respectively. These costs are included in selling, general and administrative expenses as incurred.
Guarantees

All guarantees are accounted for in accordance with SFAS No. 5, Accounting for Contingencies (“SFAS 5”) and FASB Interpretation No. 45, Guarantor’s Accounting and Disclosure Requirements for Guarantees; including Indirect Guarantees of Indebtedness of Others (“FIN 45”). Provisions are recorded in the Combined Financial Statements at the time it becomes probable the Company will incur losses pursuant to a guarantee.

Guarantees issued or modified after December 31, 2002 are accounted for in accordance with FIN 45. Upon issuance or modification of certain guarantees, a liability, equal to the fair value of the guarantee, is recorded.

Income Taxes

The Company uses the asset and liability method to account for deferred taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. For financial statement purposes, the Company records a deferred tax asset when it determines that it is probable that the deduction will be sustained based upon the deduction’s technical merit. Deferred tax assets are reduced by a valuation allowance to reflect the amount that is more likely than not to be realized.

Generally, deferred taxes are not provided on the unremitted earnings of subsidiaries to the extent it is expected that these earnings are permanently reinvested. Such earnings may become taxable upon the sale or liquidation of these subsidiaries or upon the remittance of dividends. Deferred taxes are provided in situations where the Company’s subsidiaries plan to make future dividend distributions.

The Company operates in numerous tax jurisdictions and, as a result, is regularly subject to audit by tax authorities. The Company provides for tax contingencies on the basis of their technical merits, including relative tax law and Organization for Economic Cooperation and Development (“OECD”) guidelines, as well as on items relating to potential audits by tax authorities based upon its best estimate of the facts and circumstances as of each reporting period. Changes in the facts and circumstances could result in a material change to the tax accruals. The Company provides for contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws.

The Company’s operations, where appropriate, were included in consolidated income tax returns of ABB entities in each jurisdiction in which the Company operates. The U.S. businesses file as part of a U.S. consolidated federal income tax return with ABB Holdings Inc., the U.S. parent, which is not part of these Combined Financial Statements. In the U.S., separate state and local income tax returns are filed by the separate legal entities. The income tax provision included in the Combined Statements of Operations has been determined as if the Company were a separate taxpayer consistent with the tax sharing arrangements with the respective entity and its parent.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement No. 123(R), Share-Based Payment (“SFAS 123R”), which replaces SFAS No. 123, Accounting for Stock-based Compensation, and APB 25, Accounting for Stock Issued to Employees (“APB 25”) and requires the Parent to measure compensation cost for all share-based payments at fair value. On April 14, 2005, the U.S. Securities and Exchange Commission (“SEC”) announced the adoption of a new rule that amended the implementation dates for SFAS 123R. As a result of this announcement, the Parent adopted SFAS 123R as of January 1, 2006. The Parent began recognizing share-based employee compensation cost from January 1, 2006, as if the fair value based accounting method had been used to account for all employee awards granted, modified, or settled after January 1, 2006 and for any awards that were not fully vested as of January 1, 2006. The Company’s
Combined Financial Statements reflect allocated compensation cost related to certain of its employees on the same basis utilized by the Parent. See further discussion of share based payments in Note 21.

On September 29, 2006, the FASB issued SFAS No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans (“SFAS 158”). SFAS 158 amends SFAS No. 87, Employers’ Accounting for Pensions, SFAS No. 88, Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, SFAS No. 106, Employers’ Accounting for Postretirement Benefits Other than Pensions, and SFAS 132(R), Employers’ Disclosures About Pensions and Other Postretirement Benefits, an amendment of FASB Statement Nos. 87, 88 and 106. SFAS 158, which was adopted by the Company effective December 31, 2006, required the Company to recognize the overfunded or underfunded status of its defined benefit postretirement plans (other than for multi-employer plans) as an asset or liability in the Combined Balance Sheets and to recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income (loss). No restatement of prior years or pro forma disclosure of the effect of the adoption on prior years was required. See Note 20 for further discussion of SFAS 158.

In June 2006, the FASB issued SFAS No. 157, Fair Value Measurements (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements and eliminates inconsistencies in guidance found in various prior accounting pronouncements. The statement provides a single definition for fair value that is to be applied consistently for all accounting applications, and also generally describes and prioritizes according to reliability the methods and inputs used in valuations. SFAS 157 will be effective for the Company on January 1, 2008. The Company is currently evaluating and assessing the impact of adopting SFAS 157 on its Combined Financial Statements.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”). SFAS 159 allows entities to voluntarily choose, at specified election dates, to measure many financial assets (as well as certain non-financial instruments that are similar to financial instruments) at fair value (the “fair value option”). The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, the statement specifies that all subsequent changes in fair value for that instrument shall be reported in earnings. The statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. The Company is currently evaluating and assessing the impact of adopting SFAS 159 on its Combined Financial Statements.

In June 2006, the FASB ratified Emerging Issues Task Force (“EITF”) Issue No. 06-3, How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation) (“EITF 06-3”). EITF 06-3 allows companies to present in their statements of operations any taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between a seller and a customer, such as sales, use, value-added and some excise taxes, on either a gross (included in revenues and expenses) or a net (excluded from revenues) basis. EITF 06-3 will be effective for the Company in fiscal years beginning after December 15, 2006. The Company presents these transactions on a net basis and intends to continue this presentation in the future; therefore, the adoption of EITF 06-3 will have no impact on its Combined Financial Statements.
3. Financial Instruments, Including Derivatives

The Company is party to various financial instruments in the normal course of business. To reduce its own exposure to fluctuations in foreign currency exchange rates, the Company utilizes derivative financial instruments. The following methods and assumptions are used in estimating fair values of these financial instruments.

Cash and Cash Equivalents, Accounts Receivable and Accounts Payable

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

Loans Receivable and Other Financing Receivables

The estimated fair value of short term loans approximates carrying value. The estimated fair value of long term loans receivable and other long term financing receivables are calculated by discounting scheduled cash flows through maturity using the estimated market discount rates that reflect the interest rate risk inherent in the loans.

Cost Investments

Cost investments reflect amounts invested in entities associated with current or future projects. Fair value of the Company’s cost investments as of December 31, 2006 is $21,000.

Hedging Activities

To manage its exposure to foreign currency exchange rate fluctuations, the Company enters into foreign exchange forward contracts which hedge certain contract related purchase and sale commitments denominated in foreign currencies. Such instruments are marked to market and are recorded as job costs in cost of sales. Prepaid expenses and other current assets include the fair value of certain outstanding foreign currency forward contracts of $3,212, $2,435 and $7,203 at December 31, 2006, 2005 and 2004, respectively, and accrued expenses and other liabilities as of December 31, 2006, 2005 and 2004 include the fair value of certain foreign currency forward contracts at a fair value of $3,158, $2,656 and $5,125, respectively.

4. Receivables

As of December 31, 2006, 2005 and 2004, the Company’s receivables consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables, third party</td>
<td>181,602</td>
<td>169,429</td>
<td>179,406</td>
</tr>
<tr>
<td>Customer retention</td>
<td>17,202</td>
<td>21,867</td>
<td>20,801</td>
</tr>
<tr>
<td>Allowance for doubtful accounts, third party</td>
<td>(971)</td>
<td>(1,370)</td>
<td>(2,923)</td>
</tr>
<tr>
<td>Trade receivables, ABB</td>
<td>334</td>
<td>512</td>
<td>701</td>
</tr>
<tr>
<td>Subtotal</td>
<td>198,167</td>
<td>190,438</td>
<td>197,985</td>
</tr>
<tr>
<td>Non-trade receivables, third party</td>
<td>32,886</td>
<td>51,557</td>
<td>84,200</td>
</tr>
<tr>
<td>Non-trade receivables, ABB</td>
<td>189,065</td>
<td>80,308</td>
<td>83,380</td>
</tr>
<tr>
<td>Subtotal</td>
<td>221,951</td>
<td>131,865</td>
<td>167,580</td>
</tr>
<tr>
<td>Total</td>
<td>$420,118</td>
<td>$322,303</td>
<td>$365,565</td>
</tr>
</tbody>
</table>

Non-trade receivables, ABB includes cash on deposit, which bear interest at short term rates, with the ABB Treasury Center of $188,805, $78,494 and $83,380 as of December 31, 2006, 2005 and 2004, respectively.
5. Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts

Costs and estimated earnings in excess of billings on uncompleted contracts represent sales earned and recognized under the percentage-of-completion method. Amounts are expected to be billed and collected within one year of the respective balance sheet date.

As of December 31, 2006, 2005 and 2004, the Company’s costs and estimated earnings in excess of billings on uncompleted contracts consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs and estimated earnings in excess of billings on uncompleted contracts, third party</td>
<td>$451,505</td>
<td>$442,128</td>
<td>$447,470</td>
</tr>
<tr>
<td>Advance payments received</td>
<td>(78 )</td>
<td>(380 )</td>
<td>(2,155 )</td>
</tr>
<tr>
<td>Costs and estimated earnings in excess of billings, ABB</td>
<td>–</td>
<td>111</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>$451,427</td>
<td>$441,859</td>
<td>$445,434</td>
</tr>
<tr>
<td>Costs incurred and estimated earnings on uncompleted contracts</td>
<td>$11,513,972</td>
<td>$11,749,337</td>
<td>$12,220,847</td>
</tr>
<tr>
<td>Less billings to date</td>
<td>(11,234,829)</td>
<td>(11,416,157)</td>
<td>(11,938,199)</td>
</tr>
<tr>
<td></td>
<td>$279,143</td>
<td>$333,180</td>
<td>$282,648</td>
</tr>
</tbody>
</table>

Included in the accompanying Combined Balance Sheets under the following captions:

| Costs and estimated earnings in excess of billings on uncompleted contracts | $451,505      | $442,239      | $447,589      |
| Billings in excess of costs and estimated earnings on uncompleted contracts | (172,362 )    | (109,059 )    | (164,941 )    |
|                              | $279,143      | $333,180      | $282,648      |

6. Other Current Assets

Other current assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to contractors, third party</td>
<td>$3,343</td>
<td>$618</td>
<td>$8,844</td>
</tr>
<tr>
<td>Advances to contractors, ABB</td>
<td>–</td>
<td>59</td>
<td>3,098</td>
</tr>
<tr>
<td>Prepaid expenses, third party</td>
<td>4,172</td>
<td>6,613</td>
<td>8,331</td>
</tr>
<tr>
<td>Prepaid expenses, ABB</td>
<td>576</td>
<td>165</td>
<td>7,892</td>
</tr>
<tr>
<td>Derivatives, third party</td>
<td>2,735</td>
<td>2,202</td>
<td>4,163</td>
</tr>
<tr>
<td>Derivatives, ABB group</td>
<td>477</td>
<td>233</td>
<td>3,040</td>
</tr>
<tr>
<td>Income taxes receivable</td>
<td>3,915</td>
<td>3,792</td>
<td>12,234</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>4,865</td>
<td>3,696</td>
<td>8,369</td>
</tr>
<tr>
<td>Other</td>
<td>58</td>
<td>48</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>$20,141</td>
<td>$17,426</td>
<td>$56,024</td>
</tr>
</tbody>
</table>
7. **Investments**

Investments consist of the following:

<table>
<thead>
<tr>
<th>Investments accounted for by:</th>
<th>December 31</th>
<th>December 31</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost method</td>
<td>$9,046</td>
<td>$9,046</td>
<td>$-</td>
</tr>
<tr>
<td>Equity method</td>
<td>82,510</td>
<td>70,703</td>
<td>70,475</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$91,556</strong></td>
<td><strong>$79,749</strong></td>
<td><strong>$70,475</strong></td>
</tr>
</tbody>
</table>

Investments accounted for by the cost method reflect ownership interests of less than 20%, primarily Advanced Polypropylene Company. Investment values are adjusted when other than temporary declines in value are determined.

Equity investments consist of the following:

<table>
<thead>
<tr>
<th>% Ownership</th>
<th>December 31</th>
<th>December 31</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalytic Distillation Technologies (CD Tech)</td>
<td>50.0 %</td>
<td>$32,260</td>
<td>$29,854</td>
</tr>
<tr>
<td>Chevron-Lummus Global LLC (CLG)</td>
<td>50.0 %</td>
<td>46,917</td>
<td>37,027</td>
</tr>
<tr>
<td>Other various</td>
<td>Various</td>
<td>3,333</td>
<td>3,822</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$82,510</strong></td>
<td><strong>$70,703</strong></td>
<td><strong>$70,475</strong></td>
</tr>
</tbody>
</table>

Equity income (losses) consist of:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalytic Distillation Technologies</td>
<td>$471</td>
<td>$4,706</td>
<td>$4,463</td>
</tr>
<tr>
<td>Chevron-Lummus Global LLC</td>
<td>10,945</td>
<td>8,227</td>
<td>5,000</td>
</tr>
<tr>
<td>Other various</td>
<td>315</td>
<td>(48 )</td>
<td>1,014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,731</strong></td>
<td><strong>$12,885</strong></td>
<td><strong>$10,477</strong></td>
</tr>
</tbody>
</table>

**CD Tech**

The entity provides license/basic engineering and catalyst supply for catalytic distillation applications, including gasoline desulphurization and alkylation processes.

**CLG**

The entity provides license/basic engineering services and catalyst supply for deep conversion (e.g., hydrocracking), residual hydroprocessing and lubes processing. The business primarily concentrates on converting/upgrading heavy/sour crude that is produced in the refinery process to more marketable product.
8. Property, Plant and Equipment, Net

Property, plant and equipment, net, consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31 2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>$2,085</td>
<td>$1,897</td>
<td>$2,085</td>
</tr>
<tr>
<td>Machinery and equipment and furniture and office equipment</td>
<td>53,518</td>
<td>55,048</td>
<td>59,465</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>625</td>
<td>50</td>
<td>440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56,228</td>
<td>56,995</td>
<td>61,990</td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended 2006, 2005 and 2004 was $4,771, $4,517 and $4,936, respectively. Buildings represent the Brno office building in the Czech Republic.

9. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2006, 2005 and 2004 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1, 2004</td>
<td>$206,712</td>
</tr>
<tr>
<td>Translation differences</td>
<td>9,699</td>
</tr>
<tr>
<td>Balance as of December 31, 2004</td>
<td>216,411</td>
</tr>
<tr>
<td>Translation differences</td>
<td>(20,119)</td>
</tr>
<tr>
<td>Balance as of December 31, 2005</td>
<td>196,292</td>
</tr>
<tr>
<td>Additions</td>
<td>1,694</td>
</tr>
<tr>
<td>Translation differences</td>
<td>13,409</td>
</tr>
<tr>
<td>Balance as of December 31, 2006</td>
<td>$211,395</td>
</tr>
</tbody>
</table>
10. Other Intangible Assets, Net

Other intangible assets, net consists of the following:

<table>
<thead>
<tr>
<th>Capitalized software:</th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td>$16,799</td>
<td>$15,421</td>
<td>$18,498</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(15,293)</td>
<td>(11,920)</td>
<td>(8,536)</td>
<td></td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>1,506</td>
<td>3,501</td>
<td>9,962</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology intangible assets:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount – indefinite life assets</td>
<td>7,753</td>
<td>7,753</td>
<td>7,753</td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount – amortized assets</td>
<td>44,096</td>
<td>40,662</td>
<td>45,011</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(31,517)</td>
<td>(25,664)</td>
<td>(24,234)</td>
<td></td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>20,332</td>
<td>22,751</td>
<td>28,530</td>
<td></td>
</tr>
</tbody>
</table>

Net intangible assets $21,838 $26,252 $38,492

Technology intangible assets are comprised of:

<table>
<thead>
<tr>
<th>Patents</th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses</td>
<td>12,876</td>
<td>15,072</td>
<td>16,831</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>114</td>
<td>139</td>
<td>1,902</td>
<td></td>
</tr>
<tr>
<td><strong>Total net intangible assets</strong></td>
<td><strong>$20,332</strong></td>
<td><strong>$22,751</strong></td>
<td><strong>$28,530</strong></td>
<td></td>
</tr>
</tbody>
</table>

Amortization of technology intangible assets was $3,732, $3,888 and $4,956 in 2006, 2005 and 2004, respectively. Amortization was accelerated in 2006 by $1,588 on certain technology assets to reflect limited future revenue generating value. Amortization of capitalized software was $2,311, $3,635 and $3,212 in 2006, 2005 and 2004, respectively.

Future amortization expense is estimated to be:

<table>
<thead>
<tr>
<th>2007</th>
<th>Other Intangible Assets</th>
<th>Capitalized Software</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,465</td>
<td>$1,506</td>
</tr>
<tr>
<td>2008</td>
<td>1,465</td>
<td>–</td>
</tr>
<tr>
<td>2009</td>
<td>1,460</td>
<td>–</td>
</tr>
<tr>
<td>2010</td>
<td>1,460</td>
<td>–</td>
</tr>
<tr>
<td>2011</td>
<td>1,460</td>
<td>–</td>
</tr>
<tr>
<td>Thereafter</td>
<td>5,269</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total amortization</strong></td>
<td><strong>$12,579</strong></td>
<td><strong>$1,506</strong></td>
</tr>
</tbody>
</table>
11. Other Noncurrent Assets

Other noncurrent assets consists of:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overfunded/prepaid pension</td>
<td>$2,763</td>
<td>$34,448</td>
<td>$41,658</td>
<td></td>
</tr>
<tr>
<td>Notes receivable, third party</td>
<td>3,278</td>
<td>3,143</td>
<td>3,359</td>
<td></td>
</tr>
<tr>
<td>Blocked/restricted cash</td>
<td>11,047</td>
<td>5,783</td>
<td>16,434</td>
<td></td>
</tr>
<tr>
<td>Deferred compensation trust</td>
<td>245</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$17,333</strong></td>
<td><strong>$43,374</strong></td>
<td><strong>$61,451</strong></td>
<td></td>
</tr>
</tbody>
</table>

12. Accounts Payable

Accounts payable consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables, third party</td>
<td>$81,417</td>
<td>$90,486</td>
<td>$134,153</td>
<td></td>
</tr>
<tr>
<td>Non-trade payables, third party</td>
<td>10,896</td>
<td>21,647</td>
<td>63,804</td>
<td></td>
</tr>
<tr>
<td>Invoices to come (trade), third party</td>
<td>23,114</td>
<td>13,927</td>
<td>85,877</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>115,427</td>
<td>126,060</td>
<td>283,834</td>
<td></td>
</tr>
<tr>
<td>Trade payables, ABB</td>
<td>2,164</td>
<td>1,695</td>
<td>2,060</td>
<td></td>
</tr>
<tr>
<td>Non-trade payables, ABB</td>
<td>625</td>
<td>-</td>
<td>414</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,789</td>
<td>1,695</td>
<td>2,474</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td><strong>$118,216</strong></td>
<td><strong>$127,755</strong></td>
<td><strong>$286,308</strong></td>
<td></td>
</tr>
</tbody>
</table>

Accounts payable are recorded when an invoice is received for work performed. Invoices to come are recorded for work performed, but for which no invoices have been received.

13. Debt

Short-term borrowings consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third party</td>
<td>$128</td>
<td>$17</td>
<td>$8,668</td>
<td></td>
</tr>
<tr>
<td>Affiliates:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$534,260</td>
<td>$502,621</td>
<td>$346,174</td>
<td></td>
</tr>
<tr>
<td>Other countries</td>
<td>2,130</td>
<td>2,557</td>
<td>10,791</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td><strong>$536,390</strong></td>
<td><strong>$505,178</strong></td>
<td><strong>$356,965</strong></td>
<td></td>
</tr>
</tbody>
</table>

Long-term borrowings consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>December 31</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third party</td>
<td>$140</td>
<td>$8</td>
<td>$14</td>
<td></td>
</tr>
</tbody>
</table>

The Company is financed primarily through short-term borrowings on a revolving basis from ABB regional Treasury Centers. Debt is incurred as a result of working capital needs, project cash shortfalls resulting from the timing of scheduled payments and from costs and cash shortfalls attributed to project delays, penalties and cost overruns. During 2006, as a result of the Plan of Reorganization of ABB Lummus...
Global Inc., the intercompany debt within the U.S. was consolidated into a note and subordinated to the Company’s obligations to the ABB Lummus Global Asbestos PI Trust obligations (see Note 15).

Third party debt, except for a bank loan of $8,656 as of December 31, 2004, which was repaid in 2005, relates to obligations associated with capitalized leases.

Average interest rates for affiliated debt were 5.6% in 2006, 5.0% in 2005 and 5.2% in 2004.

14. Provisions and Accrued Liabilities

Provisions and accrued liabilities consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Loss orders</td>
<td>$38,161</td>
<td>$48,826</td>
<td>$25,630</td>
</tr>
<tr>
<td>Warranties and liquidated damages</td>
<td>68,581</td>
<td>9,972</td>
<td>18,782</td>
</tr>
<tr>
<td>Work due on completed contracts</td>
<td>9,438</td>
<td>23,290</td>
<td>10,137</td>
</tr>
<tr>
<td>Restructuring</td>
<td>6,407</td>
<td>6,317</td>
<td>15,099</td>
</tr>
<tr>
<td>Other</td>
<td>31,442</td>
<td>47,927</td>
<td>45,490</td>
</tr>
<tr>
<td></td>
<td>$154,029</td>
<td>$136,332</td>
<td>$115,138</td>
</tr>
</tbody>
</table>

In 2006, the Company recognized $42,300 of liquidated damages on its Rio Polimeros project.

15. Asbestos Obligations

Lummus had been a co-defendant in a number of lawsuits claiming damages for personal injury resulting from exposure to asbestos. Lummus was included in the initial Pre-Packaged Plan of Reorganization for Combustion Engineering Inc. (“CE”), an affiliate company, which was filed on February 17, 2003. When confirmation of the initial CE Plan was reversed by the Court of Appeals in December 2004, it was determined that Lummus would file its own prepackaged plan of reorganization (the “Lummus Plan”).

The Lummus Plan was filed with the U.S. Bankruptcy Court in Delaware (the “Bankruptcy Court”) on April 21, 2006. On June 29, 2006, the Bankruptcy Court issued its order confirming the Lummus Plan and recommended that the District Court affirm the Bankruptcy Court’s Order. On August 30, 2006, the District Court’s order affirming confirmation of the Lummus Plan became final and the Lummus Plan became effective on August 31, 2006 (the “Lummus Plan Effective Date”).

The Lummus Plan

The negotiations that led to the Lummus Plan were conducted with representatives of asbestos claimants with pending claims against Lummus and an individual selected by Lummus and later appointed by the Bankruptcy Court, to represent the interests of its future asbestos claimants (the “Lummus FCR”).

Under the terms of the Lummus Plan:

Lummus executed a 6% interest bearing note in the principal amount of $33,000 (the “Lummus Note”) payable to a trust created under the Lummus Plan (the “Lummus Asbestos PI Trust”). The Lummus Note is secured by a pledge of 51% of the capital stock of Lummus. Payments under the Lummus Note are guaranteed by ABB and ABB Holdings Inc. Until Lummus’ obligations under the Lummus Note are satisfied, pre-Chapter 11 debt obligations between Lummus and other ABB entities are subordinated to the obligations under the ABB Note, and payments from Lummus to other ABB entities are restricted;
The Lummus Asbestos PI Trust will also be entitled to be paid the first $7,500 in aggregate recoveries from Lummus insurers with the first $5,000 guaranteed. On the Lummus Plan Effective Date $5,000, comprised of $1,640 of insurer funding and $3,360 of Lummus funding, was paid to the Lummus Asbestos PI Trust;

A channeling injunction pursuant to Section 524(g) of the U.S. Bankruptcy Code (the “Lummus Channeling Injunction”) was issued pursuant to which all asbestos related claims against Lummus and other ABB entities relating to the operations of Lummus are channeled to the Lummus Asbestos PI Trust; and

If ABB entities or Lummus are found by the Bankruptcy Court to have defaulted in their payment obligations under the Lummus Note, the Lummus Asbestos PI Trust may petition the Bankruptcy Court to terminate the Lummus Channeling Injunction and the protections afforded to Lummus and other ABB entities by that injunction.

The effects of the above transactions on the accompanying combined financial statements are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Income) expense, net of tax</td>
<td>$(2,373)</td>
<td>$–</td>
<td>$33,000</td>
</tr>
<tr>
<td>Cash payments to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lummus Asbestos PI Trust</td>
<td>$8,760</td>
<td>$–</td>
<td>$–</td>
</tr>
<tr>
<td>Fees and costs</td>
<td>3,384</td>
<td>3,531</td>
<td>131</td>
</tr>
<tr>
<td></td>
<td>$12,144</td>
<td>$3,531</td>
<td>$131</td>
</tr>
<tr>
<td>Asbestos obligations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lummus Asbestos PI Trust</td>
<td>$2,300</td>
<td>$–</td>
<td>$–</td>
</tr>
<tr>
<td>Other</td>
<td>1,333</td>
<td>43,450</td>
<td>46,981</td>
</tr>
<tr>
<td></td>
<td>$3,633</td>
<td>$43,450</td>
<td>$46,981</td>
</tr>
<tr>
<td>Noncurrent:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lummus Asbestos PI Trust</td>
<td>$25,300</td>
<td>$–</td>
<td>$–</td>
</tr>
</tbody>
</table>

Prior to 2006, asbestos obligations were recorded based on the expected implementation of the initial CE Plan or the modified CE Plan and the Lummus Plan and classified as current liabilities. During 2006, confirmation of the Lummus Plan became final and effective. Asbestos liabilities at December 31, 2006 reflect the terms of the effective plan and are classified as current or noncurrent obligations based on the scheduled payment dates for the related note.

On May 2, 2007, Lummus paid the outstanding balance of the note due to the Lummus Asbestos PI Trust of $27,600 plus accrued but unpaid interest thereon of $1,112. Security under the Lummus Note was released by the Lummus Asbestos PI Trust. Lummus is an obligor under the Combustion Engineering $204,000 Contribution Agreement (the “Contribution Agreement”) and together with other ABB entities, is jointly and severally liable for the payment of the $204,000 owed thereunder. That obligation, generally, will become due upon the earlier of April 21, 2008 or a sale of Lummus or substantially all of its assets.
16. **Other Current Liabilities**

Other current liabilities consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs on open jobs</td>
<td>$306,762</td>
<td>$259,097</td>
<td>$308,287</td>
</tr>
<tr>
<td>Payroll related</td>
<td>47,780</td>
<td>30,754</td>
<td>27,538</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,779</td>
<td>1,567</td>
<td>1,369</td>
</tr>
<tr>
<td>Deferred income</td>
<td>774</td>
<td>695</td>
<td>4,149</td>
</tr>
<tr>
<td>Accrued expenses, ABB</td>
<td>44,944</td>
<td>18,094</td>
<td>24,081</td>
</tr>
<tr>
<td>Income taxes due</td>
<td>7,399</td>
<td>7,242</td>
<td>21,816</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>839</td>
<td>1,100</td>
<td>1,883</td>
</tr>
<tr>
<td>Pensions and other employee benefits, current</td>
<td>4,221</td>
<td>2,427</td>
<td>3,645</td>
</tr>
<tr>
<td>Derivatives</td>
<td>3,159</td>
<td>2,655</td>
<td>5,127</td>
</tr>
<tr>
<td>Deferred technology obligation – Novolen</td>
<td>–</td>
<td>–</td>
<td>16,244</td>
</tr>
<tr>
<td>Other</td>
<td>30,026</td>
<td>35,238</td>
<td>23,281</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$447,683</strong></td>
<td><strong>$358,869</strong></td>
<td><strong>$437,420</strong></td>
</tr>
</tbody>
</table>

Accrued expenses, ABB includes interest on the subordinated note which is restricted as to payment of $26,037 as of December 31, 2006.

17. **Leases**

**Lease Obligations**

The Company’s lease obligations primarily relate to real estate and office equipment. In the normal course of business, management expects most leases to be renewed or replaced by other leases. Rent expense for 2006, 2005 and 2004 was $26,325, $25,547 and $27,313, respectively. Sub-lease income received on leased assets by the Company was $2,532, $4,068 and $3,984 in 2006, 2005 and 2004, respectively.

At December 31, 2006, future net minimum lease payments for leases having initial or remaining noncancellable lease terms in excess of one year consist of the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rent</th>
<th>Sub-Lease Income</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$23,868</td>
<td>$(2,541 )</td>
<td>$21,327</td>
</tr>
<tr>
<td>2008</td>
<td>22,509</td>
<td>(2,776 )</td>
<td>19,733</td>
</tr>
<tr>
<td>2009</td>
<td>18,492</td>
<td>(2,801 )</td>
<td>15,691</td>
</tr>
<tr>
<td>2010</td>
<td>8,016</td>
<td>–</td>
<td>8,016</td>
</tr>
<tr>
<td>2011 and thereafter</td>
<td>28,881</td>
<td>–</td>
<td>28,881</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$101,766</strong></td>
<td><strong>(8,118 )</strong></td>
<td><strong>$93,648</strong></td>
</tr>
</tbody>
</table>
18. Commitments and Contingencies

Third Party Bank Guarantees, Standby Letters of Credit and Surety Bonds

In the ordinary course of business, the Company enters into various agreements providing financial or performance assurances to clients on behalf of certain unconsolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support the project execution commitments of these entities. The guarantees have various expiration dates ranging from mechanical completion of the facilities being constructed to a period extending beyond contract completion in certain circumstances. The maximum potential payment amount of an outstanding performance guarantee is the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts. Amounts that may be required to be paid in excess of estimated cost to complete contracts in progress are not estimable. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed under the contract. For lump sum or fixed price contracts, this amount is the cost to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where cost exceeds the remaining amounts payable under the contract, the Company may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors for claims.

Bank guarantees, standby letters of credit and surety bonds are used by the Company primarily as project related bid, performance, advance payment and retention guarantees. In some instances, they are used for tax, customs and other miscellaneous reasons. Based on project contractual requirements, performance guarantees are generally required at or near the start of the project and extend through warranty periods or to final acceptance. Advance payment and retention guarantees are a means of improving cash flow by providing a guarantee for the receipt of cash. Advance payment and retention bonds generally offset each other. With a few exceptions, the guarantees are confirmed and unconditional, which allows the beneficiary to draw against them, with little or no notice and limited recourse, other than the courts after the fact.

The reported amount of the guarantees represents a maximum amount and does not reflect the Company’s expected results. The guarantee values reported typically quantify the maximum contractual loss amount, irrespective of the percentage-of-completion of the projects. In addition, any counter guarantees given by joint venture partners are not netted against the maximum contractual loss amount. Consequently, the underlying commercial exposure could be substantially lower than the reported values. The following table provides quantitative data regarding the Company’s third-party bank guarantees, standby letters of credit and surety bonds.

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Bank guarantees</td>
<td>$140,491</td>
<td>$140,810</td>
<td>$192,870</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>95,994</td>
<td>85,928</td>
<td>171,802</td>
</tr>
<tr>
<td>Surety bonds</td>
<td>2,560</td>
<td>1,560</td>
<td>115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$239,045</strong></td>
<td><strong>$228,298</strong></td>
<td><strong>$364,787</strong></td>
</tr>
</tbody>
</table>

**ABB Affiliate Guarantees**

ABB affiliate guarantees are required by clients of the Company who, in support of a specific project, want a degree of assurance or comfort that in the event the Company is unable to perform the work for which it was contracted, they have a mechanism to enforce performance. This is exclusive of, and additional to, any other remedies that might be available under the contract and/or performance provided under the contract. ABB affiliate guarantees generally do not have a specific monetary value. Most ABB affiliate guarantees
expire upon the fulfillment of all contractual obligations although some are date specific and generally coincide with the expiration of warranty periods or at final acceptance.

**Contract Litigation**

The Company is involved in litigation and is contingently liable for commitments and performance guarantees arising in the ordinary course of business. Customers have made claims arising from engineering and construction contracts against the Company, provisions for which are recorded in accordance with SFAS 5. The Company has also raised certain claims against customers for costs incurred in excess of the current contract provisions. In the normal course of business, the Company recorded claims against customers in accordance with the AICPA’s Statement of Position No. 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type and Contracts*.

**Liquidated Damages**

Many of the Company’s contracts have certain milestone due dates that must be met or the Company may be subject to liquidated damages (“LDs”) if claims are asserted by the customer and the Company is determined to be responsible for the delays. These generally relate to specified activities within a project by a set contractual date or to a certain level of output or throughput of a plant constructed by the Company. Each contract defines the conditions under which a customer may make a claim for LDs.

**Contingent Liabilities and Significant Provisions for Contract Losses**

The Company and certain of its subsidiaries are involved in litigation in the ordinary course of business. The Company and certain of its subsidiaries are contingently liable for commitments and performance guarantees arising in the ordinary course of business. Clients have made claims arising from engineering and construction contracts against the Company, and the Company has made claims against clients for costs incurred in excess of the current contract provisions. Recognized claims against clients are included in costs and estimated earnings in excess of billings on uncompleted contracts in the accompanying Combined Balance Sheets. Amounts ultimately realized from claims could differ materially from the balances included in the Combined Financial Statements.

**Essar**

In 1998, the Company entered into an engineering, procurement and project management contract with Essar Oil Ltd. (“Essar”) for a refinery in India with a contract value of $860,000. The project, which was subject to a reimbursable cost agreement, was approximately 60% complete and stalled until December 2004 due to complications encountered by the customer in obtaining additional necessary financing. As of December 31, 2003, the Company wrote off most of its investments in the Essar project. The losses for 2003 and prior years totaled $135,045. In December 2004, the Company sold its receivables and equipment for $74,000 to Simon Carves, Semcorp, of which $50,000 was paid in 2004, $12,000 after novation of open purchase orders in 2005 and the remaining $12,000 in 2006. In the years 2006, 2005 and 2004, profit of $13,242, $12,635 and $52,476, respectively, was recognized.

**Lyondell**

Lummus B.V. and Lyondell Chemie Nederland B.V. (“Lyondell”) entered into a contract for the engineering, procurement and construction of a styrene monomer/polyoxide plant in the Netherlands. The project experienced severe cost overruns in engineering and construction. As of December 31, 2003, the Company had recognized expected losses of $232,417, excluding $61,000 of potential LDs. In December 2003, the Company started an arbitration process, and filed claims of $26,900 for milestones achieved and $28,900 for earned undisputed incentives. The claims were refused by Lyondell who submitted a counterclaim.
of $12,800 for incomplete and remedial work and $61,000 of LDs. In December 2006, an agreement on a full and final settlement was reached between the Company and Lyondell, with the exception of one outstanding issue related to excessive noise. As a result of the settlement, the Company recorded additional provisions of $1,975 as of December 31, 2006 and claims and counterclaims were dropped. In 2006, 2005 and 2004, the Company recognized losses of $2,185, $10,663 and $10,541, respectively.

**Khuff**

The project is for the design, procurement and construction of a new offshore platform complex in Abu Dhabi for Abu Dhabi Marine Operating Company (majority shareholder is Abu Dhabi National Oil Company ("ADNOC")). The project was awarded in July 2000 and was physically completed in 2005. The acceptance certificate, however, has not yet been signed.

The project was executed in partnership with National Petroleum Construction Company, ("NPCC") which is 70% owned by ADNOC. The Company was responsible for the detailed engineering and NPCC was responsible for the construction in Abu Dhabi. The risks relating to the materials and equipment procurement were equally split between the Company and NPCC.

Certain change orders have not been signed by the client because the customer is waiting for budget approval from their principal shareholder, ADNOC. One unsigned change order relates to commissioning services but also includes the revision of the project schedule and the identification of new milestones. The Company has received $17,000 as an interim settlement relating to commissioning services following a memorandum of understanding, which the customer has not yet signed.

Prior to 2004, the Company incurred losses amounting to $26,361 on the project. In 2004 and 2005, losses totaling $13,926 and $1,492, respectively, were recognized. In 2006, a profit of $1,564 was recognized. As the acceptance certificate and change orders have not been signed by the client, the Company is subject to potential claims of the client. No provision has been made for any such claims, as management does not believe that a loss is probable as of December 31, 2006.

**Rio Polimeros**

Rio Polimeros S.A. ("Rio Pol"), is a special purpose company formed by Banco National do Desenvolvimento Economico e Social Participacoes S.A. (Equity Investment Arm of Brazilian development bank Banco National do Desenvolvimento Economico e Social ("BNDES") 16.7%, Suzano Petroquimicas S.A. 33.3%, Uniao de Industriais Petroquimicas 33.3%, and Petroleo Brasileiro S.A. 16.7% to build an ethylene and polyethylene complex in Brazil. The project is being financed by Export Credit Agencies of three countries: United States of America (Export-Import Bank of the United States, Italy (SACE S.p.A.) and Brazil (BNDES).

The project was executed by a joint venture consisting of Lummus and Snamprogetti S.p.A. ("JV"). Each joint venture partner was executing its respective engineering and procurement services portion on a lump sum basis, and the remaining scope on a 50/50 joint venture basis. The cost of equipment and materials is also shared on a 50/50 basis.

Project construction was negatively impacted by cost overruns associated with site conditions and labor issues, resulting in significant delays and late delivery penalties.

The JV filed claims with Rio Pol and Rio Pol filed claims against the JV for LDs and excessive flaring during prolonged start-up. The parties in early 2007 reached agreement on terms of a settlement. The agreement resulted in the Company recording an additional provision of $23,000 as of December 31, 2006 for its share of the settlement cost, bringing the Company’s total loss on the project to $185,249 ($26,435 prior to 2004 and $29,000, $39,100 and $90,714 in 2004, 2005 and 2006, respectively). The settlement agreement is currently being finalized.
In conjunction with this project, the JV received notice that the Brazilian Department of Foreign Commerce declared that the exemption of import duties on equipment and materials for projects beneficial to the industrialization of the country (Law 8032) was, based in part on the advice of counsel, null and void with retroactive effect. The exposure to the JV is estimated at $100,000, including interest and penalties. The Company’s share is 50%. Management does not believe that the JV will be held liable for the duty and, accordingly, no provision has been recorded.

**Westlake**

The Westlake refinery project in Louisiana experienced significant manpower shortages and labor cost increases after hurricanes Katrina and Rita in August and September 2005.

Recovery of the higher costs was not possible on this lump sum contract. The project was completed in the second quarter of 2007 with a project loss of $26,419 in 2006. The Company does not expect to incur additional costs on this project. Unapproved change orders for which revenue has not been recognized are currently being negotiated.

**Other Project and Order Related Contingencies**

Provisions for warranties pursuant to the contract are calculated based on historical claims experience and specific review of certain contracts.

The analysis of provisions for warranties, including guarantees of performance, is as follows:

<table>
<thead>
<tr>
<th>December 31</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$9,972</td>
<td>$18,782</td>
<td>$11,314</td>
</tr>
<tr>
<td>Increase (decrease) due to changes in estimates and progress payments</td>
<td>14,947</td>
<td>(3,629)</td>
<td>5,708</td>
</tr>
<tr>
<td>Claims paid in cash or in kind</td>
<td>(889 )</td>
<td>(1,299)</td>
<td>(631 )</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>2,251</td>
<td>(3,882)</td>
<td>2,391</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$26,281</td>
<td>$9,972</td>
<td>$18,782</td>
</tr>
</tbody>
</table>

**Environmental Liabilities**

The Company is subject to environmental, legal and regulatory requirements related to its operations worldwide. In addition to the United States federal laws and regulations, states where the Company conducts business may have equivalent laws and regulations by which the Company must also abide. The Company takes an active approach in evaluating and addressing the environmental impact of its operations by assessing and remediating contaminations in order to avoid future liabilities and comply with legal and regulatory requirements. Costs related to these requirements have not been significant. Management does not expect that future costs will have a materially adverse impact on the Company’s Combined Financial Statements.

**Future Purchase Commitments**

Future purchase commitments relate mainly to purchases from subcontractors and vendors for contracts with customers. Subcontracts and purchase orders are placed to support project specific material or subcontract needs and are not bought for stock or possible future requirements. Each underlying contract has a cancellation clause that requires the customer to reimburse material/subcontract costs incurred but not paid, including cancellation costs plus shutdown costs. The subcontract/vendor agreements have similar terms and conditions. It is unlikely that these costs will be incurred and, if incurred, they will be passed through to the customer. The Company believes the costs of these future obligations are not material.
Other

The Company is a party to various legal proceedings in the ordinary course of business that have not been fully adjudicated. The Company expenses the cost of legal fees related to these proceedings as incurred. It is not possible at this time for the Company to predict, with any degree of consistency, the outcome of such litigation. However, as stated above, management is of the opinion that it is unlikely that any liability to the extent not provided for through insurance or otherwise, would have a material adverse effect in relation to the Combined Financial Statements.

19. Income Taxes

The Lummus B.V. entities in the Netherlands operate under a fiscal unity arrangement for Dutch corporate tax purposes and file a corporate income tax return as if there is one taxpayer in the Netherlands. The U.S. entities file a consolidated federal income tax return with their U.S. parent company, ABB Holdings Inc. In the United Kingdom, the UK entities file their UK returns utilizing group relief, when available, with ABB Holdings Ltd. and its UK subsidiaries. In all other countries not noted above, the Company’s legal entities file separate income tax returns.

The components of the income tax provision consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Current:</td>
<td></td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$13,253</td>
</tr>
<tr>
<td>Total current tax provision</td>
<td>13,253</td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>(8,615)</td>
</tr>
<tr>
<td>Total deferred tax (benefit) provision</td>
<td>(8,615)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$4,638</td>
</tr>
</tbody>
</table>

In 2006, 2005 and 2004, the provision for income taxes differs from the income tax expense computed by applying the U.S. statutory tax rate to pretax book income principally due to the effect of change in the valuation allowance on deferred taxes and foreign tax rates different than the U.S. statutory tax rate. Foreign income taxes primarily consist of withholding taxes principally related to PT contracts.

The principal components of the deferred tax assets are net operating loss carryforwards and accrued liabilities, which are offset by a valuation allowance of $247,697, $270,168 and $269,135 for 2006, 2005 and 2004, respectively. Deferred taxes are not recognized for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration. Determination of the amount of unrecognized deferred taxes related to these investments is not practicable. The Company has recognized deferred tax assets of $13,955, $10,204 and $10,130 and deferred tax liabilities of $7,250, $13,449 and $6,395 for 2006, 2005 and 2004, respectively.

The U.S. entities and the Dutch entities both maintained valuation allowances on their deferred tax assets until 2006. In 2006, the Dutch entities reversed $5,000 of the valuation allowance. The release in the valuation allowance was the result of the Company’s determination that in accordance with SFAS No. 109, Accounting for Income Taxes, there was sufficient evidence that it is more likely than not that the resulting net deferred tax assets would be realized.

The Dutch fiscal unity has tax loss carryforwards of $367,023. These tax losses will expire if not utilized between 2011 and 2014.
The German entities have $71,839 in tax loss carryforwards that have no expiration date and can be carried forward indefinitely.

The Brazilian entities have loss carryforwards of $134,735 that have no expiration date and can be carried forward indefinitely.

The U.S. entities have approximately $188,243 in net operating loss carryforwards. The net operating loss carryforwards will expire if not utilized between 2007 and 2026. As of December 31, 2006, the U.S. entities have research and development carryforward credits of $2,958, which will expire between 2007 and 2026.

Utilization of losses in all jurisdictions may be limited by certain items such as local laws, and changes in control of the Company.

United States and foreign earnings before taxes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>United States</td>
<td>$(51,450)</td>
</tr>
<tr>
<td>Foreign</td>
<td>(23,885)</td>
</tr>
<tr>
<td>Total</td>
<td>$(75,335)</td>
</tr>
</tbody>
</table>

20. Employee Benefit Plans

The Company participates in several pension plans, including defined benefit, defined contribution and termination indemnity plans, in accordance with local regulations and practices. These plans cover the majority of the Company’s employees and provide benefits to employees in the event of death, disability, retirement or termination of employment.

Some of these plans require employees to make contributions and enable employees to earn matching or other contributions from the Company. The funding policy of these plans is consistent with the local government and tax requirements. The Company has several pension plans which are not funded pursuant to local government and tax requirements.

U.S. ABB managed its pension plans on a consolidated basis and separate information for the Company is not readily available. Therefore, the Company’s share of the U.S. ABB employee pension plans’ assets and liabilities is not included in the Combined Balance Sheets. The Combined Statements of Operations include an allocation of the costs of the employee benefit plans. These costs were allocated based on the employee population for each period presented.

For employees principally in Germany and the Netherlands, and for the employees of certain entities in the United Kingdom, the Company also administers single employer defined benefit plans. Such benefit plans provide benefits primarily based on employee’s years of service, age and salary. The cost and obligations from sponsoring defined benefit plans are determined on an actuarial basis using the projected unit credit cost method. This method reflects employees’ projected salaries. The Company has presented the benefit obligation amounts for its single-employer plans as of and for the years ended December 31, 2006, 2005 and 2004 based on the most recent actuarial valuation for the respective fiscal period.
ABB Lummus Global

Notes to Combined Financial Statements – (Continued)

Net periodic benefit cost included in the Combined Statements of Operations is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single employer defined benefit plans</td>
<td>$13,075</td>
<td>$12,807</td>
<td>$13,554</td>
</tr>
<tr>
<td>U.S. defined benefit plans allocated expense</td>
<td>5,716</td>
<td>7,166</td>
<td>10,045</td>
</tr>
<tr>
<td>Defined contribution plans’ expense</td>
<td>2,520</td>
<td>2,369</td>
<td>2,817</td>
</tr>
<tr>
<td>U.S. retiree health care expense</td>
<td>2,472</td>
<td>2,448</td>
<td>5,566</td>
</tr>
<tr>
<td></td>
<td>$23,783</td>
<td>$24,790</td>
<td>$31,982</td>
</tr>
</tbody>
</table>

On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS 158 for those plans which required the Company to recognize the funded status (the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans and postretirement health care plans in the December 31, 2006 Combined Balance Sheet, with a corresponding adjustment to accumulated other comprehensive income (loss). The adjustment to accumulated other comprehensive income (loss) at adoption represents the net unrecognized actuarial (gains) losses, unrecognized prior service costs (credits), and unrecognized transition obligation remaining from the initial adoption of SFAS 87 and SFAS 106, all of which were previously netted against the plans’ funded status in the Company’s Combined Balance Sheet pursuant to the provisions of SFAS 87 and SFAS 106. These amounts will be subsequently recognized as net periodic cost pursuant to the Company’s historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic cost in the same periods will be recognized as a component of accumulated other comprehensive income (loss). Those amounts will be subsequently recognized as a component of net periodic cost on the same basis as the amounts recognized in accumulated other comprehensive income (loss) before adoption of SFAS 158.

The effects of adopting the provisions of SFAS 158 on the Company’s Combined Balance Sheet as of December 31, 2006 are presented in the following table. The adoption of SFAS 158 had no effect on the Company’s Combined Statements of Operations for the years ended December 31, 2006, 2005 and 2004 and it will not affect the Company’s operating results in future periods. Had the Company not been required to adopt SFAS 158 at December 31, 2006, it would have recognized an additional minimum liability pursuant to the provisions of SFAS 87. The effect of recognizing the additional minimum liability is included in the table below in the column labeled “Before Application of SFAS 158.”

<table>
<thead>
<tr>
<th></th>
<th>Before Application of SFAS 158</th>
<th>SFAS 158 Adjustments</th>
<th>After Application of SFAS 158</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid/over funded pension</td>
<td>$(37,854 )</td>
<td>$35,092</td>
<td>$(2,762 )</td>
</tr>
<tr>
<td>Accrued/under funded pension liabilities</td>
<td>52,670</td>
<td>5,603</td>
<td>58,273</td>
</tr>
<tr>
<td>Other postretirement benefits</td>
<td>10,406</td>
<td>12,641</td>
<td>23,047</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(9,056 )</td>
<td>(53,336 )</td>
<td>(62,392 )</td>
</tr>
</tbody>
</table>

The Company also has defined contribution plans, a 401(k) retirement savings plan in the U.S., whereby the Company contribution is 50% of the employee contribution up to a maximum of 3% of employee compensation.

In addition, the Company provides healthcare and life insurance benefits for eligible U.S. employees, generally those with ten or more years of service who meet certain minimum age criteria. Significant plan provisions include flexible benefit coverage, retiree contributions and limitations on the Company’s contribution. In general, retiree health benefits are paid as covered expenses are incurred.

The Company uses a December 31 measurement date for its plans.
Obligations and Funded Status

The following table sets forth the change in benefit obligations, the change in fair value of plan assets and the funded status recognized in the Combined Financial Statements as of December 31, 2006, 2005 and 2004 for the Company’s non-U.S. benefit plans:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligations at the beginning of the year</td>
<td>$346,899</td>
<td>$351,357</td>
<td>$290,228</td>
</tr>
<tr>
<td>Service cost</td>
<td>9,159</td>
<td>8,067</td>
<td>8,732</td>
</tr>
<tr>
<td>Interest cost</td>
<td>15,503</td>
<td>15,756</td>
<td>15,621</td>
</tr>
<tr>
<td>Contributions from plan participants</td>
<td>2,143</td>
<td>2,567</td>
<td>2,835</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(11,618 )</td>
<td>(9,848 )</td>
<td>(8,554 )</td>
</tr>
<tr>
<td>Actuarial (gain) loss</td>
<td>(30,859 )</td>
<td>37,699</td>
<td>15,439</td>
</tr>
<tr>
<td>Plan amendments and other</td>
<td>–</td>
<td>(8,923 )</td>
<td>–</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>39,331</td>
<td>(49,776 )</td>
<td>27,056</td>
</tr>
<tr>
<td>Benefit obligations at the end of the year</td>
<td>370,558</td>
<td>346,899</td>
<td>351,357</td>
</tr>
<tr>
<td>Fair value of plan assets at the beginning of the year</td>
<td>277,935</td>
<td>293,766</td>
<td>244,516</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>3,740</td>
<td>22,612</td>
<td>22,032</td>
</tr>
<tr>
<td>Contributions from employer</td>
<td>8,822</td>
<td>8,001</td>
<td>9,104</td>
</tr>
<tr>
<td>Contributions from plan participants</td>
<td>2,143</td>
<td>2,567</td>
<td>2,835</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(9,828 )</td>
<td>(8,194 )</td>
<td>(7,270 )</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>32,235</td>
<td>(40,818 )</td>
<td>22,549</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>315,047</td>
<td>277,934</td>
<td>293,766</td>
</tr>
<tr>
<td>Unfunded amount</td>
<td>55,511</td>
<td>68,965</td>
<td>57,591</td>
</tr>
<tr>
<td>Unrecognized actuarial loss</td>
<td>–</td>
<td>(68,669 )</td>
<td>(53,612 )</td>
</tr>
<tr>
<td>Unrecognized prior service cost (benefit)</td>
<td>–</td>
<td>1,489</td>
<td>(5,220 )</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$55,511</td>
<td>$1,785</td>
<td>$(1,241 )</td>
</tr>
</tbody>
</table>
### Other Benefits

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligations at the beginning of the year</td>
<td>$24,252</td>
<td>$24,412</td>
<td>$29,998</td>
</tr>
<tr>
<td>Service cost</td>
<td>86</td>
<td>96</td>
<td>122</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,276</td>
<td>1,270</td>
<td>1,733</td>
</tr>
<tr>
<td>Contributions from plan participants</td>
<td>–</td>
<td>1,367</td>
<td>1,254</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(3,207 )</td>
<td>(3,945 )</td>
<td>(4,022 )</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>640</td>
<td>3,504</td>
<td>(4,726 )</td>
</tr>
<tr>
<td>Plan amendments and other</td>
<td>–</td>
<td>(2,452 )</td>
<td>53</td>
</tr>
<tr>
<td>Benefit obligations at the end of the year</td>
<td>23,047</td>
<td>24,252</td>
<td>24,412</td>
</tr>
<tr>
<td>Fair value of plan assets at the beginning of the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Contributions from employer</td>
<td>2,134</td>
<td>2,578</td>
<td>2,768</td>
</tr>
<tr>
<td>Contributions from plan participants</td>
<td>1,073</td>
<td>1,367</td>
<td>1,254</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(3,207 )</td>
<td>(3,945 )</td>
<td>(4,022 )</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Unfunded amount</td>
<td>23,047</td>
<td>24,252</td>
<td>24,412</td>
</tr>
<tr>
<td>Transition liability</td>
<td>–</td>
<td>(2,140 )</td>
<td>–</td>
</tr>
<tr>
<td>Net actuarial loss</td>
<td>(41,937)</td>
<td>(10,501)</td>
<td>–</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>1,242</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$23,047</td>
<td>$11,141</td>
<td>$11,271</td>
</tr>
</tbody>
</table>

Amounts recognized in accumulated other comprehensive income (loss) in accordance with SFAS 158 at December 31, 2006 consist of:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits 2006</th>
<th>Other Benefits 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition liability</td>
<td>$–</td>
<td>$(2,140 )</td>
</tr>
<tr>
<td>Net actuarial loss</td>
<td>(41,937)</td>
<td>(10,501)</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>1,242</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>$(40,695 )</td>
<td>$(12,641 )</td>
</tr>
</tbody>
</table>

The following amounts have been recognized in the Company’s Combined Balance Sheet at December 31, 2006:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits 2006</th>
<th>Other Benefits 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overfunded plans</td>
<td>$2,762</td>
<td>$–</td>
</tr>
<tr>
<td>Accrued benefit cost, current</td>
<td>(2,138 )</td>
<td>(2,083 )</td>
</tr>
<tr>
<td>Accrued benefit cost, noncurrent</td>
<td>(56,135)</td>
<td>(20,964)</td>
</tr>
<tr>
<td></td>
<td>$(55,511)</td>
<td>$(23,047 )</td>
</tr>
</tbody>
</table>
The following amounts have been recognized in the Company’s Combined Balance Sheet at December 31, 2005:

<table>
<thead>
<tr>
<th>Pension Benefits 2005</th>
<th>Other Benefits 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid benefit cost</td>
<td>$34,448</td>
</tr>
<tr>
<td>Accrued benefit cost</td>
<td>(45,524)</td>
</tr>
<tr>
<td>Minimum pension liability adjustment</td>
<td>9,291</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$(1,785)</td>
</tr>
</tbody>
</table>

The following amounts have been recognized in the Company’s Combined Balance Sheet at December 31, 2004:

<table>
<thead>
<tr>
<th>Pension Benefits 2004</th>
<th>Other Benefits 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid benefit cost</td>
<td>$41,658</td>
</tr>
<tr>
<td>Accrued benefit cost</td>
<td>(45,118)</td>
</tr>
<tr>
<td>Minimum pension liability adjustment</td>
<td>4,701</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$1,241</td>
</tr>
</tbody>
</table>

The projected benefit obligation ("PBO") and fair value of plan assets for pension plans where PBO exceeds plan assets or where assets are equal to or exceed PBO were:

<table>
<thead>
<tr>
<th>2006</th>
<th>PBO</th>
<th>Assets</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBO exceeds assets</td>
<td>$369,312</td>
<td>$312,978</td>
<td>$56,334</td>
</tr>
<tr>
<td>Assets exceed PBO</td>
<td>1,246</td>
<td>2,069</td>
<td>(823)</td>
</tr>
<tr>
<td>Total</td>
<td>$370,558</td>
<td>$315,047</td>
<td>$55,511</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2005</th>
<th>PBO</th>
<th>Assets</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBO exceeds assets</td>
<td>$345,632</td>
<td>$276,086</td>
<td>$69,546</td>
</tr>
<tr>
<td>Assets exceed PBO</td>
<td>1,267</td>
<td>1,848</td>
<td>(581)</td>
</tr>
<tr>
<td>Total</td>
<td>$346,899</td>
<td>$277,934</td>
<td>$68,965</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2004</th>
<th>PBO</th>
<th>Assets</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBO exceeds assets</td>
<td>$350,185</td>
<td>$292,047</td>
<td>$58,138</td>
</tr>
<tr>
<td>Assets exceed PBO</td>
<td>1,172</td>
<td>1,719</td>
<td>(547)</td>
</tr>
<tr>
<td>Total</td>
<td>$351,357</td>
<td>$293,766</td>
<td>$57,591</td>
</tr>
</tbody>
</table>
The accumulated benefit obligation (“ABO”) and fair value of plan assets for pension plans where ABO exceeds plan assets or where assets are equal to or exceed ABO were:

<table>
<thead>
<tr>
<th>Year</th>
<th>ABO</th>
<th>Assets</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABO exceeds assets</td>
<td>$49,856</td>
<td>$–</td>
<td>$49,856</td>
</tr>
<tr>
<td>Assets exceed ABO</td>
<td>287,703</td>
<td>315,047</td>
<td>(27,344)</td>
</tr>
<tr>
<td>Total</td>
<td>$337,559</td>
<td>$315,047</td>
<td>$22,512</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABO exceeds assets</td>
<td>$45,523</td>
<td>$–</td>
<td>$45,523</td>
</tr>
<tr>
<td>Assets exceed ABO</td>
<td>271,901</td>
<td>277,934</td>
<td>(6,033 )</td>
</tr>
<tr>
<td>Total</td>
<td>$317,424</td>
<td>$277,934</td>
<td>$39,490</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABO exceeds assets</td>
<td>$45,119</td>
<td>$–</td>
<td>$45,119</td>
</tr>
<tr>
<td>Assets exceed ABO</td>
<td>276,399</td>
<td>293,766</td>
<td>(17,367)</td>
</tr>
<tr>
<td>Total</td>
<td>$321,518</td>
<td>$293,766</td>
<td>$27,752</td>
</tr>
</tbody>
</table>

**Components of Net Periodic Cost**

For the years ended December 31, 2006, 2005 and 2004, net periodic cost consists of the following:

<table>
<thead>
<tr>
<th>Pension Benefits</th>
<th>2006</th>
<th>December 31 2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net periodic pension cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$9,159</td>
<td>$8,067</td>
<td>$8,732</td>
</tr>
<tr>
<td>Interest cost</td>
<td>15,503</td>
<td>15,756</td>
<td>15,621</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(14,246)</td>
<td>(13,922 )</td>
<td>(12,689)</td>
</tr>
<tr>
<td>Amortization of unrecognized prior service cost</td>
<td>(401 )</td>
<td>481</td>
<td>484</td>
</tr>
<tr>
<td>Amortization of unrecognized net gain</td>
<td>3,060</td>
<td>1,385</td>
<td>1,406</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>1,040</td>
<td>–</td>
</tr>
<tr>
<td>Net periodic pension cost</td>
<td>$13,075</td>
<td>$12,807</td>
<td>$13,554</td>
</tr>
</tbody>
</table>
Notes to Combined Financial Statements – (Continued)

Other Benefits
December 31

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$86</td>
<td>$96</td>
<td>$122</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,276</td>
<td>1,270</td>
<td>1,733</td>
</tr>
<tr>
<td>Amortization of unrecognized prior service cost</td>
<td>357</td>
<td>580</td>
<td>937</td>
</tr>
<tr>
<td>Amortization of unrecognized net gain</td>
<td>753</td>
<td>502</td>
<td>757</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>–</td>
<td>2,017</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>$2,472</td>
<td>$2,448</td>
<td>$5,566</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2006, other changes in plan assets and benefit obligations recognized in accumulated other comprehensive income (loss) consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits 2006</th>
<th>Other Benefits 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial (gain) loss</td>
<td>$(30,859)</td>
<td>$640</td>
</tr>
<tr>
<td>Loss</td>
<td>(10,507)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of transition obligation</td>
<td>–</td>
<td>357</td>
</tr>
<tr>
<td>Amortization of prior service benefit</td>
<td>(401)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>3,060</td>
<td>753</td>
</tr>
<tr>
<td></td>
<td>$(38,707)</td>
<td>$1,750</td>
</tr>
</tbody>
</table>

The estimated transition obligation, prior service credit and net actuarial loss for defined benefit plans that will be amortized from accumulated other comprehensive income (loss) net periodic benefit cost over the next year are:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th>Other Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition obligation</td>
<td>–</td>
<td>$357</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>18</td>
<td>–</td>
</tr>
<tr>
<td>Net actuarial loss</td>
<td>1,240</td>
<td>711</td>
</tr>
<tr>
<td></td>
<td>$1,258</td>
<td>$1,068</td>
</tr>
</tbody>
</table>

Assumptions

The following weighted-average assumptions were used to determine benefit obligations at December 31, 2006:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th>Other Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>4.00%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th>Other Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>5.75%</td>
</tr>
</tbody>
</table>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document
The following weighted-average assumptions were used to determine net periodic benefit cost for the years ended December 31, 2006, 2005 and 2004:

<table>
<thead>
<tr>
<th>Pension Benefits</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.25%</td>
<td>5.00%</td>
<td>5.50%</td>
</tr>
<tr>
<td>Expected long-term rate of return on plan assets</td>
<td>4.75%</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>4.00%</td>
<td>4.00%</td>
<td>2.75%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Benefits</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.50%</td>
<td>5.75%</td>
<td>6.25%</td>
</tr>
</tbody>
</table>

The expected long-term rate of return on plan assets assumption is derived from the current asset allocation, the current and projected types of investment in each asset’s category and the long-term historical and projected returns for each investment type.

Assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered by the plans are as follows:

<table>
<thead>
<tr>
<th>Health care cost trend rate assumed for next year</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)</td>
<td>5.00%</td>
<td>6.02%</td>
<td>6.24%</td>
</tr>
<tr>
<td>Year that the rate reaches the ultimate trend rate</td>
<td>2014</td>
<td>2013</td>
<td>2013</td>
</tr>
</tbody>
</table>

Assumed health care trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects at December 31, 2006:

<table>
<thead>
<tr>
<th>Effect on total of service and interest cost</th>
<th>1% Point Increase</th>
<th>1% Point Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on postretirement benefit obligation</td>
<td>$ 92</td>
<td>$ (81)</td>
</tr>
<tr>
<td></td>
<td>1,675</td>
<td>(1,496)</td>
</tr>
</tbody>
</table>

**Cash Flows**

The Company expects to contribute $9,705 to its pension plan and $2,142 to its postretirement benefit plans in 2007.

The Company’s defined contribution plan expense was $2,520, $2,369 and $2,317 in 2006, 2005 and 2004, respectively.
Estimated Future Benefit Payments

The following amounts are expected benefit payments to be made under the Company’s pension and other postretirement benefit plans:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th>Benefit Payments</th>
<th>Medicare Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$12,510</td>
<td>$2,362</td>
<td>$(220)</td>
</tr>
<tr>
<td>2008</td>
<td>13,844</td>
<td>2,433</td>
<td>(233)</td>
</tr>
<tr>
<td>2009</td>
<td>14,111</td>
<td>2,498</td>
<td>(242)</td>
</tr>
<tr>
<td>2010</td>
<td>15,303</td>
<td>2,553</td>
<td>(247)</td>
</tr>
<tr>
<td>2011</td>
<td>15,795</td>
<td>2,555</td>
<td>(248)</td>
</tr>
<tr>
<td>2012-2016</td>
<td>93,450</td>
<td>11,727</td>
<td>(1,136)</td>
</tr>
</tbody>
</table>

Plan Assets

The Company’s pension plan weighted-average asset allocations at December 31, 2006, 2005 and 2004 by asset category are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>26 %</td>
<td>25 %</td>
<td>24 %</td>
<td>19 %</td>
</tr>
<tr>
<td>Debt securities</td>
<td>71 %</td>
<td>72 %</td>
<td>74 %</td>
<td>69 %</td>
</tr>
<tr>
<td>Commodities</td>
<td>3 %</td>
<td>3 %</td>
<td>2 %</td>
<td>0 %</td>
</tr>
<tr>
<td>Other</td>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The pension plan assets are invested in accordance with guidelines established by the Company for the respective plans. The investment allocation strategy is expected to remain consistent with historic averages.

21. Related Party Transactions

ABB has a management incentive plan under which it offers certain employees of the Company warrant appreciation rights (WARs) for no consideration. Each WAR gives the participant the right to receive, in cash, the market price of a warrant on the date of exercise of the WAR. WARs are non-transferable. Participants may exercise WARs after the vesting period, which is three years from the date of grant. Vesting restrictions can be waived in certain circumstances such as death and disability. All WARs expire six years from the date of grant. During 2006, 2005 and 2004, the Company recognized cost of $634, $507 and $216, respectively, related to this plan. The cost of this incentive program was funded by the Parent and Parent Investment (Deficit) has been increased accordingly. Future operating results may reflect additional charges related to this program.

ABB sponsors an employee share acquisition plan (“ESAP Plan”) under which Company employees may acquire shares (American Depository Shares in the United States) through systematic savings. The ESAP Plan is an employee stock option plan with a savings feature. At the end of the savings period, the employees choose whether to exercise their stock option or have their savings returned with interest. Prior to January 1, 2006, the Company accounted for the ESAP Plan using the intrinsic value method of APB 25. As the option price was equal to the market value at date of grant, the Company did not record compensation expense related to the ESAP Plan. As of January 1, 2006, ABB adopted SFAS No. 123(R) and, accordingly, began
recognizing share-based employee compensation cost as if the fair value based accounting method had been used to account for all employee awards granted, modified, or settled after January 1, 2006 and for any awards that were not fully vested as of January 1, 2006. During 2006, the Company recognized $154 of expense related to this plan. As this is an ABB share-based plan, Parent Investment (Deficit) has been increased accordingly.

The Company contracts with ABB and other affiliates for the purchase and sale of products and services in the normal course of business, for investing and financing assistance (see Note 2), and for employee coverage under ABB employee benefit plans (see Note 20). ABB also provides the Company with certain administrative services such as payroll, accounting, legal, tax, human resources, information technology, corporate oversight and telecommunications.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>$2,802</td>
<td>$7,353</td>
<td>$11,964</td>
</tr>
<tr>
<td>Revenues</td>
<td>2,882</td>
<td>4,401</td>
<td>9,134</td>
</tr>
<tr>
<td>Payroll and benefits</td>
<td>19,469</td>
<td>22,490</td>
<td>29,149</td>
</tr>
<tr>
<td>Computer services</td>
<td>1,513</td>
<td>1,758</td>
<td>1,982</td>
</tr>
<tr>
<td>Rent</td>
<td>9,923</td>
<td>9,313</td>
<td>9,940</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,734</td>
<td>2,042</td>
<td>2,017</td>
</tr>
<tr>
<td>Other</td>
<td>11,724</td>
<td>7,015</td>
<td>2,400</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>31,737</td>
<td>25,292</td>
<td>20,260</td>
</tr>
</tbody>
</table>

Most leases from related parties are for the rental of office space and equipment, data processing and other equipment.

### 22. Segment, Geographical and Customer Concentration

The Company’s operations consist of two segments (EPC) and Technology (PT). Both segments serve the downstream oil, gas and petrochemical industries through design and supply of production facilities, refineries and petrochemical plants. EPC revenues are generated by providing engineering, procurement and construction services and project management services. PT generates revenues by providing engineering services and technology licensing. Intersegment revenues that have been eliminated in years 2006, 2005 and 2004 were $43,000, $41,000 and $55,000, respectively.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EPC</td>
</tr>
<tr>
<td>Revenues third party</td>
<td>$691,886</td>
</tr>
<tr>
<td>Revenues ABB Group</td>
<td>1,947</td>
</tr>
<tr>
<td></td>
<td>$693,833</td>
</tr>
<tr>
<td>Interest (expense) income</td>
<td>$(33,630 )</td>
</tr>
<tr>
<td>Equity income</td>
<td>314</td>
</tr>
<tr>
<td>Tax benefit (provision)</td>
<td>2,389</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>(143,218)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>1,501</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>1,341</td>
</tr>
<tr>
<td>Goodwill</td>
<td>141,434</td>
</tr>
</tbody>
</table>
### December 31, 2005

<table>
<thead>
<tr>
<th></th>
<th>EPC</th>
<th>PT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues third party</td>
<td>$848,315</td>
<td>$235,072</td>
<td>$1,083,387</td>
</tr>
<tr>
<td>Revenues ABB Group</td>
<td>2,853</td>
<td>1,548</td>
<td>4,401</td>
</tr>
<tr>
<td></td>
<td>$851,168</td>
<td>$236,620</td>
<td>$1,087,788</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(25,750)</td>
<td>$(787)</td>
<td>$(26,537)</td>
</tr>
<tr>
<td>Equity (expense) income</td>
<td>(48)</td>
<td>12,933</td>
<td>12,885</td>
</tr>
<tr>
<td>Tax provision</td>
<td>(7,789)</td>
<td>(10,312)</td>
<td>(18,101)</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>(35,865)</td>
<td>40,857</td>
<td>4,992</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>790</td>
<td>328</td>
<td>1,118</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>3,170</td>
<td>23,082</td>
<td>26,252</td>
</tr>
<tr>
<td>Goodwill</td>
<td>133,600</td>
<td>62,692</td>
<td>196,292</td>
</tr>
</tbody>
</table>

### December 31, 2004

<table>
<thead>
<tr>
<th></th>
<th>EPC</th>
<th>PT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues third party</td>
<td>$1,076,044</td>
<td>$194,411</td>
<td>$1,270,455</td>
</tr>
<tr>
<td>Revenues ABB Group</td>
<td>1,182</td>
<td>7,952</td>
<td>9,134</td>
</tr>
<tr>
<td></td>
<td>$1,077,226</td>
<td>$202,363</td>
<td>$1,279,589</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(17,205)</td>
<td>$(3,297)</td>
<td>$(20,502)</td>
</tr>
<tr>
<td>Equity income</td>
<td>1,014</td>
<td>9,463</td>
<td>10,477</td>
</tr>
<tr>
<td>Tax provision</td>
<td>(15,235)</td>
<td>(11,612)</td>
<td>(26,847)</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>(60,961)</td>
<td>20,971</td>
<td>(39,990)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>767</td>
<td>–</td>
<td>767</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>9,010</td>
<td>29,482</td>
<td>38,492</td>
</tr>
<tr>
<td>Goodwill</td>
<td>141,876</td>
<td>74,535</td>
<td>216,411</td>
</tr>
</tbody>
</table>

Revenue from specific customers in excess of 10% of total revenue is as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>OOO’ PO’ Kirishinefteorgeyntez (EP Segment)</td>
<td>27.6%</td>
<td>13.9%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Skandinaviska Raffinateri AB (EP Segment)</td>
<td>–</td>
<td>14.4%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

38
Revenues have been reflected based on the location of the customer.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Western Europe</td>
<td>$221,494</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>293,064</td>
</tr>
<tr>
<td>North America</td>
<td>111,160</td>
</tr>
<tr>
<td>South America</td>
<td>10,306</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>185,320</td>
</tr>
<tr>
<td>South Asia</td>
<td>28,915</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>133,810</td>
</tr>
<tr>
<td>South and Subsaharan Africa</td>
<td>4,293</td>
</tr>
<tr>
<td></td>
<td>$988,362</td>
</tr>
</tbody>
</table>

Property, plant and equipment, net, are shown by location of the assets.

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Western Europe</td>
<td>$2,600</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>2,131</td>
</tr>
<tr>
<td>North America</td>
<td>4,568</td>
</tr>
<tr>
<td>South America</td>
<td>165</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>656</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>$10,198</td>
</tr>
</tbody>
</table>

Goodwill has been reflected based on location.

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Western Europe</td>
<td>$129,051</td>
</tr>
<tr>
<td>North America</td>
<td>80,650</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,694</td>
</tr>
<tr>
<td></td>
<td>$211,395</td>
</tr>
</tbody>
</table>

Other intangible assets, net have been reflected based on location.

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Western Europe</td>
<td>$12,858</td>
</tr>
<tr>
<td>North America</td>
<td>8,817</td>
</tr>
<tr>
<td>South Asia</td>
<td>163</td>
</tr>
<tr>
<td></td>
<td>$21,838</td>
</tr>
</tbody>
</table>
23. Employee Incentive Plans

ABB Lummus Global sponsors an employee Long-term Incentive Plan ("LTIP"), effective January 1, 2005 under which certain employees are eligible for cash awards based on certain business performance parameters over a three year period. Earned awards are to be paid after the three year plan cycle is completed. During 2006 and 2005, the Company recognized expense of $3,424 and $377, respectively, related to this plan, which is included in selling, general and administrative expenses.

24. Minority Interests

<table>
<thead>
<tr>
<th>Minority Interest %</th>
<th>December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Novolen Holdings Technology CV 18%</td>
<td>$14,377</td>
<td>$14,387</td>
<td>$14,061</td>
</tr>
<tr>
<td>Lummus Alireza Limited Company 8%</td>
<td>79</td>
<td>496</td>
<td>519</td>
</tr>
<tr>
<td>PIL J.V. 50%</td>
<td>1,126</td>
<td>501</td>
<td>(1,414)</td>
</tr>
<tr>
<td>Total</td>
<td>$15,582</td>
<td>$15,384</td>
<td>$13,166</td>
</tr>
</tbody>
</table>

During 2006, the Company increased its ownership in the Lummus Alireza Limited Company from 51% to 92%. During 2005, the Company increased its ownership in Novolen Holdings Technology CV from 80% to 82%.
### ABB Lummus Global

**Combined Statements of Operations**  
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td><strong>U.S. $ in thousands</strong></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$728,527</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(570,459)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>158,068</td>
</tr>
<tr>
<td>Selling, general and</td>
<td></td>
</tr>
<tr>
<td>administrative expenses</td>
<td>(80,807)</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>(4,786)</td>
</tr>
<tr>
<td>amortization expense</td>
<td></td>
</tr>
<tr>
<td>Earnings of investees</td>
<td>17,877</td>
</tr>
<tr>
<td>accounted for by the equity</td>
<td></td>
</tr>
<tr>
<td>method</td>
<td></td>
</tr>
<tr>
<td>Asbestos income</td>
<td>–</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>(4,010)</td>
</tr>
<tr>
<td>Income before interest,</td>
<td>86,342</td>
</tr>
<tr>
<td>income taxes and</td>
<td></td>
</tr>
<tr>
<td>minority interests</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>8,427</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(27,253)</td>
</tr>
<tr>
<td>Income (loss) before</td>
<td>67,516</td>
</tr>
<tr>
<td>income taxes and</td>
<td></td>
</tr>
<tr>
<td>minority interests</td>
<td></td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>(12,426)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(1,260)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>53,830</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>20,825</td>
</tr>
<tr>
<td>adjustment</td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$74,655</td>
</tr>
</tbody>
</table>

*See accompanying notes to combined financial statements*
## ABB Lummus Global

### Combined Balance Sheet
(Unaudited)

**September 30, 2007**

*(U.S. $ in thousands)*

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$65,934</td>
</tr>
<tr>
<td><strong>Trade receivables, net:</strong></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>161,070</td>
</tr>
<tr>
<td>Affiliates</td>
<td>317</td>
</tr>
<tr>
<td><strong>Accounts receivable, other:</strong></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>34,988</td>
</tr>
<tr>
<td>Affiliates</td>
<td>271,116</td>
</tr>
<tr>
<td><strong>Costs and estimated earnings in excess of billings on uncompleted contracts</strong></td>
<td>450,298</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>21,457</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,005,180</td>
</tr>
</tbody>
</table>

| Investments                                | 97,625 |
| Property, plant and equipment, net         | 10,060 |
| Goodwill                                   | 217,936 |
| Other intangible assets, net               | 20,901 |
| Deferred tax assets                        | 17,504 |
| Other noncurrent assets                    | 18,876 |
| **Total assets**                            | $1,388,082 |

*See accompanying notes to combined financial statements*
### ABB Lummus Global

#### Combined Balance Sheet – continued

Unaudited

**September 30, 2007**

(U.S. $ in thousands)

<table>
<thead>
<tr>
<th>Liabilities and parent investment (deficit)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings:</td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>$ 200</td>
</tr>
<tr>
<td>Affiliates</td>
<td>533,678</td>
</tr>
<tr>
<td>Accounts payable:</td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>137,985</td>
</tr>
<tr>
<td>Affiliates</td>
<td>1,125</td>
</tr>
<tr>
<td>Billings in excess of costs and estimated earnings on uncompleted contracts</td>
<td>170,862</td>
</tr>
<tr>
<td>Provisions and accrued liabilities</td>
<td>85,778</td>
</tr>
<tr>
<td>Asbestos obligations</td>
<td>1,154</td>
</tr>
<tr>
<td>Costs on open jobs</td>
<td>361,913</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>174,428</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,467,123</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>169</td>
</tr>
<tr>
<td>Pensions and other employee benefits</td>
<td>84,630</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>13,839</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>9,752</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,575,513</td>
</tr>
</tbody>
</table>

**Commitments and contingencies**

| Minority interests                         | 416 |
| Parent investment (deficit)                | (187,847) |
| **Total liabilities and parent investment (deficit)** | $ 1,388,082 |

*See accompanying notes to combined financial statements*
### ABB Lummus Global

**Combined Statements of Cash Flows**

(Unaudited)

<table>
<thead>
<tr>
<th>Nine months ended</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$53,830</td>
<td>$(8,975)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,786</td>
<td>6,885</td>
</tr>
<tr>
<td>Loss from dispositions</td>
<td>183</td>
<td>70</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>809</td>
<td>1,357</td>
</tr>
<tr>
<td>Asbestos income</td>
<td>–</td>
<td>(1,640)</td>
</tr>
<tr>
<td>Earnings of investees accounted for by equity method, net of dividends received</td>
<td>(6,288)</td>
<td>(6,767)</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>51,370</td>
<td>(43,423)</td>
</tr>
<tr>
<td>Decrease (increase) in costs and estimated earnings in excess of billings</td>
<td>29,684</td>
<td>(8,536)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>11,466</td>
<td>(308)</td>
</tr>
<tr>
<td>Payments of asbestos liabilities</td>
<td>(27,779)</td>
<td>(12,361)</td>
</tr>
<tr>
<td>(Decrease) increase in billings in excess of costs and estimated billings</td>
<td>(8,610)</td>
<td>38,314</td>
</tr>
<tr>
<td>Change in other operating assets and increase in other operating liabilities</td>
<td>(20,680)</td>
<td>30,252</td>
</tr>
</tbody>
</table>

**Net cash provided by (used in) operating activities**  $88,771  $ (5,132)

*See accompanying notes to combined financial statements*
ABB Lummus Global  
Combined Statements of Cash Flows – continued  
(Unaudited)  

Nine months ended  
September 30,  

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(U.S. $ in thousands)</td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>$(2,704)</td>
<td>$(1,190)</td>
</tr>
<tr>
<td>Proceeds from sales property, plant and equipment</td>
<td>115</td>
<td>31</td>
</tr>
<tr>
<td>Purchase of minority interest</td>
<td>$(8,114)</td>
<td>–</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>$(10,703)</td>
<td>$(1,159)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in debt with affiliates</td>
<td>$(2,712)</td>
<td>44,261</td>
</tr>
<tr>
<td>Increase in interest bearing receivables from affiliates</td>
<td>$(81,434)</td>
<td>$(57,300)</td>
</tr>
<tr>
<td>Proceeds related to third party debt</td>
<td>101</td>
<td>209</td>
</tr>
<tr>
<td>Capital contributions from (dividends to) parent</td>
<td>1,959</td>
<td>677</td>
</tr>
<tr>
<td>Net cash used by financing activities</td>
<td>$(82,086)</td>
<td>$(12,153)</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes on cash and cash equivalents</td>
<td>19,239</td>
<td>10,097</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>15,221</td>
<td>$(8,347)</td>
</tr>
<tr>
<td>Cash and cash equivalents-beginning of period</td>
<td>50,713</td>
<td>68,284</td>
</tr>
<tr>
<td>Cash and cash equivalents-end of period</td>
<td>$ 65,934</td>
<td>$ 59,937</td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements
1. Significant Accounting Policies

Basis of Presentation and Combination

The accompanying interim combined financial statements present the historical financial position, results of operations and cash flows of ABB Lummus Global as conducted by ABB Lummus Global Inc. (“Lummus”) and ABB Oil & Gas Europe B.V. (“Lummus B.V.”) and their respective subsidiaries (the “Company”) which both are indirectly owned by ABB Ltd. (“ABB” or the “Parent”). The Company’s operations include on/near shore engineering, procurement, construction and technology operations and are part of ABB’s Oil, Gas and Petrochemical business (“OGP”). All material intercompany accounts and transactions have been eliminated in combination.

The accompanying interim combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), consistent in all material respects with those applied in the Company’s annual financial statements for the year ended December 31, 2006. Interim financial reporting does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The interim financial information is unaudited, but reflects all adjustments (consisting of normal, recurring adjustments) that are, in the opinion of management, necessary to provide a fair statement of results for the interim periods presented. Operating results for the nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. The financial information included herein should be read in conjunction with the financial statements and notes in the Company’s annual financial statements for the year ended December 31, 2006.

On August 27, 2007, ABB entered into a definitive agreement with a third party to sell the Company. The sale is expected to close in the fourth quarter of 2007.

Revenue Recognition, Contract Accounting and Provision for Losses

The Company recognizes engineering and construction contract revenues using the percentage-of-completion method. The Company principally uses the cost-to-cost method to measure progress towards completion on contracts. Long term contracts typically extend over a period of several months to 5 years.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, including estimates for performance risks and warranties. Certain contracts occasionally allow customers to withhold a certain portion of the contract price until
specific performance requirements are met. Management expects that the majority of the related contracts will be completed and all of the billed amounts retained by the customer will be collected within one year of the balance sheet date.

Provisions for warranties are based on specific project evaluations. Anticipated project warranty costs are recognized in cost of sales in proportion to revenue recognized on the related contracts.

Bid costs are typically expensed, unless the costs are directly associated with a contract and have a future benefit, in which case they are capitalized as a cost of the contract when it is awarded.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. The Company recognized provisions for loss orders in cost of sales for the nine months ended September 30, 2007 and 2006 in the amounts of $1,127 and $49,388, respectively.

Amounts in excess of the agreed contract price, including pending change orders and claims, are included in revenue only if it is probable that the change order or claim will result in additional contract revenue and the amount can be reliably estimated. As of September 30, 2007 and 2006, change orders in excess of the agreed contract price of $561 and $0, respectively, are included in the Company’s costs and estimated earnings in excess of billings on uncompleted contracts in the combined balance sheets. In addition, as of September 30, 2007 and 2006, claims of $978 and $2,698, respectively, are included in the Company’s costs and estimated earnings in excess of billings on uncompleted contracts in the combined balance sheet.

Profit incentives are included in income when their realization is reasonably assured. The Company recognized $559 and $0 in profit incentives for the nine months ended September 30, 2007 and 2006, respectively.

Selling, general and administrative expenses are charged to expense when incurred.
Translation of Foreign Currencies and Foreign Exchange Transactions

The functional currency for most of the Company’s foreign operations is the applicable local currency. The translation from the applicable functional currencies into the Company’s reporting currency (U.S. Dollars) is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for income statement accounts using average rates of exchange prevailing during the period. The resulting translation adjustments are excluded from the determination of earnings and are recognized in accumulated other comprehensive income (loss) until the foreign entity is sold or substantially liquidated.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings except as they relate to intercompany loans that are permanently invested, which are recognized in accumulated other comprehensive income (loss). Foreign currency exchange transaction (losses) gains were $(2,565) and $88 for the nine months ended September 30, 2007 and 2006, respectively, and are included in other income (expense), net in the accompanying interim combined statements of operations.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements and eliminates inconsistencies in guidance found in various prior accounting pronouncements. The statement provides a single definition for fair value that is to be applied consistently for all accounting applications, and also generally describes and prioritizes according to reliability the methods and inputs to be used in valuations. SFAS 157 will be effective for the Company on January 1, 2008. The Company is currently evaluating and assessing the impact of adopting SFAS 157 on its combined financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 allows entities to voluntarily choose, at specified election dates, to measure many financial assets (as well as certain non-financial instruments that are similar to financial instruments) at fair value (the "fair value option"). The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, SFAS 159 specifies that all subsequent changes in fair value for that instrument shall be reported in earnings. SFAS 159 will be effective for the Company on
ABB Lummus Global
Notes to Combined Financial Statements
Unaudited
(U.S. $ In Thousands)

January 1, 2008. The Company is currently evaluating and assessing the impact of adopting SFAS 159 on its combined financial statements.

2. Asbestos Obligations

Lummus had been a co-defendant in a number of lawsuits claiming damages for personal injury resulting from exposure to asbestos. Lummus was included in the initial Pre-Packaged Plan of Reorganization for Combustion Engineering Inc. ("CE Plan"), an affiliate company, which was filed on February 17, 2003. When confirmation of the initial CE Plan was reversed by the Court of Appeals in December 2004, it was determined that Lummus would file its own prepackaged plan of reorganization (the "Lummus Plan").

The Lummus Plan was filed with the U.S. Bankruptcy Court in Delaware (the "Bankruptcy Court") on April 21, 2006. On June 29, 2006, the Bankruptcy Court issued its order confirming the Lummus Plan and recommended that the District Court affirm the Bankruptcy Court’s Order. On August 30, 2006, the District Court’s order affirming confirmation of the Lummus Plan became final, and the Lummus Plan became effective on August 31, 2006 (the "Lummus Plan Effective Date").

The Lummus Plan

The negotiations that led to the Lummus Plan were conducted with representatives of asbestos claimants with pending claims against Lummus and an individual selected by Lummus, and later appointed by the Bankruptcy Court, to represent the interests of its future asbestos claimants (the "Lummus FCR").

Under the terms of the Lummus Plan:

Lummus executed a 6% interest bearing note in the principal amount of $33,000 (the "Lummus Note") payable to a trust created under the Lummus Plan (the "Lummus Asbestos PI Trust"). The Lummus Note is secured by a pledge of 51% of the capital stock of Lummus. Payments under the Lummus Note are guaranteed by ABB and ABB Holdings Inc. Until Lummus’ obligations under the Lummus Note are satisfied, pre-Chapter 11 debt obligations between Lummus and other ABB entities are subordinated to the obligations under the ABB Note, and payments from Lummus to other ABB entities are restricted;

The Lummus Asbestos PI Trust will also be entitled to be paid the first $7,500 in aggregate recoveries from Lummus insurers with the first $5,000 guaranteed. On the
Lummus Plan Effective Date, $5,000, comprised of $1,640 of insurer funding and $3,360 of Lummus funding, was paid to the Lummus Asbestos PI Trust;

A channeling injunction pursuant to Section 524(g) of the U.S. Bankruptcy Code (the “Lummus Channeling Injunction”) was issued pursuant to which all asbestos related claims against Lummus and other ABB entities relating to the operations of Lummus are channeled to the Lummus Asbestos PI Trust; and

If ABB entities or Lummus are found by the Bankruptcy Court to have defaulted in their payment obligations under the Lummus Note, the Lummus Asbestos PI Trust may petition the Bankruptcy Court to terminate the Lummus Channeling Injunction and the protections afforded to Lummus and other ABB entities by that injunction.

The effects of the above transactions on the accompanying combined financial statements are as follows:

<table>
<thead>
<tr>
<th>Nine months ended September 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash payments to:</strong></td>
</tr>
<tr>
<td>Lummus Asbestos PI Trust</td>
</tr>
<tr>
<td>Fees and costs</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

| Asbestos obligations:               |
| Other                               | 1,154    |
| **Total**                           | $ 1,154  |
On May 2, 2007, Lummus paid the outstanding balance of the note due to the Lummus Asbestos PI Trust of $27,600 plus accrued but unpaid interest thereon of $1,112. Security under the Lummus Note was released by the Lummus Asbestos PI Trust. Lummus is an obligor under the Combustion Engineering $204,000 Contribution Agreement (the “Contribution Agreement”) and, together with other ABB entities, is jointly and severally liable for the payment of the $204,000 owed thereunder. That obligation, generally, will become due upon the earlier of April 21, 2008 or a sale of Lummus or substantially all of its assets.

3. Commitments and Contingencies

Guarantees

All guarantees are accounted for in accordance with SFAS No. 5, Accounting for Contingencies (“SFAS 5”) and FASB Interpretation No. 45, Guarantor’s Accounting and Disclosure Requirements for Guarantees; including Indirect Guarantees of Indebtedness of Others (“FIN 45”). Provisions are recognized in the combined financial statements at the time it becomes probable the Company will incur losses pursuant to a guarantee.

Guarantees issued or modified after December 31, 2002 are accounted for in accordance with FIN 45. Upon issuance or modification of certain guarantees, a liability equal to the fair value of the guarantee is recorded.

Third Party Bank Guarantees, Standby Letters of Credit and Surety Bonds

In the ordinary course of business, the Company enters into various agreements providing financial or performance assurances to clients on behalf of certain unconsolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support the project execution commitments of these entities. The guarantees have various expiration dates ranging from mechanical completion of the facilities being constructed to a period extending beyond contract completion in certain circumstances. The maximum potential payment amount of an outstanding performance guarantee generally is the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts. Amounts that may be required to be paid in excess of estimated cost to complete contracts in progress are not estimable. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed under the contract. For lump sum or fixed price contracts, this amount is the cost
to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where cost exceeds the remaining amounts payable under the contract, the Company may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors for claims.

Bank guarantees, standby letters of credit and surety bonds are used by the Company primarily as project related bid, performance, advance payment and retention guarantees. In some instances, they are used for tax, customs and other miscellaneous reasons. Based on project contractual requirements, performance guarantees are generally required at or near the start of the project and extend through warranty periods or to final acceptance. Advance payment and retention guarantees are a means of improving cash flow by providing a guarantee for the receipt of cash. Advance payment and retention bonds generally offset each other. With a few exceptions, the guarantees are confirmed and unconditional, which allows the beneficiary to draw against them, with little or no notice and limited recourse, other than to the courts after the fact.

The following table provides quantitative data regarding the Company’s third-party bank guarantees, standby letters of credit and surety bonds as of September 30, 2007. The reported amount of the guarantees represents a maximum amount and does not reflect the Company’s expected results. The guarantee values reported typically quantify the maximum contractual loss amount, irrespective of the percentage-of-completion of the projects. In addition, any counter guarantees given by joint venture partners are not netted against the maximum contractual loss amount. Consequently, the underlying commercial exposure could be substantially lower than the reported values.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantees</td>
<td>$175,201</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>28,823</td>
</tr>
<tr>
<td>Surety bonds</td>
<td>14,907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$218,931</strong></td>
</tr>
</tbody>
</table>

**ABB Affiliate Guarantees**

ABB affiliate guarantees are required by clients of the Company who, in support of a specific project, want a degree of assurance that in the event the Company is unable to perform the work for which it was contracted, they have a mechanism to enforce performance. This is exclusive of, and additional to, any other remedies that might be available under the contract and/or performance provided under the contract. ABB affiliate guarantees generally do not have a
specific monetary value. Most ABB affiliate guarantees expire upon the fulfillment of all contractual obligations although some are date specific and generally coincide with the expiration of warranty periods or at final acceptance.

**Contract Litigation**

The Company is involved in litigation and is contingently liable for commitments and performance guarantees arising in the ordinary course of business. Customers have made claims arising from engineering and construction contracts against the Company, provisions for which are recognized in accordance with SFAS 5. The Company also has certain claims against customers for costs incurred in excess of the current contract provisions. In the normal course of business, the Company records claims against customers in accordance with the AICPA’s Statement of Position No. 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type and Contracts*.

**Liquidated Damages**

Many of the Company’s contracts have milestone due dates that must be met or the Company may be subject to liquidated damages (“LDs”) if claims are asserted by the customer and the Company is determined to be responsible for the delays. These generally relate to specified activities within a project by a set contractual date or to a certain level of output or throughput of a plant constructed by the Company. Each contract defines the conditions under which a customer may make a claim for LDs.

**Contingent Liabilities and Significant Provisions for Contract Losses**

The Company and certain of its subsidiaries are involved in litigation in the ordinary course of business. The Company and certain of its subsidiaries are contingently liable for commitments and performance guarantees arising in the ordinary course of business. Clients have made claims arising from engineering and construction contracts against the Company, and the Company has made claims against clients for costs incurred in excess of the current contract provisions. Recognized claims against clients are included in costs and estimated earnings in excess of billings on uncompleted contracts in the accompanying combined balance sheet. Amounts ultimately realized from claims could differ materially from the balances included in the combined financial statements.
Khuff

The project is for the design, procurement and construction of a new offshore platform complex in Abu Dhabi for Abu Dhabi Marine Operating Company (majority shareholder is Abu Dhabi National Oil Company (“ADNOC”). The project was awarded in July 2000, and was physically completed in 2005. The acceptance certificate, however, has not yet been signed.

The project was executed in partnership with National Petroleum Construction Company, (“NPCC”) which is 70% owned by ADNOC. The Company was responsible for the detailed engineering, and NPCC was responsible for the construction in Abu Dhabi. The risks relating to the materials and equipment procurement were equally split between the Company and NPCC.

Certain change orders have not been signed by the client because the client is waiting for budget approval from its principal shareholder, ADNOC. One unsigned change order relates to commissioning services but also includes the revision of the project schedule and the identification of new milestones. The Company has received $17,000 as an interim payment relating to commissioning services following a memorandum of understanding, which the customer has not yet signed.

For the nine months ended September 30, 2006, profit of $1,564 was recognized. As the acceptance certificate and change orders have not been signed by the client, the Company is subject to potential claims by the client. No provision has been made for any such claims, as management believes they would be without merit and that a loss is not probable as of September 30, 2007.

Rio Polimeros

Rio Polimeros S.A. (“Rio Pol”) is a special purpose company formed by Banco National do Desenvolvimento Economico e Social Participacoes S.A. (the equity investment arm of Brazilian development bank Banco National do Desenvolvimento Economico e Social (“BNDES”), 16.7%, Suzano Petroquimicas S.A., 33.3%, Uniao de Industrials Petroquimicas, 33.3%, and Petroleo Brasileiro S.A., 16.7%, to build an ethylene and polyethylene complex in Brazil. The project is being financed by export credit agencies of three countries: United States of America (Export-Import Bank of the United States, Italy (SACE S.p.A.) and Brazil (BNDES).

The project was executed by a joint venture consisting of Lummus and Snamprogetti S.p.A. (“JV”). Each joint venture partner executed its respective engineering and procurement services
portion of the project on a lump sum basis, and the remaining scope on a 50/50 joint venture basis. The cost of equipment and materials was shared on a 50/50 basis.

Project construction was negatively impacted by cost overruns associated with site conditions and labor issues, resulting in significant delays and late delivery penalties.

The JV filed claims against Rio Pol and Rio Pol filed claims against the JV for LDs and excessive flaring during prolonged start-up. The parties in early 2007 reached agreement on terms of a settlement. The agreement resulted in the Company recognized an additional provision of $23,000 as of December 31, 2006 for its share of the settlement cost. The settlement agreement was finalized in July 2007.

In conjunction with this project, the JV received notice that the Brazilian Department of Foreign Commerce declared that the exemption of import duties on equipment and materials for projects beneficial to the industrialization of the country (Law 8032) was, based in part on the advice of counsel, null and void with retroactive effect. The exposure to the JV is estimated at $100,000, including interest and penalties. The Company’s share is 50%. Management does not believe that the JV will be held liable for the duty and, accordingly, no provision for this issue has been recognized.

**Westlake**

The Westlake refinery project in Louisiana experienced significant manpower shortages and labor cost increases after hurricanes Katrina and Rita in August and September 2005.

Recovery of the higher costs was not possible on this lump sum contract. The project was completed in the second quarter of 2007 with a project loss of $26,419 recognized in 2006. On September 6, 2007, a settlement agreement was reached with Performance Contractors, Inc., the original construction subcontractor. As a result of the settlement, the Company recognized $3,200 as an additional expense in the period ended September 30, 2007. Unapproved change orders for which revenue has not been recognized are currently being negotiated.

**Other Project and Order Related Contingencies**

Provisions for warranties pursuant to contracts are calculated based on historical claims experience and specific reviews of certain contracts.
ABB Lummus Global
Notes to Combined Financial Statements
Unaudited
(U.S. $ In Thousands)

Balance at December 31, 2006 $26,281
Increase (decrease) due to changes in estimates and progress payments (2,201)
Claims paid in cash or kind (4,700)
Translation adjustments 889

Balance at September 30, 2007 $20,269

Environmental Liabilities

The Company is subject to environmental, legal and regulatory requirements related to its operations worldwide. In addition to the United States federal laws and regulations, states where the Company conducts business may have equivalent laws and regulations by which the Company must also abide. The Company takes an active approach in evaluating and addressing the environmental impact of its operations by assessing and remediating contaminations in order to avoid future liabilities and comply with legal and regulatory requirements. Costs related to these requirements have not been significant. Management does not expect that future costs will have a materially adverse impact on the company’s combined financial statements.

Future Purchase Commitments

Future purchase commitments relate mainly to purchases from subcontractors and vendors for contracts with customers. Subcontracts and purchase orders are placed to support project specific material or subcontract needs and are not bought for stock or possible future requirements. Each underlying contract has a cancellation clause that requires the customer to reimburse material/subcontract costs incurred but not paid, including cancellation costs plus shutdown costs. The subcontract/vendor agreements have similar terms and conditions. It is unlikely that these costs will be incurred and, if incurred, they will be passed through to the customer. The Company believes the costs of these future obligations are not material.

Other

The Company is a party to various legal proceedings in the ordinary course of business that have not been fully adjudicated. The Company expenses the cost of legal fees related to these proceedings as incurred. It is not possible at this time for the Company to predict the outcome of such litigation. However, management is of the opinion that it is unlikely that any liability to the extent not provided for through insurance or otherwise, would have a material adverse effect on the combined financial statements.
4. Income Taxes

The Company recognized an income tax provision of $12,426 and $3,736 for the nine months ended September 30, 2007 and 2006, respectively. The difference between the U.S. statutory tax rate and the estimated effective tax rate in 2007 and 2006 was primarily related to the change in the valuation allowance on deferred taxes and foreign tax rates different than the U.S. statutory tax rate.

In 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109, Accounting for Income Taxes” (“FIN 48”). FIN 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The Company adopted the provisions of FIN 48 effective January 1, 2007, and there was no impact on the Company’s combined financial statements.

The principal components of the deferred tax assets are net operating loss carryforwards and accrued liabilities.

The Company’s U.S. and The Netherlands entities both maintained valuation allowances on their deferred tax assets.
Tax years subject to audit are:

<table>
<thead>
<tr>
<th>Country</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>2004 - present</td>
</tr>
<tr>
<td>Germany</td>
<td>2002 - present</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1999 - present</td>
</tr>
</tbody>
</table>

The U.S. net operating loss carried forward is subject to examination until the three years after its utilization against taxable income. Utilization of tax losses in all jurisdictions may be limited under local tax laws.

The Netherlands fiscal unity has tax loss carry forwards of approximately $280,000. These tax losses will expire if not utilized between 2011 and 2014.

The German entities have approximately $66,000 in tax loss carry forwards that have no expiration and can be carried forward indefinitely.

The U.S. entities have approximately $329,000 in net operating loss carry forwards. The net operating loss carry forwards will expire if not utilized between 2007 and 2026. As of December 31, 2006, the U.S. entities have research and development carry forward credits of $2,900, which will expire between 2007 and 2026.

During the nine months ended September 30, 2007, the Company recorded approximately $140,000 of additional U.S. net operating losses primarily related to a worthless stock deduction associated with its Brazilian entity.
5. Employee Benefit Plans

The following table provides contribution information for our defined benefit plans as of September 30, 2007:

<table>
<thead>
<tr>
<th>Contributions made through September 30, 2007</th>
<th>Defined Benefit Plans</th>
<th>Other Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,569</td>
<td>$1,628</td>
<td></td>
</tr>
</tbody>
</table>

| Remaining contributions expected for 2007 | 1,892 | 543 |

| Total contributions expected for 2007 | $10,461 | $2,171 |

**Components of Net Periodic Benefit Cost**

<table>
<thead>
<tr>
<th>Nine months ended September 30</th>
<th>Defined Benefit Plans</th>
<th>Other Postretirement Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$5,567</td>
<td>$57</td>
</tr>
<tr>
<td>Interest cost</td>
<td>12,505</td>
<td>963</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(11,535)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>12</td>
<td>267</td>
</tr>
<tr>
<td>Recognized net actuarial loss</td>
<td>849</td>
<td>636</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>$7,398</td>
<td>$1,923</td>
</tr>
</tbody>
</table>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document
6. Segment, Geographical and Customer Concentration

The Company’s operations consist of two segments, Engineering, Procurement and Construction (EPC) and Process Technology (PT). Both segments serve the downstream oil, gas and petrochemical industries through design and supply of production facilities, refineries and petrochemical plants. EPC revenues are generated by providing engineering, procurement and construction services and project management services. PT generates revenues by providing engineering services and technology licensing.

Intersegment revenues that have been eliminated for the nine months ended September 30, 2007 and 2006 were approximately $20,692 and $30,141, respectively.

<table>
<thead>
<tr>
<th>Nine months ended September 30, 2007</th>
<th>EPC</th>
<th>PT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues – third party</td>
<td>$435,967</td>
<td>$290,794</td>
<td>$726,761</td>
</tr>
<tr>
<td>Revenues – ABB Group</td>
<td>1,598</td>
<td>168</td>
<td>1,766</td>
</tr>
<tr>
<td>Total</td>
<td>$437,565</td>
<td>$290,962</td>
<td>$728,527</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$(15,018)</td>
<td>$68,848</td>
<td>$53,830</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$875,629</td>
<td>$512,453</td>
<td>$1,388,082</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nine months ended September 30, 2006</th>
<th>EPC</th>
<th>PT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues – third party</td>
<td>$545,551</td>
<td>$182,167</td>
<td>$727,718</td>
</tr>
<tr>
<td>Revenues – ABB Group</td>
<td>1,472</td>
<td>700</td>
<td>2,172</td>
</tr>
<tr>
<td>Total</td>
<td>$547,023</td>
<td>$182,867</td>
<td>$729,890</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$(55,670)</td>
<td>$46,695</td>
<td>$(8,975)</td>
</tr>
</tbody>
</table>
ABB Lummus Global
Notes to Combined Financial Statements
Unaudited
(U.S. $ In Thousands)

7. Minority Interests

<table>
<thead>
<tr>
<th></th>
<th>Novolen Technology Holdings CV</th>
<th>Lummus Alireza Limited Co</th>
<th>PIL JV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2006</td>
<td>$14,377</td>
<td>$79</td>
<td>$1,126</td>
<td>$15,582</td>
</tr>
<tr>
<td>Earnings</td>
<td>1,009</td>
<td>–</td>
<td>251</td>
<td>1,260</td>
</tr>
<tr>
<td>Distributions</td>
<td>–</td>
<td>–</td>
<td>(1,000)</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Purchase of Minority Interest</td>
<td>(15,386 )</td>
<td>(40 )</td>
<td>–</td>
<td>(15,426)</td>
</tr>
<tr>
<td>September 30, 2007</td>
<td>$0</td>
<td>$39</td>
<td>$377</td>
<td>$416</td>
</tr>
</tbody>
</table>

Minority Interest %

On May 16, 2007, the Company agreed to acquire the remaining interest in Novolen Technology Holdings CV (Novolen) from Equistar Polypropylene LLC, which represented an incremental 17.73% interest in Novolen, for $15,386. The purchase price was $8,114 in cash plus novation of a note obligation from Equistar to ABB Oil and Gas Europe BV in the amount of $3,507. The difference between the purchase price and the carrying value of the increased interest in Novolen was recorded as a reduction of goodwill. Equistar made a strategic decision to exit the polypropylene business as it did not want to participate in the relocation of Novolen to Germany. Novolen financial results are fully combined into the results of the interim financial statements of ABB Lummus Global for all periods presented.
UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA

The following unaudited pro forma condensed combined financial information gives effect to the acquisition of Lummus Global by Chicago Bridge & Iron Company, N.V. ("CB&I"), accounted for as a business combination using the purchase method of accounting. The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based on management’s preliminary valuation. The estimates and assumptions are subject to change upon the finalization of valuations, which are contingent upon appraisals of property, plant and equipment, identifiable intangible assets, actuarial valuations of employee benefit plans and adjustments to contract-related and other accounts. Revisions to the preliminary purchase price allocation could result in significant deviations from these pro forma results.

The historical results of operations included in the unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2007 were derived from the unaudited financial statements of each entity as described above. The historical results of operations included in the unaudited pro forma condensed combined statement of income for the fiscal year ended December 31, 2006 were derived from the audited financial statements of each entity. For CB&I, this information was derived from its annual report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2007. For Lummus Global, this information is included in exhibit 99.2 herein.

The historical consolidated balance sheets of CB&I and Lummus Global included in the unaudited pro forma condensed combined balance sheet were derived from the unaudited financial statements of each entity. For CB&I, this information was derived from its quarterly report on Form 10-Q filed with the Securities and Exchange Commission on October 31, 2007. For Lummus Global, this information is included in exhibit 99.2 herein.

This unaudited pro forma combined financial information has been prepared by CB&I management for illustrative purposes only. The unaudited pro forma combined financial statements are not intended to represent or be indicative of the financial position or results of operations in future periods or the results that actually would have been realized had CB&I and Lummus Global been a combined company during the specified periods. Additionally, classifications of certain financial accounts of the acquired company may differ from those of CB&I. The unaudited pro forma combined financial statements assume the acquisition is financed with a combination of cash, borrowings under our credit facility and new term debt. The unaudited pro forma combined financial information, including the notes thereto, is qualified in its entirety by reference to, and should be read in conjunction with, the historical consolidated financial statements of Lummus Global included in exhibit 99.2 herein and in CB&I’s Form 10-K filed with the Securities Exchange Commission on March 1, 2007 and Form 10-Q filed with the Securities and Exchange Commission on October 31, 2007.
# Chicago Bridge & Iron Company N.V. and Subsidiaries

Unaudited Pro Forma Condensed Combined Statement of Income

For the Year Ended December 31, 2006

(amounts in thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>CB&amp;I</th>
<th>Lummus</th>
<th>Pro Forma Adjustments</th>
<th>Pro Forma Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$3,125,307</td>
<td>$988,362</td>
<td>$-</td>
<td>$4,113,669</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(2,843,554)</td>
<td>(931,662)</td>
<td>-</td>
<td>(3,775,216)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>281,753</td>
<td>56,700</td>
<td>-</td>
<td>338,453</td>
</tr>
<tr>
<td><strong>Selling and administrative expenses</strong></td>
<td>(133,769)</td>
<td>(109,456)</td>
<td>(2,000) (a)</td>
<td>(245,225)</td>
</tr>
<tr>
<td><strong>Intangibles amortization</strong></td>
<td>(1,572)</td>
<td>(3,733)</td>
<td>(21,267) (b)</td>
<td>(26,572)</td>
</tr>
<tr>
<td><strong>Earnings of investees accounted for by the equity method</strong></td>
<td>-</td>
<td>11,731</td>
<td>-</td>
<td>11,731</td>
</tr>
<tr>
<td><strong>Other operating (loss)/income</strong></td>
<td>(773)</td>
<td>1,163</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>145,639</td>
<td>(43,595)</td>
<td>(23,267) (c)</td>
<td>78,777</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(4,751)</td>
<td>(37,067)</td>
<td>(4,183) (c)</td>
<td>(46,001)</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>20,420</td>
<td>5,947</td>
<td>(24,197) (d)</td>
<td>2,170</td>
</tr>
<tr>
<td><strong>Income (loss) before taxes and minority interest</strong></td>
<td>161,308</td>
<td>(74,715)</td>
<td>(51,647) (e)</td>
<td>34,946</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(38,127)</td>
<td>(4,638)</td>
<td>47,370 (e)</td>
<td>4,605</td>
</tr>
<tr>
<td><strong>Income before minority interest</strong></td>
<td>123,181</td>
<td>(79,353)</td>
<td>(4,277) (e)</td>
<td>39,551</td>
</tr>
<tr>
<td><strong>Minority interest in income</strong></td>
<td>(6,213)</td>
<td>(620)</td>
<td>-</td>
<td>(6,833)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$116,968</td>
<td>$(79,973)</td>
<td>$(4,277) (e)</td>
<td>$32,718</td>
</tr>
</tbody>
</table>

**Net income per share**

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic</strong></td>
<td>$1.21</td>
<td>$0.34</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td>$1.19</td>
<td>$0.33</td>
</tr>
</tbody>
</table>

### Chicago Bridge & Iron Company N.V. and Subsidiaries
### Unaudited Pro Forma Condensed Combined Statement of Income
### For the Nine Months Ended September 30, 2007
**(Amounts in thousands, except per share data)**

<table>
<thead>
<tr>
<th></th>
<th>Pro Forma Adjustments</th>
<th>Pro Forma Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>CB&amp;I: $3,040,424</td>
<td>$728,527</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(2,787,550)</td>
<td>(570,459)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>252,874</td>
<td>158,068</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>(103,822 )</td>
<td>(84,473 )</td>
</tr>
<tr>
<td>Intangibles amortization</td>
<td>(396 )</td>
<td>(1,120 )</td>
</tr>
<tr>
<td>Earnings of investees accounted for by the equity method</td>
<td>-</td>
<td>17,877</td>
</tr>
<tr>
<td>Other operating income/(loss), net</td>
<td>32</td>
<td>(4,010 )</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>148,688</td>
<td>86,342</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,980 )</td>
<td>(27,253 )</td>
</tr>
<tr>
<td>Interest income</td>
<td>24,420</td>
<td>8,427</td>
</tr>
<tr>
<td><strong>Income before taxes and minority interest</strong></td>
<td>170,128</td>
<td>67,516</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(44,233 )</td>
<td>(12,426 )</td>
</tr>
<tr>
<td><strong>Income before minority interest</strong></td>
<td>125,895</td>
<td>55,090</td>
</tr>
<tr>
<td>Minority interest in income</td>
<td>(4,446 )</td>
<td>(1,260 )</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$121,449</td>
<td>$53,830</td>
</tr>
</tbody>
</table>

**Net income per share**

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>$1.27</td>
<td>$1.46</td>
</tr>
</tbody>
</table>

(a) To record additional estimated depreciation expense for a property, plant and equipment fair value adjustment of $10,000 with average depreciable lives of five years, based upon preliminary valuation information.

Based on preliminary valuation information, the acquired identifiable intangibles are estimated to have a fair value of approximately $300,000 and estimated average economic lives ranging from 3 to 20 years. The pro forma adjustments reflect the incremental amortization to bring the Lummus Global amortization to a total of $25,000 for the year ended December 31, 2006, and $18,750 for the nine months ended September 30, 2007. When completed, the final valuation may differ in both the amount and the estimated economic lives described above.

To eliminate the historical interest expense of Lummus Global and record interest expense of $41,250 for the year ended December 31, 2006 and $15,750 for the nine months ended September 30, 2007, reflecting the additional borrowings as follows: For 2007:

- Draw on revolving credit facility of $100,000 with associated interest expense at 7.0%;
- New term debt of $200,000 with associated interest expense at 7.0%.

For 2006:

- Draw on revolving credit facility of $350,000 with associated interest expense at 7.5%;
- New term debt of $200,000 with associated interest expense at 7.5%.

To eliminate the historical interest income of Lummus Global and reflect the loss of interest income from an assumed cash portion of purchase price of $615,000 for 2007 and $365,000 for 2006, both at 5%. The assumed cash portion of the purchase price differs for each period as a result of differences in available cash at the beginning of each period.

To reflect the tax effect of the above noted adjustments at the United States statutory rate of 35% and tax effect the historical results of Lummus Global at an estimated 33% effective tax rate.
Chicago Bridge & Iron Company N.V. and Subsidiaries  
Unaudited Pro Forma Condensed Combined Balance Sheet  
As of September 30, 2007  
(Amounts in thousands)  

<table>
<thead>
<tr>
<th>Assets</th>
<th>CB&amp;I</th>
<th>Lummus</th>
<th>Pro Forma Adjustments</th>
<th>Pro Forma Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$580,789</td>
<td>$65,934</td>
<td>($590,000)(a)</td>
<td>$56,723</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>160,537</td>
<td>–</td>
<td></td>
<td>160,537</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts</td>
<td>537,442</td>
<td>196,375</td>
<td></td>
<td>733,817</td>
</tr>
<tr>
<td>Contracts in progress with costs and estimated earnings exceeding related progress billings</td>
<td>215,122</td>
<td>450,298</td>
<td></td>
<td>665,420</td>
</tr>
<tr>
<td>Other current assets</td>
<td>115,362</td>
<td>21,457</td>
<td></td>
<td>136,819</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,609,252</td>
<td>734,064</td>
<td>($590,000)</td>
<td>1,753,316</td>
</tr>
<tr>
<td>Investments</td>
<td>–</td>
<td>97,625</td>
<td></td>
<td>97,625</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>231,232</td>
<td>10,060</td>
<td>9,940 (c)</td>
<td>251,232</td>
</tr>
<tr>
<td>Goodwill</td>
<td>228,296</td>
<td>217,936</td>
<td>508,646 (d)</td>
<td>954,878</td>
</tr>
<tr>
<td>Other intangibles, net of accumulated amortization</td>
<td>25,694</td>
<td>20,901</td>
<td>279,099 (d)</td>
<td>325,694</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>32,048</td>
<td>36,380</td>
<td></td>
<td>68,428</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$2,126,522</td>
<td>$1,116,966</td>
<td></td>
<td>$3,451,173</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net affiliate balance</td>
<td>$–</td>
<td>$262,562</td>
<td>($262,562)(b)</td>
<td>$–</td>
</tr>
<tr>
<td>Current maturity of long-term debt</td>
<td>–</td>
<td>200</td>
<td>100,000 (a)</td>
<td>100,200</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>456,139</td>
<td>139,110</td>
<td></td>
<td>595,249</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>175,478</td>
<td>623,273</td>
<td>(17,600 ) (b)</td>
<td>781,151</td>
</tr>
<tr>
<td>Contracts in progress with progress billings exceeding related costs and estimated earnings</td>
<td>699,578</td>
<td>170,862</td>
<td></td>
<td>870,440</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>15,941</td>
<td>–</td>
<td></td>
<td>15,941</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,347,136</td>
<td>1,196,007</td>
<td>(180,162)</td>
<td>2,362,981</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>–</td>
<td>169</td>
<td>200,000 (a)</td>
<td>200,169</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>97,030</td>
<td>94,382</td>
<td></td>
<td>191,412</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>–</td>
<td>13,839</td>
<td></td>
<td>13,839</td>
</tr>
<tr>
<td>Minority interest in subsidiaries</td>
<td>10,057</td>
<td>416</td>
<td></td>
<td>10,473</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,454,223</td>
<td>1,304,813</td>
<td>19,838</td>
<td>2,778,874</td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>1,154</td>
<td>12,429</td>
<td>(12,429 ) (e)</td>
<td>1,154</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>353,136</td>
<td>–</td>
<td></td>
<td>353,136</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>400,504</td>
<td>(128,492 )</td>
<td>128,492 (e)</td>
<td>400,504</td>
</tr>
<tr>
<td>Stock held in Trust</td>
<td>(21,633 )</td>
<td>–</td>
<td>(21,633 )</td>
<td></td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>(74,371 )</td>
<td>–</td>
<td>(74,371 )</td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>13,509</td>
<td>(71,784 )</td>
<td>71,784 (e)</td>
<td>13,509</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>672,299</td>
<td>(187,847)</td>
<td>187,847 (e)</td>
<td>672,299</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$2,126,522</td>
<td>$1,116,966</td>
<td>$207,685 (e)</td>
<td>$3,451,173</td>
</tr>
</tbody>
</table>

(a) At September 30, 2007, the approximate net cash purchase price of $825,000 was assumed to be funded as follows:

- Cash consideration: $590,000
- Draw on revolving credit facility: $100,000
- New term debt: $200,000
- Acquired cash balance: $(65,000)
(b) The elimination of Lummus Global’s net receivables and payables with its parent company, which was paid in connection with the acquisition and the elimination of accrued liabilities that remained with the seller.

c) To record the write-up of fixed assets, based on preliminary valuation information, to their fair value. This write-up will be depreciated over 5 years.
The elimination of Lummus Global’s historical goodwill and other intangible assets and the recognition of goodwill and identifiable intangible assets, based upon preliminary valuation information, in connection with the acquisition, inclusive of acquisition-related costs.

The elimination of Lummus Global’s historical stockholder’s equity.
TERM LOAN AGREEMENT

Dated as of November 9, 2007

among

CHICAGO BRIDGE & IRON COMPANY N.V., AS A GUARANTOR

CHICAGO BRIDGE & IRON COMPANY AS THE BORROWER,

THE INSTITUTIONS FROM TIME TO TIME PARTIES HERETO AS LENDERS

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Administrative Agent

and

BANK OF AMERICA, N.A.,
as Syndication Agent

and

THE ROYAL BANK OF SCOTLAND plc, WELLS FARGO BANK, N.A. AND CALYON
NEW YORK BRANCH,
as Documentation Agents

J.P. MORGAN SECURITIES INC. and BANC OF AMERICA SECURITIES LLC,
as Joint Lead Arrangers and Joint Book Runners
# TABLE OF CONTENTS

## ARTICLE I: DEFINITIONS

1.1. Certain Defined Terms 1
1.2. Singular/Plural References; Accounting Terms 23
1.3. References 23
1.4. Supplemental Disclosure 23

## ARTICLE II: TERM LOAN FACILITY

2.1. Term Loan Facility 24
2.2. Repayments 24
2.3. Rate Options for all Advances; Maximum Interest Periods 24
2.4. Optional Payments 24
2.5. [RESERVED] 25
2.6. Method of Borrowing 25
2.7. Method of Selecting Types and Interest Periods for Advances 25
2.8. [RESERVED] 25
2.9. Method of Selecting Types and Interest Periods for Conversion and Continuation of Advances 25
2.10. Default Rate 26
2.11. Method of Payment 26
2.12. Evidence of Debt 27
2.13. Telephonic Notices 28
2.14. Promise to Pay; Interest and Ticking Fees; Interest Payment Dates; Interest and Fee Basis; Taxes; Loan and Control Accounts 28
2.15. Notification of Advances, Interest Rates and Prepayments 33
2.16. Lending Installations 34
2.17. Non-Receipt of Funds by the Administrative Agent 34
2.18. Termination Date 34
2.19. Replacement of Certain Lenders 34
2.20. Judgment Currency 35

## ARTICLE III: [RESERVED]

36

## ARTICLE IV: CHANGE IN CIRCUMSTANCES

4.1. Yield Protection 36
4.2. Changes in Capital Adequacy Regulations 37
4.3. Availability of Types of Advances 37
4.4. Funding Indemnification 38
4.5. Lender Statements; Survival of Indemnity 38

## ARTICLE V: CONDITIONS PRECEDENT

5.1. Initial Advances 38
5.2. Loans 39
EXHIBITS AND SCHEDULES

Exhibits

EXHIBIT A — Commitments (Definitions)
EXHIBIT B — Form of Borrowing/Election Notice (Section 2.7)
EXHIBIT C — RESERVED
EXHIBIT D — Form of Assignment and Acceptance Agreement (Sections 2.19 and 14.3)
EXHIBIT E-1 — Form of Borrower’s US Counsel’s Opinion (Section 5.1)
EXHIBIT E-2 — Form of Borrower’s Foreign Counsel’s Opinion (Section 5.1)
EXHIBIT E-3 — List of Closing Documents (Section 5.1)
EXHIBIT F — Form of Officer’s Certificate (Section 7.1(A)(iii))
EXHIBIT G — Form of Compliance Certificate (Section 7.1(A)(iii))
EXHIBIT H — Form of Subsidiary Guaranty (Definitions)
EXHIBIT I — Form of Note
EXHIBIT J — Form of Designation Agreement (Section 14.3(D))

Schedules

Schedule 1.1.1 — Permitted Existing Indebtedness (Definitions)
Schedule 1.1.2 — Permitted Existing Investments (Definitions)
Schedule 1.1.3 — Permitted Existing Liens (Definitions)
Schedule 1.1.4 — Permitted Existing Contingent Obligations (Definitions)
Schedule 1.1.5 — Material Subsidiaries and Foreign Subsidiaries that are not Excluded Foreign Subsidiaries
Schedule 6.4 — Pro Forma Financial Statements (Section 6.4(A))
Schedule 6.7 — FTC Litigation (Section 6.7)
Schedule 6.8 — Subsidiaries (Section 6.8)
Schedule 6.9 — ERISA (Section 6.9)
Schedule 6.17 — Environmental Matters (Section 6.17)
Schedule 7.3(N) — Subsidiary Covenants (Section 7.3(N))
Schedule 7.3(S) — Permitted Restricted Payments (Section 7.3(S))

vi
TERM LOAN AGREEMENT

This Term Loan Agreement dated as of November 9, 2007 is entered into among Chicago Bridge & Iron Company N.V., a naamloze vennootschap organized under the laws of The Kingdom of the Netherlands (the “Company”), Chicago Bridge & Iron Company, a Delaware corporation (the “Borrower”), the institutions from time to time parties hereto as Lenders, whether by execution of this Agreement or an Assignment Agreement pursuant to Section 14.3, and JPMorgan Chase Bank, National Association, in its capacity as contractual representative (the “Administrative Agent”) for itself and the other Lenders. The parties hereto agree as follows:

ARTICLE I: DEFINITIONS

1.1. Certain Defined Terms. In addition to the terms defined above, the following terms used in this Agreement shall have the following meanings, applicable both to the singular and the plural forms of the terms defined as used in this Agreement:

“Accounting Changes” is defined in Section 11.9.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any Person, firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding Equity Interests of another Person.

“Adjusted Indebtedness” of a Person means, without duplication, such Person’s Indebtedness but excluding obligations with respect to (i) the undrawn portion of any Performance Letters of Credit, bank guarantees supporting obligations comparable to those supported by Performance Letters of Credit and all reimbursement agreements related thereto, (ii) liabilities of such Person or any of its Subsidiaries under any sale and leaseback transaction which do not create a liability on the consolidated balance sheet of such Person and (iii) payment or other obligations to Praxair or its Affiliates in respect of employee benefits under the Employee Benefits Disaffiliation Agreement dated January 1, 1997, between Chicago Bridge & Iron Company and Praxair, as amended from time to time.

“Administrative Agent” means JPMorgan in its capacity as contractual representative for itself and the Lenders pursuant to Article XII hereof and any successor Administrative Agent appointed pursuant to Article XII hereof.

“Advance” means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Lenders to the Borrower of the same Type and, in the case of Eurodollar Rate Advances for the same Interest Period.
“Affected Lender” is defined in Section 2.19.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of greater than ten percent (10.0%) or more of any class of voting securities (or other voting interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of Capital Stock, by contract or otherwise.

“Aggregate Commitment” means the aggregate of the Commitments of all the Lenders, as may be adjusted from time to time pursuant to the terms hereof. The Aggregate Commitment as of the Closing Date is Two Hundred Million Dollars ($200,000,000).

“Agreement” means this Term Loan Agreement, as it may be amended, restated or otherwise modified and in effect from time to time.

“Agreement Accounting Principles” means generally accepted accounting principles as in effect in the United States from time to time, applied in a manner consistent with that used in preparing the financial statements of the Company referred to in Section 6.4(B) hereof; provided, however, except as provided in Section 11.9, that with respect to the calculation of financial ratios and other financial tests required by this Agreement, “Agreement Accounting Principles” means generally accepted accounting principles as in effect in the United States as of the date of this Agreement, applied in a manner consistent with that used in preparing the financial statements of the Company referred to in Section 6.4(B) hereof.

“Alternate Base Rate” means, for any day, a fluctuating rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of (a) the Federal Funds Effective Rate for such day and (b) one-half of one percent (0.5%) per annum.

“Applicable Eurodollar Margin” means, as at any date of determination, the rate per annum then applicable to Eurodollar Rate Loans determined in accordance with the provisions of Section 2.14(D)(ii) hereof.

“Applicable Floating Rate Margin” means, as at any date of determination, the rate per annum then applicable to Floating Rate Loans, determined in accordance with the provisions of Section 2.14(D)(ii) hereof.

“Applicable Ticking Fee Percentage” means, as at any date of determination, the rate per annum then applicable in the determination of the amount payable under Section 2.14(C)(i) hereof determined in accordance with the provisions of Section 2.14(D)(ii) hereof.

“Arrangers” means JPMSI and BAS, in their respective capacities as the arrangers for the credit transaction evidenced by this Agreement.

“Asset Sale” means, with respect to any Person, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a sale-leaseback transaction, and including the sale or other transfer of any of the Equity Interests of
any Subsidiary of such Person, but not the Equity Interests of such Person) to any Person other than the Company or any of its wholly-owned Subsidiaries other than (i) the sale of inventory in the ordinary course of business and (ii) the sale or other disposition of any obsolete equipment disposed of in the ordinary course of business.

“Assignment Agreement” means an assignment and acceptance agreement entered into in connection with an assignment pursuant to Section 14.3 hereof in substantially the form of Exhibit D.

“Authorized Officer” means the Managing Director of the Company, or such other Person as authorized by such Managing Director or, in the case of the Borrower, its Board of Directors, acting singly; provided, that the Administrative Agent shall have received a manually signed certificate of the Secretary of the Company and the Borrower as to the incumbency of, and bearing a manual specimen signature of, such duly authorized Person.

“Bank Undertaking” means an independent undertaking (within the meaning of, and complying with the requirements of, 12 C.F.R §§7.1016 or 7.1017) of an issuer thereof as to which such issuer’s obligation to honor depends upon the presentation of specified documents and not upon nondocumentary conditions or any question or fact or law.

“BAS” means Banc of America Securities LLC, and its successors.

“Benefit Plan” means a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan or Foreign Pension Plan) in respect of which the Company or any other member of the Controlled Group is, or within the immediately preceding six (6) years was, an “employer” as defined in Section 3(5) of ERISA.

“Borrower” is defined in the introductory paragraph hereof, together with its permitted successors and assigns.

“Borrowing Date” means a date on which the Loans are made hereunder, which date must occur by no later than December 31, 2007 as required by Section 5.2(C).

“Borrowing/Election Notice” is defined in Section 2.7.

“Business Day” means (i) with respect to any borrowing, payment or rate selection of Loans bearing interest at the Eurodollar Rate, a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois and New York, New York and on which dealings in Dollars are carried on in the London interbank market and (ii) for all other purposes a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois and New York, New York.

“Capital Stock” means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.
“Capitalized Lease” of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Cash Equivalents” means (i) marketable direct obligations issued or unconditionally guaranteed by the United States government and backed by the full faith and credit of the United States government; (ii) domestic and Eurodollar certificates of deposit and time deposits, bankers’ acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, the long-term indebtedness of which institution at the time of acquisition is rated A- (or better) by S&P or A3 (or better) by Moody’s, and which certificates of deposit and time deposits are fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days; (iii) shares of money market, mutual or similar funds having assets in excess of $100,000,000 and the investments of which are limited to (x) investment grade securities (i.e., securities rated at least Baa by Moody’s or at least BBB by S&P) and (y) commercial paper of United States and foreign banks and bank holding companies and their subsidiaries and United States and foreign finance, commercial industrial or utility companies which, at the time of acquisition, are rated A-1 (or better) by S&P or P-1 (or better) by Moody’s (all such institutions being, “Qualified Institutions”); (iv) commercial paper of Qualified Institutions; provided that the maturities of such Cash Equivalents shall not exceed three hundred sixty-five (365) days from the date of acquisition thereof; and (v) auction rate securities (long-term, variable rate bonds tied to short-term interest rates) that are rated Aaa by Moody’s or AAA by S&P.

“Change” is defined in Section 4.2.

“Change of Control” means an event or series of events by which:

(i) any “person” or “group” (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of twenty percent (20%) or more of the voting power of the then outstanding Capital Stock of the Company entitled to vote generally in the election of the directors of the Company; or

(ii) the majority of the board of directors of the Company fails to consist of Continuing Directors; or

(iii) except as expressly permitted under the terms of this Agreement, the Company or the Borrower consolidates with or merges into another Person or conveys, transfers or leases all or substantially all of its property to any Person, or any Person consolidates with or merges into the Company or the Borrower, in either event pursuant to a transaction in which the outstanding Capital Stock of the Company or
the Borrower, as applicable, is reclassified or changed into or exchanged for cash, securities or other property; or

(iv) except as otherwise expressly permitted under the terms of this Agreement, the Company shall cease to own and control all of the economic and voting rights associated with all of the outstanding Capital Stock of the Borrower and each of the Subsidiary Guarantors or shall cease to have the power, directly or indirectly, to elect all of the members of the board of directors of the Borrower and each of the Subsidiary Guarantors.

“Closing Date” means November 9, 2007.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Commission” means the Securities and Exchange Commission of the United States of America and any Person succeeding to the functions thereof.

“Commitment” means (i) as to any Lender, the aggregate commitment of such Lender to make Loans as set forth in Exhibit A-1 or in the most recent Assignment Agreement executed by such Lender and (ii) as to all Lenders, the Aggregate Commitment. After advancing the Loan, each reference to a Lender’s Commitment shall refer to that Lender’s Pro Rata Share of the Loans.

“Company” means Chicago Bridge & Iron Company N.V., a naamloze vennootschap organized under the laws of The Kingdom of the Netherlands.

“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.

“Consolidated Long-Term Lease Rentals” means, for any period, the sum of the minimum amount of rental and other obligations of the Company and its Subsidiaries required to be paid during such period under all leases of real or personal property (other than Capital Leases) having a term (including any required renewals or extensions or any renewals or extensions at the option of the lessor or lessee) of one year or more after the commencement of the initial term, determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Income” means, for any period, the net income (or deficit) of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, but excluding in any event (i) any extraordinary gain or loss (net of any tax effect) and (ii) net earnings of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Company or such Subsidiary in the form of cash distributions.
“Consolidated Net Income Available for Fixed Charges” means, for any period, Consolidated Net Income plus, to the extent deducted in determining such Consolidated Net Income, (i) provisions for income taxes and (ii) Consolidated Fixed Charges.

“Consolidated Net Worth” means, at a particular date, all amounts which would be included under shareholders’ or members’ equity on the consolidated balance sheet for the Company and its consolidated Subsidiaries plus any preferred stock of the Company to the extent that it has not been redeemed for indebtedness, as determined in accordance with Agreement Accounting Principles.

“Contaminant” means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyls (“PCBs”), or any constituent of any such substance or waste, and includes but is not limited to these terms as defined in Environmental, Health or Safety Requirements of Law.

“Contingent Obligation”, as applied to any Person, means any Contractual Obligation, contingent or otherwise, of that Person with respect to any Indebtedness of another or other obligation or liability of another, including, without limitation, any such Indebtedness, obligation or liability of another directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received. The amount of any Contingent Obligation shall be equal to the present value of the portion of the obligation so guaranteed or otherwise supported, in the case of known recurring obligations, and the maximum reasonably anticipated liability in respect of the portion of the obligation so guaranteed or otherwise supported assuming such Person is required to perform thereunder, in all other cases.

“Continuing Director” means, with respect to any person as of any date of determination, any member of the board of directors of such Person who (a) was a member of such board of directors on the Closing Date, or (b) was nominated for election or elected to such board of directors with the approval of the required majority of the Continuing Directors who were members of such board at the time of such nomination or election; provided that an individual who is so elected or nominated in connection with a merger, consolidation, acquisition or similar transaction shall not be a Continuing Director unless such individual was a Continuing Director prior thereto.

“Contractual Obligation”, as applied to any Person, means any provision of any equity or debt securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement or instrument (including, without limitation, the Credit Agreement and Letter of Credit Agreement), in any
case in writing, to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Group” means the group consisting of (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Company; (ii) a partnership or other trade or business (whether or not incorporated) which is under common control (within the meaning of Section 414(c) of the Code) with the Company; and (iii) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Company, any corporation described in clause (i) above or any partnership or trade or business described in clause (ii) above.

“Credit Agreement” means that certain Second Amended and Restated Credit Agreement dated as of October 13, 2006 by and among the Company and certain Subsidiaries of the Company, the lenders party thereto and JPMorgan as administrative agent, as replaced, refinanced, amended, restated, supplemented or otherwise modified from time to time.

“Credit Agreement Closing Date” means October 13, 2006.

“Customary Permitted Liens” means:

(i) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or (if foreclosure, distraint, sale or other similar proceedings shall not have been commenced or any such proceeding after being commenced is stayed) which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;

(ii) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen, service providers or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;

(iii) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), surety, appeal and performance bonds; provided that (A) all such Liens do not in the aggregate materially detract from the
value of the Company’s or its Subsidiary’s assets or property taken as a whole or materially impair the use thereof in the operation of the businesses taken as a whole, and (B) all Liens securing bonds to stay judgments or in connection with appeals do not secure at any time an aggregate amount exceeding $5,000,000;

(iv) Liens arising with respect to zoning restrictions, easements, encroachments, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges, restrictions or encumbrances on the use of real property which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company or any of its respective Subsidiaries;

(v) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against the Company or any of its Subsidiaries which do not constitute a Default under Section 8.1(H) hereof; and

(vi) any interest or title of the lessor in the property subject to any operating lease entered into by the Company or any of its Subsidiaries in the ordinary course of business.

“Default” means an event described in Article VIII hereof.

“Designated Lender” means, with respect to each Designating Lender, each Eligible Designee designated by such Designating Lender pursuant to Section 14.3(D).

“Designating Lender” means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 14.3(D).

“Designation Agreement” is defined in Section 14.3(D).

“Disclosed Litigation” is defined in Section 6.7.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the Termination Date.

“DOL” means the United States Department of Labor and any Person succeeding to the functions thereof.

“Dollar” and “$” means dollars in the lawful currency of the United States of America.

“Domestic Subsidiary” means a Subsidiary of the Company organized under the laws of a jurisdiction located in the United States of America and substantially all of the operations of which are conducted within the United States.
“Dutch Financial Supervision Act” means the Dutch Financial Supervision Act 2007 (Wet op het financieel toezicht), as amended from time to time.

“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) Consolidated Net Income, plus (ii) Interest Expense to the extent deducted in computing Consolidated Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Consolidated 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 Consolidated Net Income, plus (v) extraordinary losses incurred other than in the ordinary course of business to the extent deducted in computing Consolidated Net Income, minus (vi) any non-recurring non-cash credits to the extent added in computing Consolidated Net Income, minus (vii) extraordinary gains realized other than in the ordinary course of business to the extent added in computing Consolidated Net Income.

“EBITDA” 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) EBIT plus (ii) depreciation expense to the extent deducted in computing Consolidated Net Income, plus (iii) amortization expense, including, without limitation, amortization of goodwill and other intangible assets to the extent deducted in computing Consolidated Net Income.

“Election Notice” is defined in Section 2.9(D).

“Eligible Assignee” means a Person that is primarily engaged in the business of commercial banking and that (i) is an affiliate of a Lender or (ii) shall have senior unsecured long-term debt ratings which are rated at least BBB (or the equivalent) as publicly announced by S&P or Fitch Investors Services, Inc. or Baa2 (or the equivalent) as publicly announced by Moody’s, or shall otherwise be reasonably acceptable to the Administrative Agent.

“Eligible Cash Equivalents” means Cash Equivalents consisting of (i) marketable direct obligations issued or unconditionally guaranteed by the United States government and backed by the full faith and credit of the United States government, (ii) domestic and Eurodollar certificates of deposit and time deposits, bankers’ acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, the long-term indebtedness of which institution at the time of acquisition is rated A- (or better) by S&P or A3 (or better) by Moody’s, and which certificates of deposit and time deposits are fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days, (iii) commercial paper rated at least A-1 by Standard & Poor’s Ratings Services or P-1 by Moody’s Investors Service, Inc. and maturing not more than thirty (30) days from the date of issuance or (iv) debt securities other than commercial paper, the issuer of which shall have a senior unsecured long-term debt rating from Standard & Poor’s Ratings Services of at least A and which debt securities shall mature not more than thirty (30) days from the date of issuance.
“Eligible Designee” means a special purpose corporation, partnership, limited partnership or limited liability company that is administered by a Lender or an Affiliate of a Lender and (i) is organized under the laws of the United States of America or any state thereof, (ii) is engaged primarily in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or the equivalent thereof by Moody’s.

“Environmental, Health or Safety Requirements of Law” means all Requirements of Law derived from or relating to foreign, federal, state and local laws or regulations relating to or addressing pollution or protection of the environment, or protection of worker health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq., and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., in each case including any amendments thereto, any successor statutes, and any regulations or guidance promulgated thereunder, and any state or local equivalent thereof.

“Environmental Lien” means a lien in favor of any Governmental Authority for (a) any liability under Environmental, Health or Safety Requirements of Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock). Equity Interests will not include any Incentive Arrangements or obligations or payments thereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

“Eurodollar Base Rate” means, with respect to a Eurodollar Rate Advance for the relevant Interest Period, the applicable British Bankers’ Association Interest Settlement Rate for deposits in Dollars appearing on Reuters BBA Libor Rates Page 3750 as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, (i) if Reuters BBA Libor Rates Page 3750 is not available to the Administrative Agent for any reason, the applicable Eurodollar Reference Rate for the relevant Interest Period shall instead be the applicable British Bankers’ Association Interest Settlement Rate for deposits in Dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (ii) if no such British Bankers’ Association Interest Settlement Rate is available, the applicable Eurodollar Reference Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which JPMorgan offers to place deposits in Dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of JPMorgan’s relevant Eurodollar Loan and having a maturity equal to such Interest Period.
“Eurodollar Rate” means, with respect to a Eurodollar Rate Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the then Applicable Eurodollar Margin, changing as and when the Applicable Eurodollar Margin changes, plus (iii) any other mandatory costs imposed by any governmental or regulatory authority.

“Eurodollar Rate Advance” means an Advance which bears interest at a Eurodollar Rate.

“Eurodollar Rate Loan” means a Loan made on a fully syndicated basis pursuant to Section 2.1, which bears interest at a Eurodollar Rate.

“Excluded Foreign Subsidiary” means any Foreign Subsidiary other than those listed as Foreign Subsidiaries on Schedule 1.1.5.

“Executive Equity Repurchase Payment” means the amount of the payment, if any, up to but not exceeding $36,500,000 made by the Company to fulfill its contractual obligation to honor the exercise by a former executive of the Company of a put to the Company of common shares of the Company on or before January 30, 2007 at a per share price equal to the average of the high and low share price on the date the put exercise notice is received by the Company.

“Facility Termination Date” shall mean the date on which all of the Termination Conditions have been satisfied.

“Federal Funds Effective Rate” means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

“Financial Letter of Credit” means any letter of credit or Bank Undertaking other than a Performance Letter of Credit.

“Financial Officer” means any of the chief financial officer, principal accounting officer, treasurer or controller of the Company, acting singly.

“Fixed Charge Coverage Ratio” is defined in Section 7.4(B).

“Floating Rate” means, for any day for any Loan, a rate per annum equal to the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes, plus the then Applicable Floating Rate Margin.
“Floating Rate Advance” means an Advance which bears interest at the Floating Rate.

“Floating Rate Loan” means a Loan, or portion thereof, which bears interest at the Floating Rate.

“Foreign Employee Benefit Plan” means any employee benefit plan as defined in Section 3(3) of ERISA which is maintained or contributed to for the benefit of the employees of the Company, any of its respective Subsidiaries or any members of its Controlled Group and is not covered by ERISA pursuant to ERISA Section 4(b)(4).

“Foreign Pension Plan” means any employee benefit plan as described in Section 3(3) of ERISA for which the Company or any member of its Controlled Group is a sponsor or administrator and which (i) is maintained or contributed to for the benefit of employees of the Company, any of its respective Subsidiaries or any member of its Controlled Group, (ii) is not covered by ERISA pursuant to Section 4(b)(4) of ERISA, and (iii) under applicable local law, is required to be funded through a trust or other funding vehicle.

“Foreign Subsidiary” means a Subsidiary of the Company which is not a Domestic Subsidiary.

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established to perform any of such functions.

“Gross Negligence” means recklessness, or actions taken or omitted with conscious indifference to or the complete disregard of consequences or rights of others affected. Gross Negligence does not mean the absence of ordinary care or diligence, or an inadvertent act or inadvertent failure to act. If the term “gross negligence” is used with respect to the Administrative Agent or any Lender or any indemnitee in any of the other Loan Documents, it shall have the meaning set forth herein.

“Guaranteed Obligations” is defined in Section 10.1.

“Guarantor(s)” shall mean the Company and the Subsidiary Guarantors.

“Guaranty” means each of (i) the guaranty by the Company of all of the Obligations of the Borrower pursuant to this Agreement and (ii) the Subsidiary Guaranty, in each case, as amended, restated, supplemented or otherwise modified from time to time.

“Hedging Arrangements” is defined in the definition of Hedging Obligations below.

“Hedging Obligations” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions
therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, commodity prices, exchange rates or forward rates applicable to such party’s assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants or any similar derivative transactions (“Hedging Arrangements”), and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing.

“Incentive Arrangements” means any stock ownership, restricted stock, stock option, stock appreciation rights, “phantom” stock plans, employment agreements, non-competition agreements, subscription and stockholders agreements and other incentive and bonus plans and similar arrangements made in connection with the retention of executives, officers or employees of the Company and its Subsidiaries.

“Indebtedness” of a Person means, without duplication, such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than (a) accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade, and (b) earnouts or other similar forms of contingent purchase prices), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property or assets now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances or other instruments, (v) Capitalized Lease Obligations, (vi) Contingent Obligations, (vii) obligations with respect to any letters of credit, bank guarantees and similar instruments, including, without limitation, Financial Letters of Credit and Performance Letters of Credit, and all reimbursement agreements related thereto, (viii) Off-Balance Sheet Liabilities and (ix) Disqualified Stock.

“Indemnified Matters” is defined in Section 11.7(B).

“Indemnitees” is defined in Section 11.7(B).

“Interest Expense” means, for any period, the total gross interest expense of the Company and its consolidated Subsidiaries, whether paid or accrued, including, without duplication, the interest component of Capitalized Leases, commitment and letter of credit fees, the discount or implied interest component of Off-Balance Sheet Liabilities, capitalized interest expense, pay-in-kind interest expense, amortization of debt documents and net payments (if any) pursuant to Hedging Arrangements relating to interest rate protection, all as determined in conformity with Agreement Accounting Principles.

“Interest Period” means with respect to a Eurodollar Rate Loan, a period of one (1), two (2), three (3) months or six (6) months, commencing on a Business Day selected by the Borrower on which a Eurodollar Rate Advance is made to the Borrower pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business
Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

“Investment” means, with respect to any Person, (i) any purchase or other acquisition by that Person of any Indebtedness, Equity Interests or other securities, or of a beneficial interest in any Indebtedness, Equity Interests or other securities, issued by any other Person, (ii) any purchase by that Person of all or substantially all of the assets of a business (whether of a division, branch, unit operation, or otherwise) conducted by another Person; (iii) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable, advances to employees and similar items made or incurred in the ordinary course of business) or capital contribution actually invested by that Person to any other Person (but excluding any subsequent passive increases or accretions to the value of such initial capital contribution), including all Indebtedness to such Person arising from a sale of property by such Person other than in the ordinary course of its business; and (iv) any non-arms length transaction by such Person with another Person or any other transfer of assets by such Person in another Person, with the amount of such Investment being an amount equal to the net benefit derived by such other Person resulting from any such transactions.

“IRS” means the Internal Revenue Service and any Person succeeding to the functions thereof.

“JPMorgan” means JPMorgan Chase Bank, National Association, in its individual capacity, and its successors.


“Lenders” means the Persons listed on the signature pages hereto as “Lenders” and any other Person that shall have become a party hereto pursuant to an Assignment Agreement, other than any such Person that ceases to be a party hereto pursuant to an Assignment Agreement.

“Lending Installation” means, with respect to a Lender or the Administrative Agent, any office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages of this Agreement for such Lender, or on the administrative information sheets provided to the Administrative Agent in connection herewith or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.16.

“Letter of Credit Agreement” means, collectively, those certain Letter of Credit and Term Loan Agreements among the Company and certain of its Subsidiaries as co-obligors, Bank of America, N.A. (“BofA”), as administrative agent, BofA and JPMorgan, as L/C issuers, and the lenders parties thereto, providing for supplemental term letter of credit facilities in an aggregate cumulative principal amount not to exceed $600,000,000 and on terms and conditions satisfactory to the Administrative Agent.

“Leverage Ratio” is defined in Section 7.4(A).
“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“Loan Account” is defined in Section 2.12(A).

“Loan Documents” means this Agreement, the Subsidiary Guaranty and all other documents, instruments, notes and agreements executed in connection therewith or contemplated thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

“Loan Parties” means, at any time, the Company, the Borrower and each of the Guarantors.

“Loans” is defined in Section 2.1.

“Margin Stock” shall have the meaning ascribed to such term in Regulation U.

“Material Adverse Effect” means a material adverse effect upon (i) the business, condition (financial or otherwise), operations, performance, properties, results of operations or prospects of the Company, the Borrower or the Company and its Subsidiaries, taken as a whole, (ii) the collective ability of the Company or any of its Subsidiaries to perform their respective obligations under the Loan Documents, or (iii) the ability of the Lenders or the Administrative Agent to enforce the Obligations; it being understood and agreed that the occurrence of a Product Liability Event shall not constitute an event which causes a “Material Adverse Effect” unless and until the aggregate amount of, or attributable to, Product Liability Events (to the extent not covered by third-party insurance as to which the insured does not dispute coverage) exceeds, during any period of twelve (12) consecutive months, the greater of (a) $20,000,000 and (b) 20% of EBITDA (for the then most recently completed period of four fiscal quarters of the Company).

“Material Indebtedness” is defined in Section 8.1(E).

“Material Subsidiary” means, without duplication, (a) each “Subsidiary Borrower” (as defined in the Credit Agreement), (b) any Subsidiary that directly or indirectly owns or Controls any “Subsidiary Borrower” (as defined in the Credit Agreement) or other Material Subsidiary and (c) any other Subsidiary (i) the consolidated net revenues of which for the most recent fiscal year of the Company for which audited financial statements have been delivered pursuant to Section 7.01(A)(ii) were greater than five percent (5%) of the Company’s consolidated net revenues for such fiscal year or (ii) the consolidated tangible assets of which as of the end of such fiscal year were greater than five percent (5%) of the Company’s consolidated tangible assets as of such date; provided that, if at any time the aggregate amount of the consolidated net revenues or consolidated tangible assets of all Subsidiaries that are not Material Subsidiaries exceeds twenty percent (20%) of the Company’s consolidated net revenues for any such fiscal year or twenty percent (20%) of the Company’s consolidated tangible assets as of the end of any such fiscal year, the Company (or, in the event the Company has failed to do so within 10 days, the Administrative Agent) shall designate sufficient Subsidiaries as “Material
“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a “Multiemployer Plan” as defined in Section 4001(a)(3) of ERISA which is, or within the immediately preceding six (6) years was, contributed to by either the Company or any member of the Controlled Group.

“Net Cash Proceeds” means, with respect to any Asset Sale or Sale and Leaseback Transaction by any Person, (a) cash or Cash Equivalents (freely convertible into Dollars) received by such Person or any Subsidiary of such Person from such Asset Sale or Sale and Leaseback Transaction (including cash received as consideration for the assumption or incurring of liabilities incurred in connection with or in anticipation of such Asset Sale or Sale and Leaseback Transaction), after (i) provision for all income or other taxes measured by or resulting from such Asset Sale or Sale and Leaseback Transaction, (ii) payment of all brokerage commissions and other fees and expenses and commissions related to such Asset Sale or Sale and Leaseback Transaction, and (iii) all amounts used to repay Indebtedness (and any premium or penalty thereon) secured by a Lien on any asset disposed of in such Asset Sale or Sale and Leaseback Transaction or which is or may be required (by the express terms of the instrument governing such Indebtedness or by applicable law) to be repaid in connection with such Asset Sale or Sale and Leaseback Transaction (including payments made to obtain or avoid the need for the consent of any holder of such Indebtedness); and (b) cash or Cash Equivalents payments in respect of any other consideration received by such Person or any Subsidiary of such Person from such Asset Sale or Sale and Leaseback Transaction upon receipt of such cash payments by such Person or such Subsidiary.

“Notice of Assignment” is defined in Section 14.3(B).

“Obligations” means all Loans, advances, debts, liabilities, obligations, covenants and duties owing, by the Company, the Borrower or any of their Subsidiaries to the Administrative Agent, any Lender, the Arrangers, any Affiliate of the Administrative Agent or any Lender, any Indemnitee, of any kind or nature, present or future, arising under this Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, foreign exchange risk, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, attorneys’ fees and disbursements, paralegals’ fees (in each case whether or not allowed), and any other sum chargeable to the Company or any of its Subsidiaries under this Agreement or any other Loan Document.
“Off-Balance Sheet Liabilities” of a Person means (a) any repurchase obligation or liability of such Person or any of its Subsidiaries with respect to Receivables sold by such Person or any of its Subsidiaries, (b) any liability of such Person or any of its Subsidiaries under any sale and leaseback transactions which do not create a liability on the consolidated balance sheet of such Person, (c) any liability of such Person or any of its Subsidiaries under any financing lease or so-called “synthetic lease” or “tax ownership operating lease” transaction, or (d) any obligations of such Person or any of its Subsidiaries arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person and its Subsidiaries.

“Other Taxes” is defined in Section 2.14(E)(ii).

“Participants” is defined in Section 14.2(A).

“Payment Date” means the last Business Day of each quarter, the Termination Date and the Facility Termination Date.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Performance Letter of Credit” means a letter of credit or Bank Undertaking issued to secure ordinary course performance obligations of the Company or a Subsidiary in connection with active construction projects (including projects about to be commenced) or bids for prospective construction projects.

“Permitted Acquisition” is defined in Section 7.3(F).

“Permitted Existing Contingent Obligations” means the Contingent Obligations of the Company and its Subsidiaries identified as such on Schedule 1.1.4 to this Agreement.

“Permitted Existing Indebtedness” means the Indebtedness of the Company and its Subsidiaries identified as such on Schedule 1.1.1 to this Agreement.

“Permitted Existing Investments” means the Investments of the Company and its Subsidiaries identified as such on Schedule 1.1.2 to this Agreement.

“Permitted Existing Liens” means the Liens on assets of the Company and its Subsidiaries identified as such on Schedule 1.1.3 to this Agreement.

“Permitted Sale and Leaseback Transactions” means (a) (i) any Sale and Leaseback Transaction of the Company’s administrative headquarters facility in The Woodlands, Texas and (ii) any Sale and Leaseback Transaction of all or any portion of the Company’s other property, in each case on terms acceptable to the Administrative Agent and only to the extent that the aggregate amount of Net Cash Proceeds received during the period from the Credit Agreement Closing Date to the Termination Date from all such Permitted Sale and Leaseback Transactions is less than or equal to $50,000,000 and (b) any Sale and Leaseback Transaction of the Company’s facility in Plainfield, Illinois.
“Person” means any individual, corporation, firm, enterprise, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company or other entity of any kind, or any government or political subdivision or any agency, department or instrumentality thereof.

“Plan” means an employee benefit plan defined in Section 3(3) of ERISA, other than a Multiemployer Plan, in respect of which the Company or any member of the Controlled Group is, or within the immediately preceding six (6) years was, an “employer” as defined in Section 3(5) of ERISA.

“Prime Rate” means the prime rate of interest announced by JPMorgan from time to time (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Pro Rata Share” means, with respect to any Lender, the percentage obtained by dividing (a) the Lender’s Commitment at such time (in each case, as adjusted from time to time in accordance with the terms of this Agreement) by (b) the Aggregate Commitment at such time; provided, however, upon the funding of the Loans, “Pro Rata Share” means a percentage equal to a fraction the numerator of which is such Lender’s outstanding principal amount of the Loans and the denominator of which is the aggregate outstanding principal amount of the Loans of all Lenders.

“Product Liability Event” means, solely in connection with asbestos-related claims and litigation, (i) the entry of one or more final judgments or orders against the Company or any Subsidiary, or (ii) the Company or any Subsidiary (a) enters into settlements for the payment of money or (b) pays any legal expenses associated with such judgment, orders or settlements and any and all other aspects of any claims and litigation associated therewith, and with respect to such judgments or orders, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect.

“Purchasers” is defined in Section 14.3(A)(i).

“Rate Option” means the Eurodollar Rate or the Floating Rate, as applicable.

“Receivable(s)” means and includes all of the Company’s and its consolidated Subsidiaries’ presently existing and hereafter arising or acquired accounts, accounts receivable, and all present and future rights of the Company or its Subsidiaries, as applicable, to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security and guaranties with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

“Register” is defined in Section 14.3(C).

“Regulation T” means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official
interpretation of said Board of Governors relating to the extension of credit by and to brokers and dealers of securities for the purpose of purchasing or carrying margin stock (as defined therein).

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying Margin Stock applicable to member banks of the Federal Reserve System.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

“Release” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater.

“Replacement Lender” is defined in Section 2.19.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days after such event occurs, provided, however, that a failure to meet the minimum funding standards of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

“Required Lenders” means, at any time, Lenders having Pro Rata Shares representing more than 50% of the aggregate Pro Rata Shares at such time; provided, however, that, if any of the Lenders shall have failed to fund its Pro Rata Share of any Loan requested by the Borrower and any such failure has not been cured, then for so long as such failure continues, “Required Lenders” means Lenders (excluding all Lenders whose failure to fund their respective Pro Rata Shares of such Loans has not been so cured) whose Pro Rata Shares represent greater than fifty percent (50%) of the aggregate Pro Rata Shares of such Lenders.

“Requirements of Law” means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act of 1933, the Securities Exchange Act of 1934, Regulations T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, and any certificate of occupancy, zoning ordinance, building, environmental or land use
requirement or permit or environmental, labor, employment, occupational safety or health law, rule or regulation, including Environmental, Health or Safety Requirements of Law.

“Reserve Requirement” means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurodollar liabilities.

“Restricted Payment” means (i) any dividend or other distribution, direct or indirect, on account of any Equity Interests of the Company or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in such Person’s Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock, (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any Equity Interests of the Company or any of its Subsidiaries now or hereafter outstanding, other than in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of other Equity Interests of the Company or any of its Subsidiaries (other than Disqualified Stock), (iii) any payment or prepayment of principal of, or interest (whether in cash or as payment-in-kind), premium, if any, fees or other charges with respect to, any Indebtedness subordinated to the Obligations, or any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Indebtedness other than (a) the Obligations and (b) any scheduled payments of principal of or interest with respect to the Company’s Indebtedness issued pursuant to the Credit Agreement or the Letter of Credit Agreement, (iv) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any Indebtedness (other than the Obligations) or any Equity Interests of the Company or any of its Subsidiaries, or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission and (v) any payment in respect of a purchase price adjustment, earn-out or other similar form of contingent purchase price.

“Risk-Based Capital Guidelines” is defined in Section 4.2.


“Sale and Leaseback Transaction” means any lease, whether an operating lease or a Capitalized Lease, of any property (whether real or personal or mixed), (i) which the Company or one of its Subsidiaries sold or transferred or is to sell or transfer to any other Person, or (ii) which the Company or one of its Subsidiaries intends to use for substantially the same purposes as any other property which has been or is to be sold or transferred by the Company or one of its Subsidiaries to any other Person in connection with such lease.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“Single Employer Plan” means a Plan maintained by the Company or any member of the Controlled Group for employees of the Company or any member of the Controlled Group.

“Solvent” means, when used with respect to any Person, that at the time of determination:
(i) the fair value of its assets (both at fair valuation and at present fair saleable value) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

With respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can be reasonably be expected to become an actual or matured liability.

“Subsidiary” means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership, limited liability company or joint venture if more than 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership, limited liability company or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries).

Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company

“Subsidiary Guarantor(s)” means (a) all of the Company’s Material Subsidiaries (other than any Excluded Foreign Subsidiary); (b) all New Subsidiaries which are Material Subsidiaries and which have or are required to have satisfied the provisions of Section 7.2(K)(i); (c) all of the Company’s Subsidiaries which become Material Subsidiaries and which have satisfied or are required to have satisfied the provisions of Section 7.2(K)(ii); and (d) all other Subsidiaries which become Subsidiary Guarantors in satisfaction of the provisions of Section 7.2(K)(iii) or Section 7.3(Q), in each case with respect to clauses (a) through (d) above, and together with their respective successors and assigns.

“Subsidiary Guaranty” means that certain Subsidiary Guaranty, dated as of the date hereof executed by each of the Subsidiary Guarantors as of such date (and any and all supplements thereto executed from time to time by each additional Subsidiary Guarantor) in favor of the Administrative Agent in substantially the form of Exhibit H attached hereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Substantial Portion” means, with respect to the assets of the Company and its Subsidiaries, assets which (i) represent more than 10% of the consolidated assets of the Company and its Subsidiaries as would be shown in the consolidated financial statements of the Company and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) are responsible for more than 10% of the
consolidated net sales or of the consolidated net income of the Company and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

“Taxes” is defined in Section 2.14(E)(i).

“Target” means the Lummus Global business of ABB Holdings Inc.

“Target Acquisition” means the acquisition by the Borrower of the Target.

“Target Acquisition Agreement” means the Share Purchase Agreement, dated as of August 24, 2007, among ABB, ABB Holdings Inc., ABB Holdings B.V., the Company, the Borrower and Chicago Bridge & Iron Company B.V.

“Termination Conditions” is defined in Section 2.18.

“Termination Date” means the earlier of (a) November 9, 2012, and (b) the date of the acceleration of the Obligations pursuant to Section 9.1 hereof.

“Termination Event” means (i) a Reportable Event with respect to any Benefit Plan; (ii) the withdrawal of the Company or any member of the Controlled Group from a Benefit Plan during a plan year in which the Company or such Controlled Group member was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or the cessation of operations which results in the termination of employment of twenty percent (20%) of Benefit Plan participants who are employees of the Company or any member of the Controlled Group; (iii) the imposition of an obligation on the Company or any member of the Controlled Group under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC or any similar foreign governmental authority of proceedings to terminate a Benefit Plan or Foreign Pension Plan; (v) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Benefit Plan; (vi) that a foreign governmental authority shall appoint or institute proceedings to appoint a trustee to administer any Foreign Pension Plan in place of the existing administrator, or (vii) the partial or complete withdrawal of the Company or any member of the Controlled Group from a Multiemployer Plan or Foreign Pension Plan.

“Transferee” is defined in Section 14.5.

“Type” means, with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Rate Loan.

“Unfunded Liabilities” means (i) in the case of Single Employer Plans, the amount (if any) by which the aggregate accumulated benefit obligations exceeds the aggregate fair market value of assets of present value of all vested nonforfeitable benefits under all Single Employer Plans as of the most recent measurement date, all as determined under FAS 87 using the methods and assumptions used by the Company for financial accounting purposes, and (ii) in the case of Multiemployer Plans, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all Multiemployer Plans.
“Unmatured Default” means an event which, but for the lapse of time or the giving of notice, or both, would constitute a Default.

1.2. Singular/Plural References; Accounting Terms. The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with Agreement Accounting Principles.

1.3. References. Any references to the Company’s Subsidiaries shall not in any way be construed as consent by the Administrative Agent or any Lender to the establishment, maintenance or acquisition of any Subsidiary, except as may otherwise be permitted hereunder.

1.4. Supplemental Disclosure. At any time at the request of the Administrative Agent and at such additional times as the Company determines, the Company shall supplement each schedule or representation herein or in the other Loan Documents with respect to any matter hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such schedule or as an exception to such representation or which is necessary to correct any information in such schedule or representation which has been rendered inaccurate thereby. Notwithstanding that any such supplement to such schedule or representation may disclose the existence or occurrence of events, facts or circumstances which are either prohibited by the terms of this Agreement or any other Loan Documents or which result in the breach of any representation or warranty, such supplement to such schedule or representation shall not be deemed either an amendment thereof or a waiver of such breach unless expressly consented to in writing by Administrative Agent and the Required Lenders, and no such amendments, except as the same may be consented to in a writing which expressly includes a waiver, shall be or be deemed a waiver by the Administrative Agent or any Lender of any Default disclosed therein. Any items disclosed in any such supplemental disclosures shall be included in the calculation of any limits, baskets or similar restrictions contained in this Agreement or any of the other Loan Documents.
ARTICLE II: TERM LOAN FACILITY

2.1. Term Loan Facility.

(A) Amount of Loans. Upon the satisfaction of the conditions precedent set forth in Sections 5.1 and 5.2 hereof, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to make a term loan to the Borrower in Dollars, in a single draw on the Borrowing Date, in an aggregate amount not to exceed such Lender’s Commitment (each individually, a “Loan” and, collectively, the “Loans”) by making immediately available funds available to the Administrative Agent’s designated account, not later than the time specified by the Administrative Agent. Amounts prepaid or repaid in respect of the Loans may not be reborrowed.

(B) Borrowing/Election Notice. The Borrower shall deliver to the Administrative Agent a Borrowing/Election Notice, signed by it, in accordance with the terms of Section 2.7.

(C) Making of Loans. Promptly after receipt of the Borrowing/Election Notice under Section 2.7 in respect of Loans, the Administrative Agent shall notify each Lender by telecopy, or other similar form of transmission, of the requested Loan. Each Lender shall make available its Loan in accordance with the terms of Section 2.6. The Administrative Agent will promptly make the funds so received from the Lenders available to the Borrower at the Administrative Agent’s office in Chicago, Illinois on the Borrowing Date and shall disburse such proceeds in accordance with the Borrower’s disbursement instructions set forth in such Borrowing/Election Notice. The failure of any Lender to deposit the amount described above with the Administrative Agent on the Borrowing Date shall not relieve any other Lender of its obligations hereunder to make its Loan on the Borrowing Date.

2.2. Repayments. The Borrower shall make a repayment of its Loans on December 31 (or if such day is not a Business Day, the following Business Day) of each calendar year (commencing December 31, 2008) in an aggregate amount equal to $40,000,000. To the extent not previously paid, all unpaid Loans shall be paid in full in cash by the Borrower on the Termination Date.

2.3. Rate Options for all Advances; Maximum Interest Periods. The Loans may be Floating Rate Advances or Eurodollar Rate Advances, or a combination thereof, selected by the Borrower in accordance with Section 2.9. The Borrower may select, in accordance with Section 2.9, Rate Options and Interest Periods applicable to portions of the Loans; provided that there shall be no more than seven (7) Interest Periods in effect with respect to all of the Loans at any time.

2.4. Optional Payments. The Borrower may from time to time and at any time upon at least one (1) Business Day’s prior written notice repay or prepay, without penalty or premium all or any part of outstanding Floating Rate Advances in an aggregate minimum amount of One Million Dollars ($1,000,000) and in integral multiples of One Million Dollars ($1,000,000) in excess thereof. Eurodollar Rate Advances may be voluntarily repaid or prepaid.
prior to the last day of the applicable Interest Period, subject to the indemnification provisions contained in Section 4.4, in an aggregate minimum amount of Four Million and 00/100 Dollars ($4,000,000) and in integral multiples of One Million and 00/100 Dollars ($1,000,000) in excess thereof; provided, that the Borrower may not so prepay Eurodollar Rate Advances unless it shall have provided at least three (3) Business Days’ prior written notice to the Administrative Agent of such prepayment and provided, further, all Eurodollar Loans constituting part of the same Eurodollar Rate Advance shall be repaid or pre-paid at the same time.

2.5. [RESERVED].

2.6. Method of Borrowing. On the Borrowing Date, each Lender shall make available its Loan not later than noon, Chicago time, in Federal or other funds immediately available to the Administrative Agent, in Chicago, Illinois at its address specified in or pursuant to Article XV. Unless the Administrative Agent determines that any applicable condition specified in Article V has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent’s aforesaid address.

2.7. Method of Selecting Types and Interest Periods for Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Rate Advance, the Interest Period applicable to each Advance from time to time. The Borrower shall give the Administrative Agent irrevocable notice in substantially the form of Exhibit B hereto (a “Borrowing/Election Notice”) not later than 10:00 a.m. (Chicago time) (a) on or before the Borrowing Date of the initial Floating Rate Advance or (b) three (3) Business Days before the Borrowing Date for the initial Eurodollar Rate Advance. The Borrower shall select Interest Periods so that, to the best of their knowledge, it will not be necessary to prepay all or any portion of any Eurodollar Rate Loan prior to the last day of the applicable Interest Period in order to make mandatory prepayments as required pursuant to the terms hereof. Each Floating Rate Advance and all Obligations other than Loans shall bear interest from and including the date of the making of such Advance, in the case of Loans, and the date such Obligation is due and owing in the case of such other Obligations, to (but not including) the date of repayment thereof. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Loan will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Rate Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Rate Advance and shall change as and when the Applicable Eurodollar Margin changes.

2.8. [RESERVED].

2.9. Method of Selecting Types and Interest Periods for Conversion and Continuation of Advances.

(A) Right to Convert. The Borrower may elect from time to time, subject to the provisions of Section 2.3 and this Section 2.9, to convert all or any part of a Loan of any Type into any other Type or Types of Loans; provided that any conversion of any
Eurodollar Rate Advance shall be made on, and only on, the last day of the Interest Period applicable thereto.

(B) Automatic Conversion and Continuation. Floating Rate Loans shall continue as Floating Rate Loans unless and until such Floating Rate Loans are converted into Eurodollar Rate Loans. Eurodollar Rate Loans shall continue as Eurodollar Rate Loans until the end of the then applicable Interest Period therefor, at which time such Eurodollar Rate Loans shall be automatically converted into Floating Rate Loans unless such Eurodollar Rate Loans shall have been repaid or the Company shall have given the Administrative Agent notice in accordance with Section 2.9(D) requesting that, at the end of such Interest Period, such Eurodollar Rate Loans continue as a Eurodollar Rate Loan.

(C) No Conversion Post-Default or Post-Unmatured Default. Notwithstanding anything to the contrary contained in Section 2.9(A) or Section 2.9(B), no Loan may be converted into or continued as a Eurodollar Rate Loan (except with the consent of the Required Lenders) when any Default or Unmatured Default has occurred and is continuing.

(D) Borrowing/Election Notice. The Borrower shall give the Administrative Agent an irrevocable Borrowing/Election Notice of each conversion of a Floating Rate Loan into a Eurodollar Rate Loan or continuation of a Eurodollar Rate Loan not later than 10:00 a.m. (Chicago time) (x) one (1) Business Day prior to the date of the requested conversion or continuation, with respect to any Loan to be converted to or continued as a Floating Rate Advance, and (y) three (3) Business Days prior to the date of the requested conversion or continuation, with respect to any Loan to be converted or continued as a Eurodollar Rate Loan, specifying: (1) the requested date (which shall be a Business Day) of such conversion or continuation; (2) the amount and Type of the Loan to be converted or continued; and (3) if applicable, the amount of Eurodollar Rate Loan(s) into which such Loan is to be converted or continued and the duration of the Interest Period applicable thereto.

2.10. Default Rate. After the occurrence and during the continuance of a Default, at the option of the Administrative Agent or at the direction of the Required Lenders the interest rate(s) applicable to the Obligations and all other fees shall be equal to (x) the interest rates and fees calculated based on the maximum Applicable Floating Rate Margins, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage, as applicable, as specified pursuant to Section 2.14(D)(ii) plus (y) two percent (2.00%) per annum for all such Obligations and fees; provided that during the continuation of a Default under Sections 8.1(F) or 8.1(G) such interest rate and fee increases shall be automatically applicable without any election of the Administrative Agent or action of the Required Lenders.

2.11. Method of Payment. All payments of principal, interest, fees, reimbursements, commissions and other Obligations hereunder shall be made, without setoff, deduction or counterclaim (unless indicated otherwise in Section 2.14(E)), in immediately available funds to the Administrative Agent at the Administrative Agent’s address specified pursuant to Article XV. Each Advance shall be repaid or prepaid in Dollars in the amount equal to the amount borrowed and interest payable thereon shall also be paid in Dollars. Each payment
delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XV or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Administrative Agent is hereby authorized to charge any account of the Borrower or the Company maintained with JPMorgan or any of its Affiliates for each payment of principal, interest and fees as it becomes due hereunder.


(A) Loan Account. Each Lender shall maintain in accordance with its usual practice an account or accounts (a “Loan Account”) on its books and records evidencing the indebtedness of the Borrower to such Lender owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(B) Register. The Register maintained by the Administrative Agent pursuant to Section 14.3(C) shall include a control account, and a subsidiary account for each Lender and the Borrower, in which accounts (taken together) shall be recorded (i) the date and the amount of each Loan made hereunder, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (iii) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 14.3, (iv) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof, and (v) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

(C) Entries in Loan Account and Register. The entries made in the Loan Account, the Register and the other accounts maintained pursuant to clauses (A) or (B) of this Section shall be prima facie evidence thereof for all purposes, absent manifest error, unless the Borrower objects to information contained in the Loan Accounts, the Register or the other accounts within thirty (30) days of the Borrower’s receipt of such information; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans or other amounts in accordance with the terms of this Agreement.

(D) Noteless Transaction; Notes Issued Upon Request. Any Lender may request that the Loan made by it be evidenced by a promissory note in substantially the form of Exhibit I to evidence such Lender’s Loan. The Borrower shall prepare, execute and deliver to such Lender a promissory note for such Loan payable to the order of such Lender. Thereafter, the Loans evidenced by such promissory note or promissory notes, as applicable, and interest thereon shall at all times (including after assignment pursuant to Section 14.3) be represented by one or more promissory notes in such form payable to the order of the payee named therein.

27
2.13. Telephonic Notices. The Borrower authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized Officer, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error. In case of disagreement concerning such notices, if the Administrative Agent has recorded telephonic borrowing notices, such recordings will be made available to the Borrower upon its request therefor.

2.14. Promise to Pay; Interest and Ticking Fees; Interest Payment Dates; Interest and Fee Basis; Taxes; Loan and Control Accounts.

(A) Promise to Pay. All Advances shall be paid in full by the Borrower on the Termination Date. The Borrower unconditionally promises to pay when due the principal amount of each Loan and all other Obligations incurred by it, and to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and the other Loan Documents.

(B) Interest Payment Dates. Interest accrued on each Floating Rate Loan shall be payable on each Payment Date, commencing with the first such date to occur after the Closing Date, upon any prepayment whether by acceleration or otherwise, and at maturity (whether by acceleration or otherwise). Interest accrued on each Eurodollar Rate Loan shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity; provided, interest accrued on each Eurodollar Rate Loan having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued on the principal balance of all other Obligations shall be payable in arrears (i) on the last day of each calendar quarter, commencing on the first such day following the incurrence of such Obligation, (ii) upon repayment thereof in full or in part, and (iii) if not theretofore paid in full, at the time such other Obligation becomes due and payable (whether by acceleration or otherwise).

(C) Ticking Fees; Additional Fees.

(i) The Company shall pay to the Administrative Agent, for the account of the Lenders in accordance with their Pro Rata Shares, from and after the Closing Date until the earlier of (A) the Borrowing Date and (B) the date on which the Aggregate Commitment expires or is terminated, a ticking fee on the Aggregate Commitment at a rate per annum equal to the then Applicable Ticking Fee Percentage multiplied by the Aggregate Commitment. Such ticking fee payable under this clause (C) shall be payable quarterly on the last day of each fiscal quarter of the Company and/or the earlier of (A) the Borrowing Date and (B) the date on which the Aggregate Commitment expires or is terminated.
(ii) The Company agrees to pay or cause the Borrower to pay to (a) the Administrative Agent for the sole account of the Administrative Agent and JPMSI and (b) the Syndication Agent for the sole account of the Syndication Agent and BAS, in each case the applicable fees set forth in those certain fee letters identified and described in Section 5.1(vii), in each case payable at the times and in the amounts set forth therein.

(D) Interest and Fee Basis; Applicable Floating Rate Margins, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage.

(i) Interest on all fees, Eurodollar Rate Loans and Floating Rate Loans calculated by reference to the Federal Fund Effective Rate shall be calculated for actual days elapsed on the basis of a 360-day year. Interest on all Alternate Base Rate Loans calculated by reference to the Prime Rate shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest shall be payable for the day an Obligation is incurred but not for the day of any payment on the amount paid if payment is received prior to 2:00 p.m. (Chicago time or local time, as applicable) at the place of payment. If any payment of principal or interest on a Loan or any payment of any other Obligations shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

(ii) (a) The Applicable Floating Rate Margins and Applicable Eurodollar Margin, and Applicable Ticking Fee Percentage shall, subject to the provisions of Section 2.14(D)(ii)(b) below, be determined from time to time by reference to the table set forth below, on the basis of the then applicable Leverage Ratio as described in this Section 2.14(D)(ii):

<table>
<thead>
<tr>
<th>Leverage Ratio</th>
<th>Less than 1.00 to 1.00</th>
<th>Greater than or equal to 1.00 to 1.00 and less than 1.50 to 1.00</th>
<th>Greater than or equal to 1.50 to 2.00 but less than 2.00 to 1.00</th>
<th>Greater than or equal to 2.00 to 1.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable Ticking Fee</td>
<td>0.175%</td>
<td>0.20%</td>
<td>0.25%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Applicable Eurodollar Margin</td>
<td>0.875%</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Applicable Floating Rate Margin</td>
<td>0.00 %</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

(b) For purposes of this Section 2.14(D)(ii), the Leverage Ratio shall be calculated as provided in Section 7.4(A); provided, however, that until such time as the Company delivers the financial statements and related compliance certificate for the fiscal year...
quarter ending December 31, 2007, the Leverage Ratio shall be deemed to be greater than or equal to 1.50 to 1.00 and less than 2.00 to 1.00. Upon receipt of the financial statements delivered pursuant to Sections 7.1(A)(i) and (ii), as applicable, the Applicable Floating Rate Margins, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage shall be adjusted, such adjustment being effective five (5) Business Days following the date such financial statements and the compliance certificate required to be delivered in connection therewith pursuant to Section 7.1(A)(iii) shall be due; provided, that if the Company shall not have timely delivered its financial statements in accordance with Section 7.1(A)(i) or (ii), as applicable, then commencing on the date upon which such financial statements should have been delivered and continuing until five (5) Business Days following the date such financial statements are actually delivered, the Applicable Floating Rate Margins, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage shall be the maximum Applicable Floating Rate Margins, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage, as applicable, as set forth in this Section 2.14(D)(ii).

(E) Taxes.

(i) Any and all payments by or on behalf of the Borrower or the Company hereunder (whether in respect of principal, interest, fees or otherwise) shall be made free and clear of any deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings or any interest, penalties and liabilities with respect thereto including those arising after the Closing Date as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority or any change in the interpretation or application thereof by a Governmental Authority but excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes, franchise taxes and branch profit taxes) as are imposed on or measured by such Lender’s or the Administrative Agent’s, as the case may be, net income by the United States of America or any Governmental Authority of the jurisdiction under the laws of which such Lender or the Administrative Agent, as the case may be, is organized (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings, and liabilities which the Administrative Agent or a Lender determines to be applicable to this Agreement, the other Loan Documents, the Commitments, or the Loans being hereinafter referred to as “Taxes”). If the Borrower or the Company shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder or under the other Loan Documents to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions applicable to additional sums payable under this Section 2.14(E)) such Lender or Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the Borrower or the Company, as applicable, shall make such deductions or withholdings, and (iii) the Borrower or the Company, as applicable, shall pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with applicable law. If a withholding tax of the United States of America or any other

30
Governmental Authority shall be or become applicable (y) after the date of this Agreement, to such payments by the Borrower or the Company made to the Lending Installation or any other office that a Lender may claim as its Lending Installation, or (z) after such Lender’s selection and designation of any other Lending Installation, to such payments made to such other Lending Installation, such Lender shall use reasonable efforts to make, fund and maintain the affected Loans through another Lending Installation of such Lender in another jurisdiction so as to reduce the Borrower’s and the Company’s liability hereunder, if the making, funding or maintenance of such Loans through such other Lending Installation of such Lender does not, in the judgment of such Lender, otherwise adversely affect such Loans or obligations under the Commitment of such Lender.

(ii) In addition, each of the Borrower and the Company agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the other Loan Documents, the Commitments, or the Loans (hereinafter referred to as “Other Taxes”).

(iii) The Company and the Borrower shall indemnify each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 2.14(E)) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days after the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor. If the Taxes or Other Taxes with respect to which the Borrower has made either a direct payment to the taxation or other authority or an indemnification payment hereunder are subsequently refunded to any Lender, such Lender will return to the Borrower, if no Event of Default has occurred and is continuing, an amount equal to the lesser of the indemnification payment or the refunded amount. A certificate as to any additional amount payable to any Lender or the Administrative Agent under this Section 2.14(E) submitted to the Borrower and the Administrative Agent (if a Lender is so submitting) by such Lender or the Administrative Agent shall show in reasonable detail the amount payable and the calculations used to determine such amount and shall, absent manifest error, be final, conclusive and binding upon all parties hereto. With respect to such deduction or withholding for or on account of any Taxes and to confirm that all such Taxes have been paid to the appropriate Governmental Authorities, the Borrower shall promptly (and in any event not later than thirty (30) days after receipt) furnish to each Lender and the Administrative Agent such certificates, receipts and other documents as may be required (in the reasonable judgment of such Lender or the Administrative Agent) to establish any tax credit to which such Lender or the Administrative Agent may be entitled.

31
(iv) Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the Company or the Borrower, the Company or the Borrower, as applicable, shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof.

(v) Without prejudice to the survival of any other agreement of the Company and the Borrower hereunder, the agreements and obligations of the Company and the Borrower contained in this Section 2.14(E) shall survive the payment in full of all Obligations and the termination of this Agreement.

(vi) Each Lender (including any Replacement Lender or Purchaser) that is not created or organized under the laws of the United States of America or a political subdivision thereof (each a “Non-U.S. Lender”) shall deliver to the Borrower and the Administrative Agent on or before the Closing Date, or, if later, the date on which such Lender becomes a Lender pursuant to Section 14.3 hereof (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only for so long as such Non-U.S. Lender is legally entitled to do so), either (1) two (2) duly completed copies of either (A) IRS Form W-8BEN, or (B) IRS Form W-8ECI, or in either case an applicable successor form; or (2) in the case of a Non-U.S. Lender that is not legally entitled to deliver the forms listed in clause (vi)(1), (x) a certificate of a duly authorized officer of such Non-U.S. Lender to the effect that such Non-U.S. Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (such certificate, an “Exemption Certificate”) and (y) two (2) duly completed copies of IRS Form W-8BEN or applicable successor form. Each such Lender further agrees to deliver to the Borrower and the Administrative Agent from time to time a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in a form satisfactory to the Borrower and the Administrative Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate previously delivered by it to the Borrower and the Administrative Agent pursuant to this Section 2.14(E)(vi). Further, each Lender which delivers a form or certificate pursuant to this clause (vi) covenants and agrees to deliver to the Borrower and the Administrative Agent within fifteen (15) days prior to the expiration of such form, for so long as this Agreement is still in effect, another such certificate and/or two (2) accurate and complete original newly-signed copies of the applicable form (or any successor form or forms required under the Code or the applicable regulations promulgated thereunder).

Each Lender shall promptly furnish to the Borrower and the Administrative Agent such additional documents as may be reasonably required by the Borrower or the Administrative Agent to establish any exemption from or reduction of any Taxes or Other Taxes required to be deducted or withheld and which may be obtained without undue expense to such Lender. Notwithstanding any other provision of this Section 2.14(E), the Borrower shall not be obligated to gross up any payments to any Lender pursuant to Section 2.14(E)(i), or to indemnify any Lender pursuant to Section
2.14(E)(iii), in respect of United States federal withholding taxes to the extent imposed as a result of (x) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to Section 2.14(E)(vi), (y) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (z) the Lender designating a successor Lending Installation at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; provided, however, that the Borrower shall be obligated to gross up any payments to any such Lender pursuant to Section 2.14(E)(i), and to indemnify any such Lender pursuant to Section 2.14(E)(iii), in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or exemption certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Closing Date, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or the certifications made in such form or forms or Exemption Certificate untrue or inaccurate in any material respect, (ii) the redesignation of the Lender’s Lending Installation was made at the request of the Borrower or (iii) the obligation to gross up payments to any such Lender pursuant to Section 2.14(E)(i), or to indemnify any such Lender pursuant to Section 2.14(E)(iii), is with respect to a Purchaser that becomes a Purchaser as a result of an assignment made at the request of the Borrower.

(vii) Upon the request, and at the expense of the Borrower, each Lender to which the Borrower is required to pay any additional amount pursuant to this Section 2.14(E), shall reasonably afford the Borrower the opportunity to contest, and shall reasonably cooperate with the Borrower in contesting, the imposition of any Tax giving rise to such payment; provided, that (i) such Lender shall not be required to afford the Borrower the opportunity to so contest unless the Borrower shall have confirmed in writing to such Lender its obligation to pay such amounts pursuant to this Agreement; and (ii) the Borrower shall reimburse such Lender for its reasonable attorneys’ and accountants’ fees and disbursements incurred in so cooperating with the Borrower in contesting the imposition of such Tax.

2.15. Notification of Advances, Interest Rates and Prepayments. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Borrowing/Election Notice, and repayment notice received by it hereunder. The Administrative Agent will notify the Borrower and each Lender of the interest rate applicable to each Eurodollar Rate Loan promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.
2.16. Lending Installations. Each Lender will book its Loans at the appropriate Lending Installation listed on the administrative information sheets provided to the Administrative Agent in connection herewith or such other Lending Installation designated by such Lender in accordance with the final sentence of this Section 2.16. All terms of this Agreement shall apply to any such Lending Installation. Each Lender may, by written or facsimile notice to the Administrative Agent and the Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.17. Non-Receipt of Funds by the Administrative Agent. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.18. Termination Date. This Agreement shall be effective until the Termination Date. Notwithstanding the termination of this Agreement, until all financing arrangements among the Borrower and the Lenders under the Loan Documents shall have been terminated (collectively, the “Termination Conditions”), all of the rights and remedies under this Agreement and the other Loan Documents shall survive.

2.19. Replacement of Certain Lenders. In the event a Lender (“Affected Lender”) shall have: (i) failed to fund its Pro Rata Share of any Advance requested by the Borrower, which such Lender is obligated to fund under the terms of this Agreement and which failure has not been cured, (ii) requested compensation from the Borrower under Sections 2.14(E), 4.1 or 4.2 to recover Taxes, Other Taxes or other additional costs incurred by such Lender which are not being incurred generally by the other Lenders, (iii) delivered a notice pursuant to Section 4.3 claiming that such Lender is unable to extend Eurodollar Rate Loans to the Borrower for reasons not generally applicable to the other Lenders or (iv) has invoked Section 11.2; then, in any such case, after engagement of one or more “Replacement Lenders” (as defined below) by the Borrower and/or the Administrative Agent, the Borrower or the Administrative Agent may make written demand on such Affected Lender (with a copy to the Administrative Agent in the case of a demand by the Borrower and a copy to the Borrower in the case of a demand by the Administrative Agent) for the Affected Lender to assign, and such Affected Lender shall use commercially reasonable efforts to assign pursuant to one or more duly executed Assignment Agreements five (5) Business Days after the date of such demand, to one or more financial institutions that comply with the provisions of Section 14.3(A) which the
Borrower or the Administrative Agent, as the case may be, shall have engaged for such purpose ("Replacement Lender"), all of such Affected Lender’s rights and obligations under this Agreement and the other Loan Documents (including, without limitation, its Commitments and all Loans owing to it) in accordance with Section 14.3. The Administrative Agent agrees, upon the occurrence of such events with respect to an Affected Lender and upon the written request of the Borrower, to use its reasonable efforts to obtain the commitments from one or more financial institutions to act as a Replacement Lender. The Administrative Agent is authorized to execute one or more of such assignment agreements as attorney-in-fact for any Affected Lender failing to execute and deliver the same within five (5) Business Days after the date of such demand. Further, with respect to such assignment the Affected Lender shall have concurrently received, in cash, all amounts due and owing to the Affected Lender hereunder or under any other Loan Document, including, without limitation, the aggregate outstanding principal amount of the Loans owed to such Lender, together with accrued interest thereon through the date of such assignment, amounts payable under Sections 2.14(E), 4.1, and 4.2 with respect to such Affected Lender and compensation payable under Section 2.14(C) in the event of any replacement of any Affected Lender under clause (ii) or clause (iii) of this Section 2.19; provided that upon such Affected Lender’s replacement, such Affected Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14(E), 4.1, 4.2, 4.4, and 11.7, as well as to any fees accrued for its account hereunder and not yet paid, and shall continue to be obligated under Section 12.8.

2.20. Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from the Company or the Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent’s main office in Chicago, Illinois on the Business Day preceding that on which the final, non-appealable judgment is given. The obligations of the Company and the Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to reimburse such Lender or the Administrative Agent, as the case may be, for any such loss; and if no Default or Unmatured Default shall have occurred and is continuing and the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 14.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the Company or the Borrower, as applicable.
ARTICLE III: [RESERVED].

ARTICLE IV: CHANGE IN CIRCUMSTANCES

4.1. Yield Protection.

(A) Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) adopted after the date of this Agreement and having general applicability to all banks within the jurisdiction in which such Lender operates (excluding, for the avoidance of doubt, the effect of and phasing in of capital requirements or other regulations or guidelines passed prior to the date of this Agreement), or any interpretation or application thereof by any Governmental Authority charged with the interpretation or application thereof, or the compliance of any Lender therewith,

(i) subjects any Lender or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding taxation of the overall net income of any Lender or taxation of a similar basis, which are governed by Section 2.14(E)), or changes the basis of taxation of payments to any Lender in respect of its Commitment, Loans or other amounts due it hereunder, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Rate Loans) with respect to its Commitment or Loans, or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Commitment or Loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Commitment or Loans, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Commitment or Loans held or interest received by it by an amount deemed material by such Lender;

and the result of any of the foregoing is to increase the cost to that Lender of making, renewing or maintaining its Commitment or Loans or to reduce any amount received under this Agreement, then, within fifteen (15) days after receipt by the Company or the Borrower of written demand by such Lender pursuant to Section 4.5, the Borrower shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender determines is attributable to making, funding and maintaining its Loans and its Commitment.

(B) Non-U.S. Reserve Costs or Fees With Respect to Loans. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive of any jurisdiction outside of the United States of America or any subdivision thereof (whether
or not having the force of law), imposes or deems applicable any reserve requirement against or fee with respect to assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation, and the result of the foregoing is to increase the cost to such Lender or applicable Lending Installation of making or maintaining its Eurodollar Loans to or its Commitment to the Borrower or to reduce the return received by such Lender or applicable Lending Installation in connection with such Eurodollar Loans to or for the benefit of the Borrower or Commitment to the Borrower, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received, provided that the Borrower shall not be required to compensate any Lender for such non-U.S. reserve costs or fees to the extent that an amount equal to such reserve costs or fees is received by such Lender as a result of the calculation of the interest rate applicable to Eurodollar Rate Advances pursuant to clause (i)(b) of the definition of “Eurodollar Rate.”

4.2. Changes in Capital Adequacy Regulations. If a Lender determines (i) the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a “Change” (as defined below), and (ii) such increase in capital will result in an increase in the cost to such Lender of maintaining its Commitment, Loans or its obligation to make Loans hereunder, then, within fifteen (15) days after receipt by the Company or the Borrower of written demand by such Lender pursuant to Section 4.5, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Commitment, its Loans or its obligation to make Loans hereunder (after taking into account such Lender’s policies as to capital adequacy).

“Change” means (i) any change after the date of this Agreement in the “Risk-Based Capital Guidelines” (as defined below) excluding, for the avoidance of doubt, the effect of any phasing in of such Risk-Based Capital Guidelines or any other capital requirements passed prior to the Closing Date, or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. “Risk-Based Capital Guidelines” means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled “International Convergence of Capital Measurements and Capital Standards,” including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

4.3. Availability of Types of Advances. If (i) any Lender determines that maintenance of its Eurodollar Rate Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, or (ii) the Required Lenders determine that (x) deposits of a type or maturity appropriate to match fund Eurodollar Rate Loans are not available or (y) the interest rate applicable to a Eurodollar Rate Loan does not accurately reflect the cost of making or maintaining such an Advance, then the Administrative Agent shall suspend the availability of the affected Type of Advance and, in the
4.4. Funding Indemnification. If any payment of a Eurodollar Rate Loan occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment (whether voluntary or mandatory), or a Eurodollar Rate Loan is not made on the date specified by the Borrower for any reason other than default by the Lenders, or a Eurodollar Rate Loan is not prepaid on the date specified by the Borrower for any reason, the Borrower indemnifies each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Rate Loan.

4.5. Lender Statements; Survival of Indemnity. If reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Rate Loan to reduce any liability of the Borrower to such Lender under Sections 4.1 and 4.2 or to avoid the unavailability of a Type of Advance under Section 4.3, so long as such designation is not, in the judgment of the Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Sections 2.14(E), 4.1, 4.2 or 4.4 and shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be prima facie evidence thereof and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Rate Loan shall be calculated as though each Lender funded its Eurodollar Rate Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such statement. The obligations of the Borrower under Sections 2.14(E), 4.1, 4.2 and 4.4 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE V: CONDITIONS PRECEDENT

5.1. Effective Date. This Agreement shall not become effective until the Borrower has furnished to the Administrative Agent each of the following, with sufficient copies (if applicable) for the Lenders, all in form and substance satisfactory to the Administrative Agent and the Lenders:

(i) Copies of the Certificate of Incorporation or comparable charter documents of the Company and the Borrower as of the Closing Date, together with all amendments and a certificate of good standing, both certified as of a recent date by the appropriate governmental officer in its jurisdiction of incorporation;

(ii) Copies, certified by the Secretary or Assistant Secretary of the Company and the Borrower of their respective By-Laws or comparable governance documents and of their respective Board of Directors’ resolutions authorizing the execution of the Loan Documents entered into by it;

38
(iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Company and the Borrower, which shall identify by name and title and bear the signature of the officers authorized to sign the Loan Documents and, of the Borrower to make borrowings hereunder, upon which certificate the Lenders shall be entitled to rely until informed of any change in writing by the Company;

(iv) A certificate, in form and substance satisfactory to the Administrative Agent, signed by an Authorized Officer of the Company and the Borrower, certifying that on the date of this Agreement (a) all the representations in this Agreement are true and correct (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date), (b) no Default or Unmatured Default has occurred and is continuing and (c) there exists no injunction or temporary restraining order which would prohibit the making of the Loans or the consummation of the other transactions contemplated by the Loan Documents or any litigation seeking such an injunction or restraining order;

(v) The written opinions of the Company’s, the Borrower’s and Guarantors’ Assistant General Counsel, and of the Company’s Dutch counsel, addressed to the Administrative Agent and the Lenders, in substantially the forms attached hereto as Exhibit E-1 and Exhibit E-2, respectively;

(vi) Such other documents as the Administrative Agent or its counsel may have reasonably requested, including, without limitation, all of the documents reflected on the List of Closing Documents attached as Exhibit E-3 to this Agreement; and

(vii) Evidence reasonably satisfactory to (a) the Administrative Agent that the Company has paid or caused to be paid to the Administrative Agent and JPMSI the fees (including, without limitation, the upfront fees payable to the Lenders) agreed to in the fee letter dated September 20, 2007, among the Administrative Agent, JPMSI and the Company and (b) the Syndication Agent that the Company has paid or caused to be paid to the Syndication Agent and BAS the fees agreed to in the fee letter dated September 20, 2007 among the Syndication Agent, BAS and the Company.

5.2. Loans. The Lenders shall not be required to make the Loans hereunder, unless:

(A) No Defaults. There exists no Default or Unmatured Default;

(B) Representations and Warranties. All of the representations and warranties contained in Article VI are true and correct as of the Borrowing Date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date) except for changes in the Schedules to this Agreement reflecting transactions permitted by or not in violation of this Agreement;
(C) Borrowing Date. The Borrowing Date shall occur by no later than December 31, 2007 and, if the Borrowing Date does not occur by such date, the Commitments and this Agreement shall automatically terminate; and

(D) the Borrower has furnished to the Administrative Agent each of the following, with sufficient copies (if applicable) for the Lenders, all in form and substance satisfactory to the Administrative Agent and the Lenders:

   (i) Audited financial statements for the Target and its Subsidiaries for the fiscal year ended December 31, 2006;

   (ii) Unaudited interim financial statements for the Target and its Subsidiaries for the portion of the fiscal year ended June 30, 2007;

   (iii) Evidence reasonably satisfactory to the Administrative Agent that the Target Acquisition has been consummated on the terms contained in the Target Acquisition Agreement (unless waived by the Company with the consent of the Administrative Agent) substantially concurrently with the initial funding hereunder;

   (iv) Evidence reasonably satisfactory to the Administrative Agent that all required governmental and third party approvals and consents, if any, related to the Target Acquisition have been obtained and all related filings made and any applicable waiting periods shall have expired or been terminated; and

   (v) Evidence reasonably satisfactory to the Administrative Agent that the Company’s and the relevant seller’s respective general partners, directors or other managers and, if necessary, unitholders or shareholders, shall have approved the Target Acquisition and all regulatory and legal approvals for the Target Acquisition shall have been obtained and any required waiting periods shall have expired or been terminated.

ARTICLE VI: REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and the other financial accommodations to the Borrower, the Company represents and warrants as follows to each Lender and the Administrative Agent as of the Closing Date, giving effect to the consummation of the transactions contemplated by the Loan Documents on the Closing Date, and thereafter on each date as required by Section 5.1 and 5.2:

6.1. Organization; Corporate Powers; Dutch Financial Supervision Act. The Company and each of its Subsidiaries (i) is a corporation, limited liability company or partnership that is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite power and authority to own, operate and encumber its property and to conduct its
business as presently conducted and as proposed to be conducted. Furthermore, the Company represents and warrants to the Lenders that it is in compliance with the applicable provisions of the Dutch Financial Supervision Act and any implementing regulation.

6.2. Authority, Execution and Delivery; Loan Documents.

(A) Power and Authority. Each of the Loan Parties has the requisite power and authority to execute, deliver and perform each of the Loan Documents which are to be executed by it as required by this Agreement and the other Loan Documents and (ii) to file the Loan Documents which must be filed by it as required by this Agreement, the other Loan Documents or otherwise with any Governmental Authority.

(B) Execution and Delivery. The execution, delivery, performance and filing, as the case may be, of each of the Loan Documents as required by this Agreement or otherwise and to which any Loan Party is party, and the consummation of the transactions contemplated thereby, have been duly approved by the respective boards of directors and, if necessary, the shareholders of the applicable Loan Parties, and such approvals have not been rescinded.

(C) Loan Documents. Each of the Loan Documents to which the Company or any of its Subsidiaries is a party has been duly executed, delivered or filed, as the case may be, by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors’ rights generally), is in full force and effect and no material term or condition thereof has been amended, modified or waived from the terms and conditions contained in the Loan Documents delivered to the Administrative Agent pursuant to Section 5.1 without the prior written consent of the Administrative Agent, and the Company and its Subsidiaries have, and, to the best of the Company’s and its Subsidiaries’ knowledge, all other parties thereto have, performed and complied with all the terms, provisions, agreements and conditions set forth therein and required to be performed or complied with by such parties, and no unmatured default, default or breach of any covenant by any such party exists thereunder.

6.3. No Conflict; Governmental Consents. The execution, delivery and performance of each of the Loan Documents to which each of the Loan Parties is a party do not and will not (i) conflict with the certificate or articles of incorporation or by-laws of such Loan Party, (ii) constitute a tortious interference with any Contractual Obligation of any Person or conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law or Contractual Obligation of any such Loan Party, or require termination of any Contractual Obligation, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of the Company or any of its Subsidiaries, other than Liens permitted or created by the Loan Documents, or (iv) require any approval of any Loan Party’s Board of Directors or shareholders except such as have been obtained. The execution, delivery and performance of each of the Loan Documents to which the Company or any of its Subsidiaries is a party do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority, except filings, consents or notices which have been made, obtained or given, or which, if not
made, obtained or given, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.


(A) Pro Forma Financials. The combined pro forma balance sheet, income statements and statements of cash flow of the Company and its Subsidiaries, copies of which are attached hereto as Schedule 6.4 to this Agreement, present on a pro forma basis the financial condition of the Company and such Subsidiaries as of such date, and demonstrate that the Company and its Subsidiaries can repay their debts and satisfy their other obligations as and when due, and can comply with the requirements of this Agreement. The projections and assumptions expressed in the pro forma financials referenced in this Section 6.4(A) were prepared in good faith and represent management’s opinion based on the information available to the Company at the time so furnished and, since the preparation thereof and up to the Closing Date, there has occurred no change in the business, financial condition, operations, or prospects of the Company or any of its Subsidiaries, or the Company and its Subsidiaries taken as a whole, which has had or could reasonably be expected to have a Material Adverse Effect.

(B) Audited Financial Statements. Complete and accurate copies of the audited financial statements and the audit reports related thereto of the Company and its consolidated Subsidiaries as at December 31, 2006 have been delivered to the Administrative Agent and such financial statements were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Company and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

(C) Interim Financial Statements. Complete and accurate copies of the unaudited financial statements of the Company and its consolidated Subsidiaries as at June 30, 2007 have been delivered to the Administrative Agent and such financial statements were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Company and its Subsidiaries at such date and the consolidated results of their operations for the period then ended, subject to normal year-end audit adjustments.

6.5. No Material Adverse Change. Since December 31, 2006, there has occurred no change in the business, properties, condition (financial or otherwise), performance, results of operations or prospects of the Company or the Company and its Subsidiaries taken as a whole, or any other event which has had or could reasonably be expected to have a Material Adverse Effect.

6.6. Taxes.

(A) Tax Examinations. All deficiencies which have been asserted against the Company or any of the Company’s Subsidiaries as a result of any federal, state, local or
foreign tax examination for each taxable year in respect of which an examination has been conducted have been fully paid or finally settled or are being contested in good faith, and no issue has been raised by any taxing authority in any such examination which, by application of similar principles, could reasonably be expected to result in assertion by such taxing authority of a material deficiency for any other year not so examined which has not been reserved for in the Company’s consolidated financial statements to the extent, if any, required by Agreement Accounting Principles. Except as permitted pursuant to Section 7.2(D), neither the Company nor any of the Company’s Subsidiaries anticipates any tax liability with respect to the years which have not been closed pursuant to applicable law.

(B) Payment of Taxes. All material tax returns and reports of the Company and its Subsidiaries required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges thereupon and upon their respective property, assets, income and franchises which are shown in such returns or reports to be due and payable have been paid except those items which are being contested in good faith and have been reserved for in accordance with Agreement Accounting Principles. The Company has no knowledge of any proposed tax assessment against it or any of its Subsidiaries that will have or could reasonably be expected to have a Material Adverse Effect.

6.7. Litigation; Loss Contingencies and Violations. Other than as identified on Schedule 6.7, there is no action, suit, proceeding, arbitration or, to the Company’s knowledge, investigation before or by any Governmental Authority or private arbitrator pending or, to the Company’s knowledge, threatened against or affecting the Company or any of its Subsidiaries or any property of any of them, including, without limitation, any such actions, suits, proceedings, arbitrations and investigations disclosed in the Company’s SEC Forms 10-K and 10-Q (the “Disclosed Litigation”), which (i) challenges the validity or the enforceability of any material provision of the Loan Documents or (ii) has or could reasonably be expected to have a Material Adverse Effect. There is no material loss contingency within the meaning of Agreement Accounting Principles which has not been reflected in the consolidated financial statements of the Company prepared and delivered pursuant to Section 7.1(A) for the fiscal period during which such material loss contingency was incurred. Neither the Company nor any of its Subsidiaries is (A) in violation of any applicable Requirements of Law which violation could reasonably be expected to have a Material Adverse Effect, or (B) subject to or in default with respect to any final judgment, writ, injunction, restraining order or order of any nature, decree, rule or regulation of any court or Governmental Authority which could reasonably be expected to have a Material Adverse Effect.

6.8. Subsidiaries. Schedule 6.8 to this Agreement (i) contains a description of the corporate structure of the Company, its Subsidiaries and any other Person in which the Company or any of its Subsidiaries holds an Equity Interest; and (ii) accurately sets forth (A) the correct legal name, the jurisdiction of incorporation and the jurisdictions in which each of the Company and the direct and indirect Subsidiaries of the Company are qualified to transact business as a foreign corporation, (B) the authorized, issued and outstanding shares of each class of Capital Stock of each of the Company’s Foreign Subsidiaries and the owners of such shares (both as of the Closing Date and on a fully-diluted basis), and (C) a summary of the direct and indirect partnership, joint venture, or other Equity Interests, if any, of the Company and each of
its Subsidiaries in any Person. Except as disclosed on Schedule 6.8, none of the issued and outstanding Capital Stock of the Company’s Foreign Subsidiaries is subject to any vesting, redemption, or repurchase agreement, and there are no warrants or options outstanding with respect to such Capital Stock. The outstanding Capital Stock of each of the Company’s Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and is not Margin Stock.

6.9. ERISA. No Benefit Plan has incurred any material accumulated funding deficiency (as defined in Sections 302(a)(2) of ERISA and 412(a) of the Code) whether or not waived. Neither the Company nor any member of the Controlled Group has incurred any material liability to the PBGC which remains outstanding other than the payment of premiums. As of the last day of the most recent prior plan year, the market value of assets under each Benefit Plan, other than any Multiemployer Plan, was not by a material amount less than the present value of benefit liabilities thereunder (determined in accordance with the actuarial valuation assumptions described therein). Neither the Company nor any member of the Controlled Group has (i) failed to make a required contribution or payment to a Multiemployer Plan of a material amount or (ii) incurred a material complete or partial withdrawal under Section 4203 or Section 4205 of ERISA from a Multiemployer Plan. Neither the Company nor any member of the Controlled Group has failed to make an installment or any other payment of a material amount required under Section 412 of the Code on or before the due date for such installment or other payment. Each Plan, Foreign Employee Benefit Plan and Non-ERISA Commitment complies in all material respects in form, and has been administered in all material respects in accordance with its terms and in accordance with all applicable laws and regulations, including but not limited to ERISA and the Code. There have been no and there is no prohibited transaction described in Sections 406 of ERISA or 4975 of the Code with respect to any Plan for which a statutory or administrative exemption does not exist which could reasonably be expected to subject the Company or any of its Subsidiaries to material liability. Neither the Company nor any member of the Controlled Group has taken or failed to take any action which would constitute or result in a Termination Event, which action or inaction could reasonably be expected to subject the Company or any of its Subsidiaries to material liability. Neither the Company nor any member of the Controlled Group is subject to any material liability under, or has any potential material liability under, Section 4063, 4064, 4069, 4204 or 4212(c) of ERISA. The present value of the aggregate liabilities to provide all of the accrued benefits under any Foreign Pension Plan do not exceed the current fair market value of the assets held in trust or other funding vehicle for such plan by a material amount. With respect to any Foreign Employee Benefit Plan other than a Foreign Pension Plan, reasonable reserves have been established in accordance with prudent business practice or where required by ordinary accounting practices in the jurisdiction in which such plan is maintained. Except as set forth on Schedule 6.9, neither the Company nor any other member of the Controlled Group has taken or failed to take any action, nor has any event occurred, with respect to any “employee benefit plan” (as defined in Section 3(3) of ERISA) which action, inaction or event could reasonably be expected to subject the Company or any of its Subsidiaries to material liability. For purposes of this Section 6.9, “material” means any amount, noncompliance or other basis for liability which could reasonably be expected to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate with each other basis for liability under this Section 6.9, in excess of $2,000,000.
6.10. Accuracy of Information. The information, exhibits and reports furnished by or on behalf of the Company and any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents, the representations and warranties of the Company and its Subsidiaries contained in the Loan Documents, and all certificates and documents delivered to the Administrative Agent and the Lenders pursuant to the terms thereof, taken as a whole, do not contain as of the date furnished any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

6.11. Securities Activities. Neither the Company nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock. Margin Stock constitutes less than 25% of the value of those assets of the Company and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

6.12. Material Agreements. Neither the Company nor any of its Subsidiaries is a party to any Contractual Obligation or subject to any charter or other corporate restriction which individually or in the aggregate has had or could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received notice or has knowledge that (i) it is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, or (ii) any condition exists which, with the giving of notice or the lapse of time or both, would constitute a default with respect to any such Contractual Obligation, in each case, except where such default or defaults, if any, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

6.13. Compliance with Laws. The Company and its Subsidiaries are in compliance with all Requirements of Law applicable to them and their respective businesses, in each case where the failure to so comply individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

6.14. Assets and Properties. The Company and each of its Subsidiaries has good and marketable title to all of its material assets and properties (tangible and intangible, real or personal) owned by it or a valid leasehold interest in all of its material leased assets (except insofar as marketability may be limited by any laws or regulations of any Governmental Authority affecting such assets), and all such assets and property are free and clear of all Liens, except Liens permitted under Section 7.3(C). Substantially all of the assets and properties owned by, leased to or used by the Company and/or each such Subsidiary of the Company are in adequate operating condition and repair, ordinary wear and tear excepted. Neither this Agreement nor any other Loan Document, nor any transaction contemplated under any such agreement, will affect any right, title or interest of the Company or such Subsidiary in and to any of such assets in a manner that could reasonably be expected to have a Material Adverse Effect.

6.15. Statutory Indebtedness Restrictions. Neither the Company nor any of its Subsidiaries is subject to regulation under the Federal Power Act, the Investment Company Act
of 1940, or any other foreign, federal or state statute or regulation which limits its ability to incur indebtedness or its ability to consummate the transactions contemplated hereby.

6.16. Insurance. The insurance policies and programs in effect with respect to the respective properties, assets, liabilities and business of the Company and its Subsidiaries reflect coverage that is reasonably consistent with prudent industry practice.


(A) Environmental Representations. Except as disclosed on Schedule 6.17 to this Agreement:

(i) the operations of the Company and its Subsidiaries comply in all material respects with Environmental, Health or Safety Requirements of Law;

(ii) the Company and its Subsidiaries have all material permits, licenses or other authorizations required under Environmental, Health or Safety Requirements of Law and are in material compliance with such permits;

(iii) neither the Company, any of its Subsidiaries nor any of their respective present property or operations, or, to the Company’s or any of its Subsidiaries’ knowledge, any of their respective past property or operations, are subject to or the subject of, any investigation known to the Company or any of its Subsidiaries, any judicial or administrative proceeding, order, judgment, decree, settlement or other agreement respecting: (A) any material violation of Environmental, Health or Safety Requirements of Law; (B) any remedial action; or (C) any material claims or liabilities arising from the Release or threatened Release of a Contaminant into the environment;

(iv) there is not now, nor to the Company’s or any of its Subsidiaries’ knowledge has there ever been, on or in the property of the Company or any of its Subsidiaries any landfill, waste pile, underground storage tanks, aboveground storage tanks, surface impoundment or hazardous waste storage facility of any kind, any polychlorinated biphenyls (PCBs) used in hydraulic oils, electric transformers or other equipment, or any asbestos containing material; and

(v) neither the Company nor any of its Subsidiaries has any material Contingent Obligation in connection with any Release or threatened Release of a Contaminant into the environment.

(B) Materiality. For purposes of this Section 6.17 “material” means any noncompliance or basis for liability which could reasonably be likely to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of $5,000,000.

6.18. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Lenders that:
(A) Organization and Corporate Powers. The Borrower (i) is a company duly formed and validly existing and in good standing under the laws of the state or country of its organization (such jurisdiction being hereinafter referred to as the “Home Country”) and (ii) has the requisite power and authority to own its property and assets and to carry on its business substantially as now conducted except where the failure to have such requisite authority would not reasonably be expected to have a Material Adverse Effect.

(B) Binding Effect. Each Loan Document executed by the Borrower is the legal, valid and binding obligation of the Borrower enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally and general equitable principles.

(C) No Conflict; Government Consent. Neither the execution and delivery by the Borrower of the Loan Documents to which it is a party, nor the consummation by it of the transactions therein contemplated to be consummated by it, nor compliance by the Borrower with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or the Borrower’s or any of its Subsidiaries’ memoranda or articles of association or the provisions of any indenture, instrument or agreement to which the Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any lien in, of or on the property of the Borrower or any of its Subsidiaries pursuant to the terms of any such indenture, instrument or agreement in any such case which violation, conflict, default, creation or imposition would not reasonably be expected to have a Material Adverse Effect. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents, except for such as have been obtained or made.

(D) Filing. To ensure the enforceability or admissibility in evidence of this Agreement and each Loan Document to which the Borrower is a party in its Home Country, it is not necessary that this Agreement or any other Loan Document to which the Borrower is a party or any other document be filed or recorded with any court or other authority in its Home Country or that any stamp or similar tax be paid to or in respect of this Agreement or any other Loan Document of the Borrower. The qualification by any Lender or the Administrative Agent for admission to do business under the laws of the Borrower’s Home Country does not constitute a condition to, and the failure to so qualify does not affect, the exercise by any Lender or the Administrative Agent of any right, privilege, or remedy afforded to any Lender or the Administrative Agent in connection with the Loan Documents to which the Borrower is a party or the enforcement of any such right, privilege, or remedy against Borrower. The performance by any Lender or the Administrative Agent of any action required or permitted under the Loan Documents will not (i) violate any law or regulation of the Borrower’s Home Country or any political subdivision thereof, (ii) result in any tax or other monetary liability to such party pursuant to the laws of the Borrower’s Home Country or political
subdivision or taxing authority thereof (provided that, should any such action result in any such tax or other monetary liability to the Lender or the Administrative Agent, the Borrower hereby agrees to indemnify such Lender or the Administrative Agent, as the case may be, against (x) any such tax or other monetary liability and (y) any increase in any tax or other monetary liability which results from such action by such Lender or the Administrative Agent and, to the extent the Borrower makes such indemnification, the incurrence of such liability by the Administrative Agent or any Lender will not constitute a Default) or (iii) violate any rule or regulation of any federation or organization or similar entity of which the Borrower’s Home Country is a member.

(E) No Immunity. Neither the Borrower nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process. The Borrower’s execution and delivery of the Loan Documents to which it is a party constitute, and the exercise of its rights and performance of and compliance with its obligations under such Loan Documents will constitute, private and commercial acts done and performed for private and commercial purposes.

6.19. Benefits. Each of the Company and its Subsidiaries will benefit from the financing arrangement established by this Agreement. The Administrative Agent and the Lenders have stated and the Company acknowledges that, but for the agreement by each of the Guarantors to execute and deliver the Guaranty, the Administrative Agent and the Lenders would not have made available the credit facilities established hereby on the terms set forth herein.

6.20. Solvency. After giving effect to (i) the Loans to be made on the Closing Date, (ii) the other transactions contemplated by this Agreement and the other Loan Documents (including, without limitation, the Target Acquisition) and (iii) the payment and accrual of all transaction costs with respect to the foregoing, the Company and its Subsidiaries taken as a whole are Solvent.

ARTICLE VII: COVENANTS

The Company covenants and agrees that until all of the Termination Conditions have been satisfied, unless the Required Lenders shall otherwise give prior written consent:

7.1. Reporting. The Company shall:

(A) Financial Reporting. Furnish to the Administrative Agent (for delivery to each of the Lenders):

(i) Quarterly Reports. As soon as practicable and in any event within forty-five (45) days after the end of each of (a) the first three quarterly periods of each of its fiscal years, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such period and the related consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, certified by a Financial Officer of the Company on behalf of the Company and its Subsidiaries as fairly presenting the consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and

48
cash flows for the periods indicated in accordance with Agreement Accounting Principles, subject to normal year-end audit adjustments and the absence of footnotes and (b) each quarterly period of its fiscal year, a report relating to the asbestos litigation described in Schedule 6.17, and any other Product Liability Events, for such quarter, such report being in form and substance satisfactory to the Administrative Agent and in any event describing (1) any final judgments or orders (whether monetary or non-monetary) entered against the Company or any Subsidiary and (2) any settlements for the payment of money entered into by the Company or any Subsidiary.

(ii) Annual Reports. As soon as practicable, and in any event within ninety (90) days after the end of each fiscal year, (a) the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income, stockholders’ equity and cash flows of the Company and its Subsidiaries for such fiscal year, and in comparative form the corresponding figures for the previous fiscal year along with consolidating schedules in form and substance sufficient to calculate the financial covenants set forth in Section 7.4 and (b) an audit report on the consolidated financial statements (but not the consolidating financial statements or schedules) listed in clause (a) hereof of independent certified public accountants of recognized national standing, which audit report shall be unqualified and shall state that such financial statements fairly present the consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with Agreement Accounting Principles and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards. The deliveries made pursuant to this clause (ii) shall be accompanied by (x) any management letter prepared by the above-referenced accountants, and (y) a certificate of such accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof.

(iii) Officer’s Certificate. Together with each delivery of any financial statement (a) pursuant to clauses (i) or (ii) of this Section 7.1(A), an Officer’s Certificate of the Company, substantially in the form of Exhibit F attached hereto and made a part hereof, stating that as of the date of such Officer’s Certificate no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof and (b) pursuant to clauses (i) and (ii) of this Section 7.1(A), a compliance certificate, substantially in the form of Exhibit G attached hereto and made a part hereof, signed by an Authorized Officer, which demonstrates compliance with the tests contained in Section 7.3 and Section 7.4, and which calculates the Leverage Ratio for purposes of determining the then Applicable Floating Rate Margin, Applicable Eurodollar Margin and Applicable Ticking Fee Percentage.
(iv) Budgets; Business Plans; Financial Projections. As soon as practicable and in any event not later than one hundred twenty (120) days after the beginning of each fiscal year commencing with the fiscal year beginning January 1, 2008, a copy of the plan and forecast (including a projected balance sheet, income statement and a statement of cash flow) of the Company and its Subsidiaries for the upcoming three (3) fiscal years prepared in such detail as shall be reasonably satisfactory to the Administrative Agent.

(B) Notice of Default. Promptly upon any of the chief executive officer, chief operating officer, chief financial officer, treasurer, controller, chief legal officer or general counsel of the Company obtaining knowledge (i) of any condition or event which constitutes a Default or Unmatured Default, or becoming aware that any Lender or Administrative Agent has given any written notice with respect to a claimed Default or Unmatured Default under this Agreement, or (ii) that any Person has given any written notice to the Company or any Subsidiary of the Company or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 8.1(E), or (iii) that any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect has occurred, the Company shall deliver to the Administrative Agent and the Lenders an Officer’s Certificate specifying (a) the nature and period of existence of any such claimed default, Default, Unmatured Default, condition or event, (b) the notice given or action taken by such Person in connection therewith, and (c) what action the Company has taken, is taking and proposes to take with respect thereto.

(C) Lawsuits.

(i) Promptly upon the Company obtaining knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration, by or before any Governmental Authority, against or affecting the Company or any of its Subsidiaries or any property of the Company or any of its Subsidiaries not previously disclosed pursuant to Section 6.7, which action, suit, proceeding, governmental investigation or arbitration exposes, or in the case of multiple actions, suits, proceedings, governmental investigations or arbitrations arising out of the same general allegations or circumstances which expose, in the Company’s reasonable judgment, the Company and/or any of its Subsidiaries to liability in an amount aggregating $20,000,000 or more, give written notice thereof to the Administrative Agent and the Lenders and provide such other information as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; and

(ii) Promptly upon the Company or any of its Subsidiaries obtaining knowledge of any material adverse developments with respect to any of the Disclosed Litigation, which Disclosed Litigation exposes, in the Company’s reasonable judgment, the Company and/or any of its Subsidiaries to liability in an amount aggregating $5,000,000 or more, give written notice thereof to the Administrative Agent and the Lenders and provide such other information as may be reasonably
available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; and

(iii) In addition to the requirements set forth in clauses (i) and (ii) of this Section 7.1(C), upon request of the Administrative Agent or the Required Lenders, promptly give written notice of the status of any Disclosed Litigation or any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (i) above and provide such other information as may be reasonably available to it that would not jeopardize any attorney-client privilege by disclosure to the Lenders to enable each Lender and the Administrative Agent and its counsel to evaluate such matters.

(D) ERISA Notices. Deliver or cause to be delivered to the Administrative Agent and the Lenders, at the Company’ s expense, the following information and notices as soon as reasonably possible, and in any event:

(i) (a) within ten (10) Business Days after the Company obtains knowledge that a Termination Event has occurred, a written statement of a Financial Officer of the Company describing such Termination Event and the action, if any, which the Company has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto and (b) within ten (10) Business Days after any member of the Controlled Group obtains knowledge that a Termination Event has occurred which could reasonably be expected to subject the Company or any of its Subsidiaries to liability in excess of $5,000,000, a written statement of a Financial Officer or designee of the Company describing such Termination Event and the action, if any, which the member of the Controlled Group has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto;

(ii) within ten (10) Business Days after the filing of any funding waiver request with the IRS, a copy of such funding waiver request and thereafter all communications received by the Company or a member of the Controlled Group with respect to such request within ten (10) Business Days such communication is received; and

(iii) within ten (10) Business Days after the Company or any member of the Controlled Group knows or has reason to know that (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan, a notice describing such matter.

For purposes of this Section 7.1(D), the Company, any of its Subsidiaries and any member of the Controlled Group shall be deemed to know all facts known by the administrator of any Plan of which the Company or any member of the Controlled Group or such Subsidiary is the plan sponsor.
(E) Other Indebtedness. Deliver to the Administrative Agent (i) a copy of each regular report, notice or communication regarding potential or actual defaults or amortization events (including any accompanying officer’s certificate) delivered by or on behalf of the Company to the holders of Material Indebtedness pursuant to the terms of the agreements governing such Material Indebtedness, such delivery to be made at the same time and by the same means as such notice of default is delivered to such holders, and (ii) a copy of each notice or other communication received by the Company from the holders of Material Indebtedness regarding potential or actual defaults pursuant to the terms of such Material Indebtedness, such delivery to be made promptly after such notice or other communication is received by the Company or any of its Subsidiaries.

(F) Other Reports. Deliver or cause to be delivered to the Administrative Agent and the Lenders copies of (i) all financial statements, reports and notices, if any, sent or made available generally by the Company to their securities holders or filed with the Commission by the Company, (ii) all press releases made available generally by the Company or any of the Company’s Subsidiaries to the public concerning material developments in the business of the Company or any such Subsidiary and (iii) all notifications received from the Commission by the Company or its Subsidiaries pursuant to the Securities Exchange Act of 1934 and the rules promulgated thereunder.

(G) Environmental Notices. As soon as possible and in any event within ten (10) days after receipt by the Company, deliver to the Administrative Agent and the Lenders a copy of (i) any notice or claim to the effect that the Company or any of its Subsidiaries is or may be liable to any Person as a result of the Release by the Company, any of its Subsidiaries, or any other Person of any Contaminant into the environment, and (ii) any notice alleging any violation of any Environmental, Health or Safety Requirements of Law by the Company or any of its Subsidiaries if, in either case, such notice or claim relates to an event which could reasonably be expected to subject the Company and its Subsidiaries to liability individually or in the aggregate in excess of $5,000,000.

(H) Other Information. Promptly upon receiving a request therefor from the Administrative Agent, prepare and deliver to the Administrative Agent and the Lenders such other information with respect to the Company, any of its Subsidiaries, as from time to time may be reasonably requested by the Administrative Agent.

7.2. Affirmative Covenants.

(A) Existence, Etc. The Company shall and, except as permitted pursuant to Section 7.3(H), shall cause each of its Subsidiaries to, at all times maintain its existence and preserve and keep, or cause to be preserved and kept, in full force and effect its rights and franchises material to its businesses.

(B) Corporate Powers; Conduct of Business. The Company shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its business requires it to be so qualified and where the
failure to be so qualified will have or could reasonably be expected to have a Material Adverse Effect. The Company will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

(C) Compliance with Laws, Etc. The Company shall, and shall cause its Subsidiaries to, (a) comply with all Requirements of Law and all restrictive covenants affecting such Person or the business, properties, assets or operations of such Person, and (b) obtain as needed all permits necessary for its operations and maintain such permits in good standing unless failure to comply or obtain such permits could not reasonably be expected to have a Material Adverse Effect. Furthermore, the Company shall at all times remain in compliance with the applicable provisions of the Dutch Financial Supervision Act and any implementing regulation.

(D) Payment of Taxes and Claims; Tax Consolidation. The Company shall pay, and cause each of its Subsidiaries to pay, (i) all taxes, assessments and other governmental charges imposed upon it or on any of its properties or assets or in respect of any of its franchises, business, income or property before any penalty or interest accrues thereon, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or may become a Lien (other than a Lien permitted by Section 7.3(C)) upon any of the Company’s or such Subsidiary’s property or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that no such taxes, assessments and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above (and interest, penalties or fines relating thereto) need be paid if being contested in good faith by appropriate proceedings diligently instituted and conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with Agreement Accounting Principles shall have been made therefor.

(E) Insurance. The Company shall maintain for itself and its Subsidiaries, or shall cause each of its Subsidiaries to maintain in full force and effect, insurance policies and programs, with such deductibles or self-insurance amounts as reflect coverage that is reasonably consistent with prudent industry practice as determined by the Company.

(F) Inspection of Property; Books and Records; Discussions. The Company shall permit and cause each of its Subsidiaries to permit, any authorized representative(s) designated by either the Administrative Agent or any Lender to visit and inspect any of the properties of the Company or any of its Subsidiaries, to examine their respective financial and accounting records and other material data relating to their respective businesses or the transactions contemplated hereby (including, without limitation, in connection with environmental compliance, hazard or liability), and to discuss their affairs, finances and accounts with their officers and independent certified public accountants, all upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested (provided that an officer of the Company or any of its Subsidiaries may, if it so desires, be present at and participate in any such discussion). The Company shall keep and maintain, and cause each of its Subsidiaries to keep and maintain, in all material respects, proper books of record and
account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. If a Default has occurred and is continuing, the Company, upon the Administrative Agent’s request, shall turn over copies of any such records to the Administrative Agent or its representatives.

(G) ERISA Compliance. The Company shall, and shall cause each of its Subsidiaries to, establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA and shall operate all Plans to comply in all material respects with the applicable provisions of the Code, all other applicable laws, and the regulations and interpretations thereunder and the respective requirements of the governing documents for such Plans, except for any noncompliance which, individually or in the aggregate, could not reasonably be expected to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of $20,000,000.

(H) Maintenance of Property. The Company shall cause all property used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 7.2(H) shall prevent the Company or any of its Subsidiaries from discontinuing the operation or maintenance of any of such property if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Administrative Agent or the Lenders.

(I) Environmental Compliance. The Company and its Subsidiaries shall comply with all Environmental, Health or Safety Requirements of Law, except where noncompliance will not have or is not reasonably likely to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of $20,000,000.

(J) Use of Proceeds. The Borrower shall use the proceeds of the Loans to provide funds for financing the acquisition of ABB Holdings Inc. and its subsidiaries (and not ABB Holdings B.V. or any of its subsidiaries) which are being acquired pursuant to the Target Acquisition Agreement and costs and expenses in connection therewith. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any Margin Stock in violation of any applicable legal and regulatory requirements including, without limitation, Regulations T, U, and X, the Securities Act of 1933 and the Securities Exchange Act of 1934 and the regulations promulgated thereunder.

(K) Subsidiary Guarantors.

(i) New Subsidiaries. The Company shall cause each New Subsidiary that is, at any time, a Material Subsidiary (other than any Excluded Foreign Subsidiary) and
each other Subsidiary as is necessary to remain in compliance with the terms of Section 7.3(Q), to deliver to the Administrative Agent an executed supplement to the Subsidiary Guaranty in the form of the supplement attached thereto (a “Supplement”) to become a Subsidiary Guarantor, if requested by the Administrative Agent, and appropriate corporate resolutions, opinions and other documentation in form and substance reasonably satisfactory to the Administrative Agent, such Supplement and other documentation to be delivered to the Administrative Agent as promptly as possible upon the creation, acquisition of or capitalization thereof or if otherwise necessary to remain in compliance with Section 7.3(Q), but in any event within thirty (30) days of such creation, acquisition or capitalization.

(ii) Additional Material Subsidiaries. If any consolidated Subsidiary of the Company (other than a New Subsidiary to the extent addressed in Section 7.2(K)(i)) becomes a Material Subsidiary (other than an Excluded Foreign Subsidiary), the Company shall cause any such Material Subsidiary to deliver to the Administrative Agent an executed Supplement to become a Subsidiary Guarantor and appropriate corporate resolutions, opinions and other documentation in form and substance reasonably satisfactory to the Administrative Agent in connection therewith, such Supplement and other documentation to be delivered to the Administrative Agent as promptly as possible but in any event within thirty (30) days following the date on which such consolidated Subsidiary became a Material Subsidiary.

(iii) Other Required Guarantors. If at any time any Subsidiary of the Company which is not a Subsidiary Guarantor guaranties any Indebtedness of the Company (including, without limitation, Indebtedness incurred pursuant to the Credit Agreement and all replacements, substitutions, extensions or renewals thereof) other than the Indebtedness hereunder, the Company shall cause such Subsidiary to deliver to the Administrative Agent an executed Supplement to become a Subsidiary Guarantor and appropriate corporate resolutions, opinions and other documentation in form and substance reasonably satisfactory to the Administrative Agent in connection therewith, such Supplement and other documentation to be delivered to the Administrative Agent concurrently with the delivery of the guaranty of such other Indebtedness.

(iv) Additional Excluded Foreign Subsidiaries. In the event any Subsidiary otherwise required to become a Guarantor under paragraphs (ii) or (iii) above would cause the Company adverse tax consequences if it were to become a Guarantor or is restricted from becoming a Guarantor as a result of domestic laws or otherwise, the Administrative Agent may, in its discretion, permit such Subsidiary to be treated as an Excluded Foreign Subsidiary, and, accordingly, such Subsidiary would not be required to become a Guarantor.

(L) Foreign Employee Benefit Compliance. The Company shall, and shall cause each of its Subsidiaries and each member of its Controlled Group to, establish, maintain and operate all Foreign Employee Benefit Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such Plans, except for failures to comply
which, in the aggregate, would not be reasonably likely to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of $20,000,000.

7.3. Negative Covenants.

(A) Subsidiary Indebtedness. The Company shall not permit any of its Subsidiaries directly or indirectly to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(i) Indebtedness of the Subsidiaries under the Subsidiary Guaranty;

(ii) Indebtedness in respect of guaranties executed by any Guarantor with respect to any Indebtedness of the Company, provided such Indebtedness is not incurred by the Company in violation of this Agreement;

(iii) Indebtedness in respect of obligations secured by Customary Permitted Liens;

(iv) Indebtedness constituting Contingent Obligations permitted by Section 7.3(E);

(v) Unsecured Indebtedness arising from loans from (a) any Subsidiary to any wholly-owned Subsidiary, (b) the Company to any wholly-owned Subsidiary, (c) Lealand Finance Company B.V. to any Subsidiary (other than any Subsidiary Guarantor) in an aggregate outstanding principal amount not to exceed $50,000,000 at any time and (d) any one or more Subsidiary Guarantors to Horton CBI, Limited in an aggregate outstanding principal amount not to exceed $100,000,000; provided, that if any of the Company, the Borrower or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness may only be due either the Company, the Borrower or Subsidiary Guarantor and shall be expressly subordinate to the payment in full in cash of the Obligations on terms satisfactory to the Administrative Agent;

(vi) Indebtedness in respect of Hedging Obligations which are not prohibited under Section 7.3(O);

(vii) Indebtedness (a) with respect to surety, appeal and performance bonds and Performance Letters of Credit obtained by any of the Company’s Subsidiaries in the ordinary course of business, and (b) incurred or maintained by any of the Company’s Subsidiaries under the Letter of Credit Agreement;

(viii) Indebtedness (a) evidenced by letters of credit, bank guarantees or other similar instruments in an aggregate face amount not to exceed at any time $60,000,000 issued in the ordinary course of business to secure obligations of the Company and its Subsidiaries under workers’ compensation and other social security programs, and Contingent Obligations with respect to any such permitted letters of credit, bank guarantees or other similar instruments, and (b) constituting payment or other obligations to Praxair or its Affiliates in respect of employee benefits under the
Employee Benefits Disaffiliation Agreement dated January 1, 1997, between Chicago Bridge & Iron Company and Praxair, as amended from time to time;

(ix) Indebtedness under the Credit Agreement and the other “Loan Documents” (as defined in the Credit Agreement); and

(x) (a) Permitted Existing Indebtedness and (b) other Indebtedness, in addition to that referred to elsewhere in this Section 7.3(A), incurred by the Company’s Subsidiaries, provided that no Default or Unmatured Default shall have occurred and be continuing at the date of such incurrence or would result therefrom, and provided further that the aggregate outstanding amount of all Indebtedness incurred by the Company’s Subsidiaries under this clause (x)(b) shall not at any time exceed $20,000,000.

(B) Sales of Assets. Neither the Company nor any of its Subsidiaries shall consummate any Asset Sale, except:

(i) sales of inventory in the ordinary course of business;

(ii) the disposition in the ordinary course of business of equipment that is obsolete, excess or no longer used or useful in the Company’s or its Subsidiaries’ businesses;

(iii) transfers of assets between the Company and any wholly-owned Subsidiary of the Company, or between wholly-owned Subsidiaries of the Company not otherwise prohibited by this Agreement;

(iv) the Permitted Sale and Leaseback Transactions;

(v) the sale or other disposition of (a) all of the assets comprising the UltraPure System business operations of the Company and (b) those certain assets acquired from Pitt-Des Moines Inc. and identified in a ruling dated as of July 12, 2003 by the Federal Trade Commission requiring the divestiture of such assets so long as the aggregate book value of such assets described in this clause (b) does not exceed $15,000,000 and the sale of such assets is on terms ordered by the Federal Trade Commission or otherwise reasonably acceptable to the Administrative Agent; and

(vi) other leases, sales or other dispositions of assets if such transaction (a) is for consideration consisting at least eighty percent (80%) of cash, (b) is for not less than fair market value (as determined in good faith by the Company’s board of directors), and (c) involves assets that, together with all other assets of the Company and its Subsidiaries previously leased, sold or disposed of (other than pursuant to clauses (i) through (v) above) as permitted by this Section (x) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the assets of the Company and its Subsidiaries and (y) since the Credit Agreement Closing Date do not exceed

57
$40,000,000, in each case when combined with all such other transactions during such period (each such transaction being valued at book value).

(C) Liens. Neither the Company nor any of its Subsidiaries shall directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of their respective property or assets except:

(i) Liens, if any, created by the Loan Documents or otherwise securing the Obligations;

(ii) Customary Permitted Liens;

(iii) Liens arising pursuant to the Credit Agreement and the other “Loan Documents” (as defined in the Credit Agreement); and

(iv) other Liens, including Permitted Existing Liens, (a) securing Indebtedness of the Company or the Borrower (other than Indebtedness of the Company or the Borrower owed to any Subsidiary) and/or (b) securing Indebtedness of the Company’s Subsidiaries as permitted pursuant to Section 7.3(A) and in an aggregate outstanding amount not to exceed ten percent (10%) of consolidated assets of the Company and its Subsidiaries at any time.

In addition, neither the Company nor any of its Subsidiaries shall become a party to any agreement, note, indenture or other instrument, or take any other action, which would prohibit the creation of a Lien on any of its properties or other assets in favor of the Administrative Agent as collateral for the Obligations; provided that any agreement, note, indenture or other instrument in connection with purchase money Indebtedness (including Capitalized Leases) incurred in compliance with the terms of this Agreement may prohibit the creation of a Lien in favor of the Administrative Agent and the Lenders on the items of property obtained with the proceeds of such Indebtedness.

(D) Investments. Except to the extent permitted pursuant to Section 7.3(F), neither the Company nor any of its Subsidiaries shall directly or indirectly make or own any Investment except:

(i) Investments in cash and Cash Equivalents;

(ii) Permitted Existing Investments in an amount not greater than the amount thereof on the Closing Date;

(iii) Investments in trade receivables or received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(iv) Investments consisting of deposit accounts maintained by the Company and its Subsidiaries;
(v) Investments consisting of non-cash consideration from a sale, assignment, transfer, lease, conveyance or other disposition of property permitted by Section 7.3(B);

(vi) Investments in any consolidated Subsidiaries;

(vii) Investments in joint ventures (other than Subsidiaries) and nonconsolidated Subsidiaries in an aggregate amount not to exceed $150,000,000;

(viii) Investments constituting Permitted Acquisitions;

(ix) Investments constituting Indebtedness permitted by Section 7.3(A) or Contingent Obligations permitted by Section 7.3(E);

(x) Investments in addition to those referred to elsewhere in this Section 7.3(D) in an aggregate amount not to exceed $20,000,000.

(E) Contingent Obligations. None of the Company’s Subsidiaries shall directly or indirectly create or become or be liable with respect to any Contingent Obligation, except: (i) recourse obligations resulting from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) Permitted Existing Contingent Obligations; (iii) Contingent Obligations (x) incurred by any Subsidiary of the Company to support the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money) of any other Subsidiary of the Company or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint interest or other ownership interest, in each case in the ordinary course of business, and, in the case of joint ventures or other ownership interests, the Contingent Obligation in respect thereof is in an aggregate amount not to exceed $30,000,000, (y) incurred by any Subsidiary of the Company under the Credit Agreement or the Letter of Credit Agreement, and (z) with respect to surety, appeal and performance bonds obtained by the Company or any Subsidiary (provided that the Indebtedness with respect thereto is permitted pursuant to Section 7.3(A)) or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint interest or other ownership interest, in each case in the ordinary course of business and, in the case of joint ventures or other ownership interests, the Contingent Obligation in respect thereof is in an aggregate amount not to exceed $30,000,000; and (iv) Contingent Obligations of the Subsidiary Guarantors under the Subsidiary Guaranty.

(F) Conduct of Business; Subsidiaries; Permitted Acquisitions. Neither the Company nor any of its Subsidiaries shall engage in any business other than the businesses engaged in by the Company and its Subsidiaries on the Closing Date and any business or activities which are substantially similar, related or incidental thereto or logical extensions thereof. The Company shall not create, acquire or capitalize any Subsidiary after the Closing Date unless (i) no Default or Unmatured Default shall have occurred and be continuing or would result therefrom; (ii) after such creation, acquisition or capitalization, all of the representations and warranties contained herein shall be true
and correct (unless such representation and warranty is made as of a specific date, in which case, such representation or warranty shall be true and correct as of such date); and (iii) after such creation, acquisition or capitalization the Company and such Subsidiary shall be in compliance with the terms of Sections 7.2(K) and 7.3(R). Neither the Company nor its Subsidiaries shall make any Acquisitions, other than (i) the acquisition of the Target and the Lummus Global business of ABB Holdings B.V. pursuant to the terms of the Target Acquisition Agreement and (ii) Acquisitions meeting the following requirements or otherwise approved by the Required Lenders each such Acquisition constituting a “Permitted Acquisition”:

(a) as of the date of consummation of such Acquisition (before and after taking into account such Acquisition), all representations and warranties set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects as though made on such date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date) and no event shall have occurred and then be continuing which constitutes a Default or Unmatured Default under this Agreement;

(b) prior to the consummation of any such Permitted Acquisition, the Company shall provide written notification to the Administrative Agent of all pro forma adjustments to EBITDA to be made in connection with such Acquisition;

(c) the purchase is consummated pursuant to a negotiated acquisition agreement on a non-hostile basis and approved by the target company’s board of directors (and shareholders, if necessary) prior to the consummation of the Acquisition;

(d) the businesses being acquired shall be substantially similar, related or incidental to the businesses or activities engaged in by the Company and its Subsidiaries on the Closing Date;

(e) prior to such Acquisition and the incurrence of any Indebtedness permitted by Section 7.3(A) in connection therewith, the Company shall deliver to the Administrative Agent and the Lenders a certificate from one of the Authorized Officers, demonstrating, on a pro forma basis using unadjusted historical audited or reviewed unaudited financial statements obtained from the seller(s) in respect of each such Acquisition as if the Acquisition and such incurrence of Indebtedness had occurred on the first day of the twelve-month period ending on the last day of the Company’s most recently completed fiscal quarter, the Company would have been in compliance with the financial covenants in Section 7.4 and not otherwise in Default; and

(f) without the prior written consent of the Required Lenders, (i) the purchase price for the Acquisition (including, without limitation or duplication, cash, Capital Stock, Restricted Payments and Indebtedness assumed) shall not exceed 10% of Consolidated Net Worth as of the Company’s most recently ended
fiscal year prior to such Acquisition and (ii) the aggregate of the purchase price for all Acquisitions (including, without limitation or duplication, cash, Capital Stock, Restricted Payments and Indebtedness assumed) otherwise permitted hereunder shall not exceed $200,000,000 during the period beginning on the Credit Agreement Closing Date and ending on the Termination Date.

(G) Transactions with Shareholders and Affiliates. Other than (i) Investments permitted by Section 7.3(D), neither the Company nor any of its Subsidiaries shall directly or indirectly (a) enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or make loans or advances to any holder or holders of any of the Equity Interests of the Company, or with any Affiliate of the Company which is not its Subsidiary of the Company, on terms that are less favorable to the Company or any of its Subsidiaries, as applicable, than those that could reasonably be obtained in an arm’s length transaction at the time from Persons who are not such a holder or Affiliate.

(H) Restriction on Fundamental Changes. Neither the Company nor any of its Subsidiaries shall enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or substantially all of the Company’s consolidated business or property (each such transaction a “Fundamental Change”), whether now or hereafter acquired, except (i) Fundamental Changes permitted under Sections 7.3(B), 7.3(D) or 7.3(G), (ii) a Subsidiary of the Company may be merged into or consolidated with the Company (in which case the Company shall be the surviving corporation) or any wholly-owned Subsidiary of the Company provided the Company owns, directly or indirectly, a percentage of the equity of the merged entity not less than the percentage it owned of the Subsidiary prior to such Fundamental Change and if the predecessor Subsidiary was a Guarantor, the surviving Subsidiary shall be a Guarantor hereunder, and (iii) any liquidation of any Subsidiary of the Company, into the Company or another Subsidiary of the Company, as applicable.

(I) Sales and Leasebacks. Neither the Company nor any of its Subsidiaries shall become liable, directly, by assumption or by Contingent Obligation, with respect to any Sale and Leaseback Transaction (other than the Permitted Sale and Leaseback Transactions), unless the sale involved is not prohibited under Section 7.3(B), the lease involved is not prohibited under Section 7.3(A) and any related Investment is not prohibited under Section 7.3(D).

(J) Margin Regulations. Neither the Company nor any of its Subsidiaries, shall use all or any portion of the proceeds of any credit extended under this Agreement to purchase or carry Margin Stock in violation of any applicable legal and regulatory requirements including, without limitation, Regulations T, U and X, the Securities Act of 1933, and the Securities Exchange Act of 1934 and the regulations promulgated thereunder.
(K) ERISA. The Company shall not

(i) permit to exist any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the Code), with respect to any Benefit Plan, whether or not waived;

(ii) terminate, or permit any Controlled Group member to terminate, any Benefit Plan which would result in liability of the Company or any Controlled Group member under Title IV of ERISA;

(iii) fail, or permit any Controlled Group member to fail, to pay any required installment or any other payment required under Section 412 of the Code on or before the due date for such installment or other payment; or

(iv) permit any unfunded liabilities with respect to any Foreign Pension Plan;

except those contained in Schedule 6.9 and where such transactions, events, circumstances, or failures are not, individually or in the aggregate, reasonably expected to result in liability individually or in the aggregate in excess of $20,000,000.

(L) Corporate Documents. Neither the Company nor any of its Subsidiaries shall amend, modify or otherwise change any of the terms or provisions in any of their respective constituent documents as in effect on the Closing Date in any manner adverse to the interests of the Lenders, without the prior written consent of the Required Lenders.

(M) Fiscal Year. Neither the Company nor any of its consolidated Subsidiaries shall change its fiscal year for accounting or tax purposes from a period consisting of the 12-month period ending on the last day of December of each year.

(N) Subsidiary Covenants. Except as set forth on Schedule 7.3(N), the Company will not, and will not permit any Subsidiary to, create or otherwise cause to become effective or suffer to exist any consensual encumbrance or restriction of any kind on the ability of any Subsidiary to pay dividends or make any other distribution on its stock or redemption of its stock, or make any other Restricted Payment, pay any Indebtedness or other Obligation owed to the Company or any other Subsidiary, make loans or advances or other Investments in the Company or any other Subsidiary, or sell, transfer or otherwise convey any of its property to the Company or any other Subsidiary, or merge, consolidate with or liquidate into the Company or any other Subsidiary.

(O) Hedging Obligations. The Company shall not and shall not permit any of its Subsidiaries to enter into any Hedging Arrangements evidencing Hedging Obligations, other than Hedging Arrangements entered into by the Company or its Subsidiaries pursuant to which the Company or such Subsidiary has hedged its reasonably estimated interest rate, foreign currency or commodity exposure, and which are non-speculative in nature.

(P) Issuance of Disqualified Stock. From and after the Closing Date, neither the Company, nor any of its Subsidiaries shall issue any Disqualified Stock. All issued
and outstanding Disqualified Stock shall be treated as Indebtedness for all purposes of this Agreement, and the amount of such deemed Indebtedness shall be the aggregate amount of the liquidation preference of such Disqualified Stock.

(Q) Non-Guarantor Subsidiaries. The Company will not at any time permit the sum of the aggregate assets of all of the Company’s Subsidiaries which are not Subsidiary Guarantors (the non-guarantor Subsidiaries being referred to collectively as the “Non-Obligor Subsidiaries”) to exceed twenty percent (20%) of the Company’s and its Subsidiaries consolidated assets.

(R) Intercompany Indebtedness. The Company shall not create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness arising from loans from any Subsidiary to the Company unless (a) such Indebtedness is unsecured and (ii) such Indebtedness shall be expressly subordinate to the payment in full in cash of the Obligations on terms satisfactory to the Administrative Agent.

(S) Restricted Payments. The Company shall not, nor shall it permit any Subsidiary to, declare, make or pay any Restricted Payments (other than permitted Restricted Payments listed on Schedule 7.3(S)) in excess of $100,000,000 in the aggregate during any period of twelve (12) consecutive months.

7.4. Financial Covenants. The Company shall comply with the following:

(A) Maximum Leverage Ratio. As of the last day of each fiscal quarter, the Company shall not permit the ratio (the “Leverage Ratio”) of (i) all Adjusted Indebtedness of the Company and its Subsidiaries to (ii) EBITDA to be greater than 2.50 to 1.00 for the four-quarter period ending on such date.

The Leverage Ratio shall be calculated, in each case, determined as of the last day of each fiscal quarter based upon (a) for Adjusted Indebtedness, Adjusted Indebtedness as of the last day of each such fiscal quarter; and (b) for EBITDA, the actual amount for the four-quarter period ending on such day, calculated, with respect to Permitted Acquisitions, on a pro forma basis using historical audited and reviewed unaudited financial statements obtained from the seller(s) in such Permitted Acquisition, broken down by fiscal quarter in the Company’s reasonable judgment and satisfactory to the Administrative Agent and as reported to the Administrative Agent pursuant to the provisions of Section 7.3(F)(b).

(B) Minimum Fixed Charge Coverage Ratio. The Company and its consolidated Subsidiaries shall maintain a ratio (“Fixed Charge Coverage Ratio”), without duplication, of Consolidated Net Income Available for Fixed Charges to Consolidated Fixed Charges for the period of four fiscal quarters ending on the last day of each fiscal quarter, of at least 1.75 to 1.00 as of the end of such fiscal quarter for the period commencing with the fiscal quarter ending on December 31, 2007 through the Termination Date.
If, during the period for which Consolidated Net Income Available for Fixed Charges and Consolidated Fixed Charges are being calculated, the Company or any Subsidiary has acquired any Person (or the assets thereof) resulting in such Person becoming or otherwise resulting in a Subsidiary, compliance with this Section 7.4(B) shall be determined by calculating Consolidated Net Income Available for Fixed Charges and Consolidated Fixed Charges on a pro forma basis as if such Subsidiary had become such a Subsidiary on the first day of such period and any Indebtedness incurred in connection therewith was incurred on such date.

(C) Minimum Consolidated Net Worth. The Company shall not permit its Consolidated Net Worth at any time to be less than the sum of (a) $473,954,000, plus (b) fifty percent (50%) of the sum of Consolidated Net Income (if positive) earned in each fiscal quarter, commencing with the fiscal quarter ending on September 30, 2007, plus (c) 75% of the amount, if any, by which stockholders’ equity of the Company is, in accordance with Agreement Accounting Principles, adjusted from time to time as a result of the issuance of any Equity Interests after September 30, 2007 minus the Executive Equity Repurchase Payment.

ARTICLE VIII: DEFAULTS

8.1. Defaults. Each of the following occurrences shall constitute a Default under this Agreement:

(A) Failure to Make Payments When Due. The Borrower shall (i) fail to pay when due any of the Obligations consisting of principal with respect to the Loan or (ii) shall fail to pay within five (5) days of the date when due any of the other Obligations under this Agreement or the other Loan Documents.

(B) Breach of Certain Covenants. The Company or the Borrower shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on the Company or the Borrower under Sections 7.1(A), 7.2(A), 7.2(F), 7.2(K), 7.3 or 7.4.

(C) Breach of Representation or Warranty. Any representation or warranty made or deemed made by the Company or the Borrower to the Administrative Agent or any Lender herein or by the Company or any of its Subsidiaries in any of the other Loan Documents or in any statement or certificate or information at any time given by any such Person pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made (or deemed made).

(D) Other Defaults. The Company or the Borrower shall default in the performance of or compliance with any term contained in this Agreement (other than as covered by paragraphs (A) or (B) or (C) of this Section 8.1), or the Company or any of its Subsidiaries shall default in the performance of or compliance with any term contained in any of the other Loan Documents, and such default shall continue for thirty (30) days after the occurrence thereof.
(E) Default as to Other Indebtedness. The Company or any of its Subsidiaries shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) with respect to any Indebtedness (other than Indebtedness hereunder), beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure or other Default under this clause (E) exists has an aggregate outstanding principal amount equal to or in excess of Twenty Million and 00/100 Dollars ($20,000,000) (such Indebtedness being “Material Indebtedness”); or any breach, default or event of default (including any termination event, amortization event, liquidation event or event of like import arising under any agreement or instrument giving rise to any Off-Balance Sheet Liabilities) shall occur, or any other condition shall exist under any instrument, agreement or indenture pertaining to any such Material Indebtedness, beyond any period of grace, if any, provided with respect thereto, if the effect thereof is to cause an acceleration, mandatory redemption, a requirement that the Company offer to purchase such Indebtedness or other required repurchase or early amortization of such Indebtedness, or permit the holder(s) of such Indebtedness to accelerate the maturity of any such Indebtedness or require a redemption, early amortization or repurchase of such Indebtedness; or any such Indebtedness shall be otherwise declared to be due and payable (by acceleration or otherwise) or required to be prepaid, redeemed, amortized or otherwise repurchased by the Company or any of its Subsidiaries (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof.

(F) Involuntary Bankruptcy; Appointment of Receiver, Etc.

(i) An involuntary case shall be commenced against the Company or any of the Company’s Subsidiaries and the petition shall not be dismissed, stayed, bonded or discharged within forty-five (45) days after commencement of the case or such proceeding can no longer be dismissed (kracht van gewijsde); or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company or any of the Company’s Subsidiaries in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Company or any of the Company’s Subsidiaries or over all or a substantial part of the property of the Company or any of the Company’s Subsidiaries shall be entered; or an interim receiver, trustee or other custodian of the Company or any of the Company’s Subsidiaries or of all or a substantial part of the property of the Company or any of the Company’s Subsidiaries shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Company or any of the Company’s Subsidiaries shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within forty-five (45) days after entry, appointment or issuance.
(G) Voluntary Bankruptcy; Appointment of Receiver, Etc. The Company or any of the Company’s Subsidiaries shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (iii) consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, (iv) make any assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing.

(H) Judgments and Attachments. Any money judgment(s), writ or warrant of attachment, or similar process against the Company or any of its Subsidiaries or any of their respective assets involving in any single case or in the aggregate an amount in excess of Twenty Million and 00/100 Dollars ($20,000,000) (to the extent not covered by independent third party insurance as to which the insurer does not dispute coverage) is or are entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days or in any event later than fifteen (15) days prior to the date of any proposed sale thereunder.

(I) Dissolution. Any order, judgment or decree shall be entered against the Company or any Subsidiary decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of forty-five (45) days; or the Company or any Subsidiary shall otherwise dissolve or cease to exist except as specifically permitted by this Agreement.

(J) Loan Documents. At any time, for any reason, any Loan Document as a whole that materially affects the ability of the Administrative Agent, or any of the Lenders to enforce the Obligations ceases to be in full force and effect or the Company or any of the Company’s Subsidiaries party thereto seeks to repudiate its obligations thereunder.

(K) Termination Event. Any Termination Event occurs which the Required Lenders believe is reasonably likely to subject the Company or the Borrower to liability in excess of $20,000,000.

(L) Waiver of Minimum Funding Standard. If the plan administrator of any Plan applies under Section 412(d) of the Code for a waiver of the minimum funding standards of Section 412(a) of the Code and any Lender believes the substantial business hardship upon which the application for the waiver is based could reasonably be expected to subject either the Company or any Controlled Group member to liability in excess of $20,000,000.

(M) Change of Control. A Change of Control shall occur.

(N) Environmental Matters. The Company or any of its Subsidiaries shall be the subject of any proceeding or investigation (other than in connection with a Product Liability Event) pertaining to (i) the Release by the Company or any of its Subsidiaries of any Contaminant into the environment, (ii) the liability of the Company or any of its
Subsidiaries arising from the Release by any other Person of any Contaminant into the environment, or (iii) any violation of any Environmental, Health or Safety Requirements of Law which by the Company or any of its Subsidiaries, which, in any case, has or is reasonably likely to subject the Company or the Borrower to liability individually or in the aggregate in excess of $20,000,000 (to the extent not covered by independent third party insurance as to which the insurer does not dispute coverage).

(O) Guarantor Revocation. Any Guarantor of the Obligations shall terminate or revoke any of its obligations under the applicable Guaranty or breach any of the material terms of such Guaranty.

A Default shall be deemed “continuing” until cured or until waived in writing in accordance with Section 9.2.

ARTICLE IX: ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

9.1. Termination of Commitments; Acceleration. If any Default described in Section 8.1(F) or 8.1(G) occurs with respect to the Company, the Borrower or any Subsidiary Guarantor, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election, action, presentment, demand, protest or notice of any kind on the part of the Administrative Agent or any Lender, all of which the Company and the Borrower expressly waive. If any other Default occurs, the Required Lenders may terminate or suspend the obligations of the Lenders to make Loans hereunder or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Company and the Borrower expressly waive.

9.2. Amendments. Subject to the provisions of this Article IX, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders), the Company and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders, the Company or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

(i) Postpone or extend the Termination Date, the Borrowing Date or any other date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts payable to such Lender (except with respect to (a) any modifications of the provisions relating to amounts, timing or application of optional prepayments of Loans and other Obligations, which modification shall require only the approval of the Required Lenders and (b) a waiver of the application of the default rate of interest pursuant to Section 2.10 hereof which waiver shall require only the approval of the Required Lenders).

(ii) Reduce the principal amount of any Loans, or reduce the rate or extend the time of payment of interest or fees thereon (other than a waiver of the application of the default rate of interest pursuant to Section 2.10 hereof).
(iii) Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters or amend the definitions of “Required Lenders” or “Pro Rata Share”.

(iv) Increase the amount of the Commitment of any Lender hereunder, increase any Lender’s Pro Rata Share or modify the obligation of any Lender to make a disbursement in its Pro Rata Share thereof, in each case without the consent of such Lender.

(v) Permit the Borrower or the Company, other than pursuant to a transaction permitted under the terms of this Agreement to assign its rights under this Agreement.

(vi) Other than pursuant to a transaction permitted by the terms of this Agreement, release any Guarantor from its obligations under the Guaranty.

(vii) Amend Section 7.2(K), Section 13.2, Section 13.3 or this Section 9.2.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent. The Administrative Agent may waive payment of the fee required under Section 14.3(B) without obtaining the consent of any of the Lenders. Notwithstanding anything herein to the contrary, the Administrative Agent may amend the provisions of Exhibit A-1 from time to time to take into account the effectiveness of assignments made pursuant to Section 14.3, provided the failure to do so shall not otherwise affect the rights or obligations of the Lenders, the Company or the Borrower hereunder.

The Administrative Agent may notify the other parties to this Agreement of any amendments to this Agreement which the Administrative Agent reasonably determines to be necessary as a result of the commencement of the third stage of the European Economic and Monetary Union. Notwithstanding anything to the contrary contained herein, any amendments so notified shall take effect in accordance with the terms of the relevant notification.

9.3. Preservation of Rights. No delay or omission of the Lenders or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company or the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the requisite number of Lenders required pursuant to Section 9.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until all of the Termination Conditions shall have been satisfied.
ARTICLE X: GUARANTY

10.1. Guaranty. For valuable consideration, the receipt of which is hereby acknowledged, and to induce the Lenders to make advances to the Borrower, the Company hereby absolutely and unconditionally guarantees prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of any and all existing and future Obligations of the Borrower to the Administrative Agent, the Lenders, or any of them, under or with respect to the Loan Documents, whether for principal, interest, fees, expenses or otherwise (collectively, the “Guaranteed Obligations”).

10.2. Waivers; Subordination of Subrogation.

(A) The Company waives notice of the acceptance of this guaranty and of the extension or continuation of the Guaranteed Obligations or any part thereof. The Company further waives presentment, protest, notice of notices delivered or demand made on the Borrower or action or delinquency in respect of the Guaranteed Obligations or any part thereof, including any right to require the Administrative Agent and the Lenders to sue the Borrower, any other guarantor or any other Person obligated with respect to the Guaranteed Obligations or any part thereof; provided, that if at any time any payment of any portion of the Guaranteed Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Company’s obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made and whether or not the Administrative Agent or the Lenders are in possession of this guaranty. The Administrative Agent and the Lenders shall have no obligation to disclose or discuss with the Company their assessments of the financial condition of the Borrower.

(B) Until the Guaranteed Obligations have been indefeasibly paid in full in cash, the Company (i) shall have no right of subrogation with respect to such Guaranteed Obligations and (ii) waives any right to enforce any remedy which the Administrative Agent now has or may hereafter have against the Borrower, any other Guarantor, any endorser or any guarantor of all or any part of the Guaranteed Obligations or any other Person. Should the Company have the right, notwithstanding the foregoing, to exercise its subrogation rights, the Company hereby expressly and irrevocably (a) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off that the Company may have to the indefeasible payment in full in cash of the Guaranteed Obligations and (b) waives any and all defenses available to a surety, guarantor or accommodation co-obligor until the Guaranteed Obligations are indefeasibly paid in full in cash. The Company acknowledges and agrees that this subordination is intended to benefit the Administrative Agent and shall not limit or otherwise affect the Company’s liability hereunder or the enforceability of this Guaranty, and that the Administrative Agent, the Lenders and their successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 10.2.

10.3. Guaranty Absolute. This guaranty is a guaranty of payment and not of collection, is a primary obligation of the Company and not one of surety, and the validity and
enforceability of this guaranty shall be absolute and unconditional irrespective of, and shall not be impaired or affected by any of the following: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Guaranteed Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto; (c) any waiver of any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto; (d) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any Person with respect to the Guaranteed Obligations or any part thereof; (e) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto; (f) the application of payments received from any source to the payment of obligations other than the Guaranteed Obligations, any part thereof or amounts which are not covered by this guaranty even though the Administrative Agent and the Lenders might lawfully have elected to apply such payments to any part or all of the Guaranteed Obligations or to amounts which are not covered by this guaranty; (g) any change in the ownership of the Borrower or the insolvency, bankruptcy or any other change in the legal status of the Borrower; (h) the change in or the imposition of any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Obligations; (i) the failure of the Company or the Borrower to maintain in full force, validity or effect or to obtain or renew when required all governmental and other approvals, licenses or consents required in connection with the Guaranteed Obligations or this guaranty, or to take any other action required in connection with the performance of all obligations pursuant to the Guaranteed Obligations or this guaranty; (j) the existence of any claim, setoff or other rights which the Company may have at any time against the Borrower, or any other Person in connection herewith or an unrelated transaction; or (k) any other circumstances, whether or not similar to any of the foregoing, which could constitute a defense to a guarantor; all whether or not the Company shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (k) of this paragraph. It is agreed that the Company’s liability hereunder is several and independent of any other guaranties or other obligations at any time in effect with respect to the Guaranteed Obligations or any part thereof and that the Company’s liability hereunder may be enforced regardless of the existence, validity, enforcement or non-enforcement of any such other guaranties or other obligations or any provision of any applicable law or regulation purporting to prohibit payment by the Borrower of the Guaranteed Obligations in the manner agreed upon between the Borrower and the Administrative Agent and the Lenders.

10.4. Acceleration. The Company agrees that, as between the Company on the one hand, and the Lenders and the Administrative Agent, on the other hand, the obligations of the Borrower guaranteed under this Article X may be declared to be forthwith due and payable, or may be deemed automatically to have been accelerated, as provided in Section 9.1 hereof for purposes of this Article X, notwithstanding any stay, injunction or other prohibition (whether in a bankruptcy proceeding affecting the Borrower or otherwise) preventing such declaration as against the Borrower and that, in the event of such declaration or automatic acceleration, such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Company for purposes of this Article X.
10.5. Marshaling; Reinstatement. None of the Lenders nor the Administrative Agent nor any Person acting for or on behalf of the Lenders or the Administrative Agent shall have any obligation to marshal any assets in favor of the Company or against or in payment of any or all of the Guaranteed Obligations. If the Company or any other guarantor of all or any part of the Guaranteed Obligations makes a payment or payments to any Lender or the Administrative Agent, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to the Company or any other guarantor or any other Person, or their respective estates, trustees, receivers or any other party, including, without limitation, the Company, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the part of the Guaranteed Obligations which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the time immediately preceding such initial payment, reduction or satisfaction.

10.6. Termination Date. This guaranty shall continue in effect until the later of (a) the Facility Termination Date, and (b) the date on which all of the Guaranteed Obligations have been paid in full in cash, subject to the proviso in Section 10.2(A).

ARTICLE XI: GENERAL PROVISIONS

11.1. Survival of Representations. All representations and warranties of the Company and the Borrower contained in this Agreement shall survive delivery of this Agreement, the making of the Loans herein contemplated so long as any principal, accrued interest, fees, or any other amount due and payable under any Loan Document is outstanding and unpaid (other than contingent reimbursement and indemnification obligations) and so long as the Commitments have not been terminated.

11.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

11.3. Performance of Obligations. Each of the Company and the Borrower agrees that the Administrative Agent may, but shall have no obligation to (i) at any time, pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against any property of the Company or the Borrower to the extent the Company or the Borrower is required by the terms hereof to pay any such amount, but has not done so and (ii) after the occurrence and during the continuance of a Default, to make any other payment or perform any act required of the Company or the Borrower under any Loan Document or take any other action which the Administrative Agent in its discretion deems necessary or desirable to protect or preserve such property of the Company or the Borrower. The Administrative Agent shall use its reasonable efforts to give the Borrower notice of any action taken under this Section 11.3 prior to the taking of such action or promptly thereafter provided the failure to give such notice shall not affect the Company or the Borrower’s obligations in respect thereof. The Company and the Borrower agree to pay the Administrative Agent, upon demand, the principal amount of all funds advanced by the Administrative Agent under this Section 11.3, together with interest thereon at the rate from time to time applicable to Floating Rate Loans from the date of such advance until the outstanding principal balance thereof is paid in full. If the Company or the Borrower fails to
make payment in respect of any such advance under this Section 11.3 within one (1) Business Day after the date the Borrower receives written demand therefor from the Administrative Agent, the Administrative Agent shall promptly notify each Lender and each Lender agrees that it shall thereupon make available to the Administrative Agent, in Dollars in immediately available funds, the amount equal to such Lender’s Pro Rata Share of such advance. If such funds are not made available to the Administrative Agent by such Lender within one (1) Business Day after the Administrative Agent’s demand therefor, the Administrative Agent will be entitled to recover any such amount from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date such demand and ending on the date such amount is received. The failure of any Lender to make available to the Administrative Agent its Pro Rata Share of any such unreimbursed advance under this Section 11.3 shall neither relieve any other Lender of its obligation hereunder to make available to the Administrative Agent such other Lender’s Pro Rata Share of such advance on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Administrative Agent.

11.4. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

11.5. Entire Agreement. The Loan Documents and the fee letters described in Section 5.1(vii) hereof embody the entire agreement and understanding among the Company, the Borrower, the Administrative Agent, the Syndication Agent and the Lenders and supersede all prior agreements and understandings among the Company, the Borrower, the Administrative Agent, the Syndication Agent and the Lenders relating to the subject matter thereof.

11.6. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other Lender (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

11.7. Expenses; Indemnification.

(A) Expenses. The Borrower shall reimburse the Administrative Agent and each Arranger for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys’ and paralegals’ fees and time charges of attorneys and paralegals for the Administrative Agent or such Arranger, which attorneys and paralegals may be employees of the Administrative Agent or such Arranger) paid or incurred by the Administrative Agent or such Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent and each Arranger and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys’ and paralegals’ fees and time charges of attorneys and paralegals for the Administrative
Agent and such Arranger and the Lenders, which attorneys and paralegals may be employees of the Administrative Agent or such Arranger or the Lenders) paid or incurred by the Administrative Agent or such Arranger or any Lender in connection with the collection of the Obligations and enforcement of the Loan Documents. In addition to expenses set forth above, the Borrower agrees to reimburse the Administrative Agent, promptly after the Administrative Agent’s request therefor, for each audit, or other business analysis performed by or for the benefit of the Lenders in connection with this Agreement or the other Loan Documents in an amount equal to the Administrative Agent’s then customary charges for each person employed to perform such audit or analysis, plus all costs and expenses (including, without limitation, travel expenses) incurred by the Administrative Agent in the performance of such audit or analysis. Administrative Agent shall provide the Borrower with a detailed statement of all reimbursements requested under this Section 11.7(A).

(B) Indemnity. The Company and the Borrower further agree to defend, protect, indemnify, and hold harmless the Administrative Agent, each Arranger and each and all of the Lenders and each of their respective Affiliates, and each of such Administrative Agent’s, Arranger’s, Lender’s, or Affiliate’s respective officers, directors, trustees, investment advisors, employees, attorneys and agents (including, without limitation, those retained in connection with the satisfaction or attempted satisfaction of any of the conditions set forth in Article V) (collectively, the “Indemnitees”) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not any of such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees in any manner relating to or arising out of:

(i) this Agreement or any of the other Loan Documents, or any act, event or transaction related or attendant thereto or to the making of the Loans hereunder, the management of such Loans, the use or intended use of the proceeds of the Loans hereunder, or any of the other transactions contemplated by the Loan Documents; or

(ii) any liabilities, obligations, responsibilities, losses, damages, personal injury, death, punitive damages, economic damages, consequential damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation, feasibility or remedial action studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future relating to violation of any Environmental, Health or Safety Requirements of Law arising from or in connection with the past, present or future operations of the Company, its Subsidiaries or any of their respective predecessors in interest, or, the past, present or future environmental, health or safety condition of any respective property of the Company or its Subsidiaries, the presence of asbestos-containing materials at any respective property of the Company or its Subsidiaries or the Release or threatened
Release of any Contaminant into the environment (collectively, the “Indemnified Matters”); provided, however, neither the Company nor the Borrower shall have any obligation to an Indemnitee hereunder with respect to Indemnified Matters caused solely by or resulting solely from the willful misconduct or Gross Negligence of such Indemnitee with respect to the Loan Documents, as determined by the final non-appealed judgment of a court of competent jurisdiction. If the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnites.

(C) Waiver of Certain Claims; Settlement of Claims. Neither the Administrative Agent, either Arranger, any Lender, the Company nor the Borrower shall be liable under this Agreement or any Loan Document or in respect of any act, omission or event relating to the transaction contemplated hereby or thereby, on any theory of liability seeking consequential, special, indirect, exemplary or punitive damages. No settlement shall be entered into by the Company or any of its Subsidiaries with respect to any claim, litigation, arbitration or other proceeding relating to or arising out of the transactions evidenced by this Agreement or the other Loan Documents (whether or not the Administrative Agent or any Lender or any Indemnitee is a party thereto) unless such settlement releases all Indemnitees from any and all liability with respect thereto.

(D) Survival of Agreements. The obligations and agreements of the Company and the Borrower under this Section 11.7 shall survive the termination of this Agreement.

(E) All amounts due under the preceding clauses (A) and (B) of this Section 11.7 shall be payable promptly after written demand therefor.

11.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

11.9. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Company or any of its Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein (“Accounting Changes”), the parties hereto agree, at the Company’s request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Company’s and its Subsidiaries’ financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall
be given effect in such calculations and all financial statements and reports required to be delivered hereunder shall be prepared in accordance with Agreement Accounting Principles without taking into account such Accounting Changes. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of the date of such amendment.

11.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.11. Nonliability of Lenders. The relationship between the Borrower and the Lenders and the Administrative Agent shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to the Company or the Borrower. Neither the Administrative Agent nor any Lender undertakes any responsibility to the Company or the Borrower to review or inform the Borrower of any matter in connection with any phase of the Company’s or the Borrower’s business or operations.

11.12. GOVERNING LAW. THE ADMINISTRATIVE AGENT ACCEPTS THIS AGREEMENT, ON BEHALF OF ITSELF AND THE LENDERS, AT CHICAGO, ILLINOIS BY ACKNOWLEDGING AND AGREEING TO IT THERE. ANY DISPUTE BETWEEN THE COMPANY, THE BORROWER AND THE ADMINISTRATIVE AGENT, ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH, THIS AGREEMENT 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 §735 ILCS 105/5-1 ET SEQ. BUT OTHERWISE WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS.

11.13. CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURY TRIAL.

(A) EXCLUSIVE JURISDICTION. EXCEPT AS PROVIDED IN CLAUSE (B), EACH OF THE PARTIES HERETO AGREES THAT ALL DISPUTES AMONG THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED EXCLUSIVELY BY STATE OR FEDERAL COURTS LOCATED IN CHICAGO, ILLINOIS, BUT THE PARTIES HERETO ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF CHICAGO, ILLINOIS. EACH OF THE PARTIES HERETO WAIVES IN ALL DISPUTES BROUGHT PURSUANT TO THIS CLAUSE (A) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.
(B) OTHER JURISDICTIONS. THE COMPANY AND THE BORROWER AGREE THAT THE ADMINISTRATIVE AGENT AND ANY LENDER SHALL HAVE THE RIGHT TO PROCEED AGAINST THE COMPANY AND THE BORROWER OR ITS RESPECTIVE PROPERTY IN A COURT IN ANY LOCATION TO ENABLE SUCH PERSON TO (1) OBTAIN PERSONAL JURISDICTION OVER THE COMPANY AND THE BORROWER OR (2) IN ORDER TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF SUCH PERSON. THE COMPANY AND THE BORROWER AGREE THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT BY SUCH PERSON TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SUCH PERSON. THE COMPANY AND THE BORROWER WAIVE ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH SUCH PERSON HAS COMMENCED A PROCEEDING DESCRIBED IN THIS CLAUSE (B).

(C) VENUE. THE COMPANY AND THE BORROWER IRREVOCABLY WAIVE ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITHEIN ANY JURISDICTION SET FORTH ABOVE.

(D) SERVICE OF PROCESS. THE COMPANY AND THE BORROWER IRREVOCABLY CONSENT TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN ARTICLE XV, AND THE COMPANY AND THE BORROWER OR GUARANTOR LOCATED OR ORGANIZED OUTSIDE OF THE STATE OF ILLINOIS HEREBY IRREVOCABLY APPOINT THE COMPANY AT THE ADDRESS PROVIDED IN SECTION 15.1, AS ITS AGENT FOR SERVICE OF PROCESS OUT OF ANY OF THE COURTS REFERRED TO IN PARAGRAPHS (A) AND (B) ABOVE AND THE COMPANY HEREBY ACCEPTS SUCH APPOINTMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(E) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITHE. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS
AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(F) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF SECTION 11.7 AND THIS SECTION 11.13, WITH ITS COUNSEL.

11.14. Other Transactions. Each of the Administrative Agent, the Arrangers, the Lenders, the Company and the Borrower acknowledges that the Lenders (or Affiliates of the Lenders) may, from time to time, effect transactions for their own accounts or the accounts of customers, and hold positions in loans or options on loans of the Company, the Company’s Subsidiaries and other companies that may be the subject of this term loan arrangement and nothing in this Agreement shall impair the right of any such Person to enter into any such transaction (to the extent it is not expressly prohibited by the terms of this Agreement) or give any other Person any claim or right of action hereunder as a result of the existence of the credit arrangements hereunder, all of which are hereby waived. In addition, certain Affiliates of one or more of the Lenders are or may be securities firms and as such may effect, from time to time, transactions for their own accounts or for the accounts of customers and hold positions in securities or options on securities of the Company, the Company’s Subsidiaries and other companies that may be the subject of this term loan arrangement and nothing in this Agreement shall impair the right of any such Person to enter into any such transaction (to the extent it is not expressly prohibited by the terms of this Agreement) or give any other Person any claim or right of action hereunder as a result of the existence of the credit arrangements hereunder, all of which are hereby waived. Each of the Administrative Agent, the Arrangers, the Lenders, the Company and the Borrower acknowledges and consents to these multiple roles, and further acknowledges that the fact that any such unit or Affiliate is providing another service or product or proposal therefor to the Company or any of its Subsidiaries does not mean that such service, product, or proposal is or will be acceptable to any of the Administrative Agent, the Arrangers or the Lenders.

11.15. Subordination of Intercompany Indebtedness. The Borrower agrees that any and all claims of the Borrower against a Guarantor with respect to any “Intercompany Indebtedness” (as hereinafter defined) shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Obligations and Hedging Obligations under Hedging Arrangements entered into with the Lenders or any of their Affiliates (“Designated Hedging Agreements”); provided that, and not in contravention of the foregoing, so long as no Default has occurred and is continuing the Borrower may make loans to and receive payments in the ordinary course with respect to such Intercompany Indebtedness from each such Guarantor to the extent not prohibited by the terms of this Agreement and the other Loan Documents. Notwithstanding any right of the Borrower to ask, demand, sue for, take or receive any payment from any Guarantor, all rights, liens and security interests of the Borrower, whether now or hereafter arising and howsoever existing, in any assets of any Guarantor shall be and are subordinate to the rights of the holders of the Obligations and the Administrative Agent in those assets. The Borrower shall not have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the
Obligations (other than contingent indemnity obligations) and the Hedging Obligations under Designated Hedging Agreements shall have been fully paid and satisfied (in cash) and all financing arrangements pursuant to any Loan Document or Designated Hedging Agreement have been terminated. If all or any part of the assets of any Guarantor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Guarantor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Guarantor is dissolved or if substantially all of the assets of any such Guarantor are sold, then, and in any such event (such events being herein referred to as an “Insolvency Event”), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Guarantor to the Borrower (“Intercompany Indebtedness”) shall be paid or delivered directly to the Administrative Agent for application on any of the Obligations and Hedging Obligations under Designated Hedging Agreements, due or to become due, until such Obligations and Hedging Obligations (other than contingent indemnity obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the Borrower upon or with respect to the Intercompany Indebtedness after an Insolvency Event prior to the satisfaction of all of the Obligations (other than contingent indemnity obligations) and Hedging Obligations under Designated Hedging Agreements and the termination of all financing arrangements pursuant to any Loan Document and or Designated Hedging Agreements, the Borrower shall receive and hold the same in trust, as trustee, for the benefit of the holders of the Obligations and such Hedging Obligations and shall forthwith deliver the same to the Administrative Agent, for the benefit of such Persons, in precisely the form received (except for the endorsement or assignment of the Borrower where necessary), for application to any of the Obligations and such Hedging Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Borrower as the property of the holders of the Obligations and such Hedging Obligations. If the Borrower fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees are irrevocably authorized to make the same. The Borrower agrees that until the Obligations (other than the contingent indemnity obligations) and such Hedging Obligations have been paid in full (in cash) and satisfied and all financing arrangements pursuant to any Loan Document or any Designated Hedging Agreement have been terminated, the Borrower will not assign or transfer to any Person (other than the Administrative Agent) any claim the Borrower has or may have against any Guarantor.

11.16. Lenders Not Utilizing Plan Assets. None of the consideration used by any of the Lenders or Designated Lenders to make its Loans constitutes for any purpose of ERISA or Section 4975 of the Code assets of any “plan” as defined in Section 3(3) of ERISA or Section 4975 of the Code and the rights and interests of each of the Lenders and Designated Lenders in and under the Loan Documents shall not constitute such “plan assets” under ERISA.

11.17. Collateral. Each of the Lenders represents to the Administrative Agent, each of the other Lenders that it in good faith is not relying upon any “margin stock” (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

11.18. [Reserved].
11.19. USA PATRIOT Act, Bank Secrecy Act and Office of Foreign Assets Control. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies the Company and the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Company or the Borrower, which information includes the name and address of the Company and the Borrower and other information that will allow such Lender to identify the Company and the Borrower in accordance with the Act. In addition, and without limiting the foregoing sentence, the Borrower shall (a) ensure, and cause each Subsidiary, if applicable, to ensure, that no Person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary is or shall be listed in the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Loans to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, and cause each Subsidiary, if applicable, to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

ARTICLE XII: THE ADMINISTRATIVE AGENT

12.1. Appointment; Nature of Relationship. JPMorgan is appointed by the Lenders as the Administrative Agent hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article XII. In its capacity as the Lenders’ contractual representative, the Administrative Agent is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty.

12.2. Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders, or any obligation to the Lenders to take any action hereunder or under any of the other Loan Documents except any action specifically provided by the Loan Documents required to be taken by the Administrative Agent.

12.3. General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Company, the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is found in a final judgment by a court of competent jurisdiction to have arisen solely from the Gross Negligence or willful misconduct of such Person.
12.4. No Responsibility for Credit Extensions, Creditworthiness, Recitals, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any credit extension hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document; (iii) the satisfaction of any condition specified in Article V, except receipt of items required to be delivered solely to the Administrative Agent; (iv) the existence or possible existence of any Default or (v) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Administrative Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or in any of the other Loan Documents or for the execution, effectiveness, genuineness, validity, legality, enforceability, collectibility, or sufficiency of this Agreement or any of the other Loan Documents or the transactions contemplated thereby, or for the financial condition of any guarantor of any or all of the Obligations, the Company or any of its Subsidiaries.

12.5. Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all owners of Loans. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

12.6. Employment of Agents and Counsel. The Administrative Agent may execute any of its duties as the Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorney-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agent, for the default or misconduct of any such agent or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent’s duties hereunder and under any other Loan Document.

12.7. Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

12.8. The Administrative Agent’s Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify, in accordance with their Pro Rata Shares, the Administrative Agent (in its capacity as such) (i) for any amounts not reimbursed by the Company or the Borrower for which the Administrative Agent is entitled to reimbursement by the Company or the Borrower under the Loan Documents but without affecting the Company’s or the Borrower’s reimbursement obligations hereunder, (ii) for any other expenses incurred by
the Administrative Agent in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have arisen solely from the Gross Negligence or willful misconduct of the Administrative Agent.

12.9. Rights as a Lender. With respect to its Commitment and Loans made by it, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not the Administrative Agent, and the term “Lender” or “Lenders” shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Company or any of its Subsidiaries in which such Person is not prohibited hereby from engaging with any other Person.

12.10. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, either Arranger or any other Lender and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, either Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

12.11. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders, the Company and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Company, the Borrower and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Administrative Agent’s giving notice of resignation, then the retiring Administrative Agent may appoint, on behalf of the Company, the Borrower and the Lenders, a successor Administrative Agent. Notwithstanding anything herein to the contrary, so long as no Default has occurred and is continuing, each such successor Administrative Agent shall be subject to approval by the Company, which approval shall not be unreasonably withheld or delayed. Such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least $500,000,000. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations.
hereunder and under the other Loan Documents. After any retiring Administrative Agent’s resignation hereunder as Administrative Agent, the provisions of this Article XII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents.

12.12. Documentation Agents, Syndication Agent and Arrangers. Neither the Documentation Agents, the Syndication Agent nor the Arrangers shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, except for the Arrangers, those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 12.10.

ARTICLE XIII: SETOFF; RATABLE PAYMENTS

13.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs and is continuing, any Indebtedness from any Lender to the Company or the Borrower (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

13.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Obligations (other than payments received pursuant to Sections 4.1, 4.2 or 4.4) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Obligations held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

13.3. Application of Payments. The Administrative Agent shall, unless otherwise specified at the direction of the Required Lenders which direction shall be consistent with the last two sentences of this Section 13.3, apply all payments and prepayments in respect of any Obligations in the following order:

(i) first, to pay interest on and then principal of any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower;

(ii) second, to pay interest on and then principal of any advance made under Section 11.3 for which the Administrative Agent has not then been paid by the Borrower or reimbursed by the Lenders;

(iii) third, to the ratable payment of the Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Administrative Agent or either Arranger;

82
(iv) fourth, to pay Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Lenders;
(v) fifth, to pay interest due in respect of Loans;
(vi) sixth, to the ratable payment or prepayment of principal outstanding on Loans; and
(vii) seventh, to the ratable payment of all other Obligations.

Unless otherwise designated (which designation shall only be applicable prior to the occurrence of a Default) by the Company or the Borrower, all principal payments in respect of Loans shall be applied first, to repay outstanding Floating Rate Loans, and then to repay outstanding Eurodollar Rate Loans with those Eurodollar Rate Loans which have earlier expiring Interest Periods being repaid prior to those which have later expiring Interest Periods. The order of priority set forth in this Section 13.3 and the related provisions of this Agreement are set forth solely to determine the rights and priorities of the Administrative Agent and the Lenders as among themselves. The order of priority set forth in clauses (iv) through (vi) of this Section 13.3 may at any time and from time to time be changed by the Required Lenders without necessity of notice to or consent of or approval by the Company, the Borrower or any other Person. The order of priority set forth in clauses (i) through (iii) of this Section 13.3 may be changed only with the prior written consent of the Administrative Agent, and, in the case of clause (iii), with the prior written consent of each Arranger.

13.4. Relations Among Lenders.

(A) No Action Without Consent. Except with respect to the exercise of set-off rights of any Lender in accordance with Section 12.1, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Company, the Borrower or any other obligor hereunder or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, at the direction of the Administrative Agent.

(B) Not Partners; No Liability. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

ARTICLE XIV: BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

14.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Company, the Borrower and the Lenders and their respective successors and assigns, except that (A) neither the Company nor the Borrower shall have any right to assign its rights or obligations under the Loan Documents without the consent of all of the Lenders, and any such assignment in violation of this Section
14.1(A) shall be null and void, and (B) any assignment by any Lender must be made in compliance with Section 14.3 hereof. The parties to this Agreement acknowledge that clause (B) of this Section 14.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 14.3. The Administrative Agent may treat each Lender as the owner of the Loans made by such Lender hereunder for all purposes hereof unless and until such Lender complies with Section 14.3 hereof in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Administrative Agent. Any assignee or transferee of a Loan or any other interest of a Lender under the Loan Documents agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of any Loan, shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

14.2. Participations.

(A) Permitted Participants; Effect. Subject to the terms set forth in this Section 14.2, any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities (“Participants”) participating interests in any Loan owing to such Lender, the Commitment of such Lender or any other interest of such Lender under the Loan Documents on a pro rata or non-pro rata basis. Such participation shall not be considered an assignment under Section 14.3 of this Agreement and such Participant shall not be considered a Lender. In the event of any such sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of all Loans made by it for all purposes under the Loan Documents, all amounts payable by the Company or the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Company, the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under the Loan Documents except that, for purposes of Article IV hereof, the Participants shall be entitled to the same rights as if they were Lenders.

(B) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which, if the Participant were a Lender hereunder, would require the consent of such Participant pursuant to the terms of Sections 9.2 or 14.1(A).
(C) Benefit of Setoff. The Company and the Borrower agree that each Participant shall be deemed to have the right of setoff provided in Section 13.1 hereof in respect to its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 13.1 hereof with respect to the amount of participating interests sold to each Participant except to the extent such Participant exercises its right of setoff. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 13.1 hereof, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 13.2 as if each Participant were a Lender.

14.3. Assignments.

(A) Permitted Assignments. Any Lender (each such assigning Lender under this Section 14.3 being a “Seller”) may, in accordance with applicable law, at any time assign to one or more banks or other entities that are Eligible Assignees (“Purchasers”) all or a portion of its rights and obligations under this Agreement (including, without limitation, its Commitment and Loans owing to it) in accordance with the provisions of this Section 14.3. Each assignment shall be of a constant, and not a varying, ratable percentage of all of the Seller’s rights and obligations under this Agreement. Such assignment shall be substantially in the form of Exhibit D hereto and shall not be permitted hereunder unless such assignment is either for all of such Seller’s rights and obligations under the Loan Documents or, without the prior written consent of the Administrative Agent, involves loans and commitments in an aggregate amount of at least One Million and 00/100 Dollars ($1,000,000), which minimum amount shall not apply to any assignment between Lenders, or to an Affiliate of any Lender. The written consent of the Borrower (which consent, in each such case, shall not be unreasonably withheld or delayed), shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate of such assigning Lender; provided that no such consent of the Borrower shall be required to the extent a Default has occurred and is then continuing or if such assignment is in connection with the physical settlement of one or more credit derivative transactions. Unless a Loan is being assigned to a Lender or an Affiliate of a Lender, the written consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed) shall be required prior to each assignment becoming effective.

(B) Effect; Effective Date. Upon (i) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached as Appendix I to Exhibit D hereto (a “Notice of Assignment”), together with any consent required by Section 14.3(A) hereof, (ii) payment of a Four Thousand and 00/100 Dollar ($4,000) fee by the assignor to the Administrative Agent for processing such assignment, which fee shall not apply to any assignment from a Lender to an Affiliate of such Lender, and (iii) the completion of the recording requirements in Section 14.3(C), such assignment shall become effective on the later of such date when the requirements in clauses (i), (ii), and (iii) are met or the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used
to make the purchase of the Commitment and Loans under the applicable assignment agreement are “plan assets” as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be “plan assets” under ERISA. On and after the effective date of such assignment, such Purchaser, if not already a Lender, shall for all purposes be a Lender party to this Agreement and any other Loan Documents executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Company, the Borrower, the Lenders or the Administrative Agent shall be required to release the Seller with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 14.3(B), the Seller, the Administrative Agent, the Company and the Borrower shall make appropriate arrangements so that, to the extent notes have been issued to evidence any of the transferred Loans, replacement notes are issued to such Seller and new notes or, as appropriate, replacement notes, are issued to such Purchaser, in each case in principal amounts reflecting the Loans owing to the Purchaser and the Seller as adjusted pursuant to such assignment. Notwithstanding anything to the contrary herein, neither the Company nor the Borrower shall, at any time, be obligated to pay under Section 2.14(E) to any Lender that is a Purchaser, assignee or transferee any sum in excess of the sum which the Borrower would have been obligated to pay in respect of such transferred Loan to the Lender that was the Seller, assignor or transferor had such assignment or transfer not been effected.

(C) The Register. Notwithstanding anything to the contrary in this Agreement, the Company and the Borrower hereby designates the Administrative Agent, and the Administrative Agent, hereby accepts such designation, to serve as the Company and the Borrower’s contractual representative solely for purposes of this Section 14.3(C). In this connection, the Administrative Agent shall maintain at its address referred to in Section 15.1 a copy of each assignment delivered to and accepted by it pursuant to this Section 14.3 and a register (the “Register”) for the recordation of the names and addresses of the Lenders and the Commitment of, principal amount of and interest on the Loans owing to, each Lender from time to time and whether such Lender is an original Lender or the assignee of another Lender pursuant to an assignment under this Section 14.3. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company and each of its Subsidiaries, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company, the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(D) Designated Lender.

(i) Subject to the terms and conditions set forth in this Section 14.3(D), any Lender may from time to time elect to designate an Eligible Designee to provide all or any part of the Loans to be made by such Lender pursuant to this Agreement; provided that the designation of an Eligible Designee by any Lender for purposes of this Section 14.3(D) shall be subject to the approval of the Administrative Agent.
(which consent shall not be unreasonably withheld or delayed). Upon the execution by the parties to each such designation of an agreement in the form of Exhibit J hereto (a “Designation Agreement”) and the acceptance thereof by the Administrative Agent, the Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit the Designated Lender to provide all or a portion of the Loans to be made by the Designating Lender pursuant to the terms of this Agreement and the making of the Loans or portion thereof shall satisfy the obligations of the Designating Lender to the same extent, and as if, such Loan was made by the Designating Lender. As to any Loan made by it, each Designated Lender shall have all the rights a Lender making such Loan would have under this Agreement and otherwise; provided, (x) that all voting rights under this Agreement shall be exercised solely by the Designating Lender, (y) each Designating Lender shall remain solely responsible to the other parties hereto for its obligations under this Agreement, including the obligations of a Lender in respect of Loans made by its Designated Lender and (z) no Designated Lender shall be entitled to reimbursement under Article IV hereof for any amount which would exceed the amount that would have been payable by the Company or the Borrower to the Lender from which the Designated Lender obtained any interests hereunder. No additional Notes shall be required with respect to Loans provided by a Designated Lender; provided, however, to the extent any Designated Lender shall advance funds, the Designating Lender shall be deemed to hold the Notes in its possession as an agent for such Designated Lender to the extent of the Loan funded by such Designated Lender. Such Designating Lender shall act as administrative agent for its Designated Lender and give and receive notices and communications hereunder. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and none of the Company, the Borrower nor the Administrative Agent shall be responsible for any Designating Lender’s application of such payments. In addition, any Designated Lender may (1) with notice to, but without the consent of the Company, the Borrower or the Administrative Agent, assign all or portions of its interests in any Loans to its Designating Lender or to any financial institution consented to by the Administrative Agent providing liquidity and/or credit facilities to or for the account of such Designated Lender and (2) subject to advising any such Person that such information is to be treated as confidential in accordance with such Person’s customary practices for dealing with confidential, non-public information, disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any guarantee, surety or credit or liquidity enhancement to such Designated Lender.

(ii) Each party to this Agreement hereby agrees that it shall not institute against, or join any other Person in instituting against any Designated Lender any bankruptcy, reorganization, arrangements, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law for one year and a day after the payment in full of all outstanding senior indebtedness of any Designated Lender; provided that the Designating Lender for each Designated Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage and expense arising out of their inability to institute any such
proceeding against such Designated Lender. This Section 14.3(D)(ii) shall survive the termination of this Agreement.

14.4. Confidentiality. Subject to Section 14.5, the Administrative Agent and the Lenders and their respective representatives, consultants and advisors shall hold all nonpublic information obtained pursuant to the requirements of this Agreement and identified as such by the Company or the Borrower in accordance with such Person’s customary procedures for handling confidential information of this nature and in accordance with safe and sound commercial lending or investment practices and in any event may make disclosure reasonably required by a prospective Transferee in connection with the contemplated participation or assignment or as required or requested by any Governmental Authority or any securities exchange or similar self-regulatory organization or representative thereof or pursuant to a regulatory examination or legal process, or to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty’s professional advisor, and shall (x) use its commercially reasonable efforts to give prior notice of any such disclosure to the extent permitted by applicable law, and (y) require any such Transferee to agree (and require any of its Transferees to agree) to comply with this Section 14.4. In no event shall the Administrative Agent or any Lender be obligated or required to return any materials furnished by the Company; provided, however, each prospective Transferee shall be required to agree that if it does not become a participant or assignee it shall return all materials furnished to it by or on behalf of the Company in connection with this Agreement.

14.5. Dissemination of Information. Each of the Company and the Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a “Transferee”) any and all information in such Lender’s possession concerning the Company and its Subsidiaries; provided that prior to any such disclosure, such prospective Transferee shall agree to preserve in accordance with Section 14.4 the confidentiality of any confidential information described therein.

ARTICLE XV: NOTICES

15.1. Giving Notice. Except as otherwise permitted by Section 2.13 with respect to Election Notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Documents shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given three (3) Business Days after mailed; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes); or any notice, if transmitted by courier, one (1) Business Day after deposit with a reputable overnight carrier service, with all charges paid.

15.2. Change of Address. The Company, the Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.
ARTICLE XVI: COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company, the Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by facsimile or telephone, that it has taken such action; it being understood and agreed that the initial extensions of credit hereunder shall be subject to the satisfaction of the conditions precedent set forth in Section 5.1 hereof.

[Remainder of This Page Intentionally Blank]

89
IN WITNESS WHEREOF, the Company, the Borrower, the Lenders and the Administrative Agent have executed this Agreement as of the date first above written.

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

By: /s/ Ronald A. Ballschmiede
Name: Ronald A. Ballschmiede
Title: Managing Director

Address:
c/o Chicago Bridge & Iron Company (Delaware)
One CB&I Plaza
2103 Research Forest Drive
The Woodlands, TX 77380
Attention: Ronald Ballschmiede, Managing Director & Chief Financial Officer
Telephone No.: (832) 513-1000
Facsimile No.: (832) 513-1092

Signature Page to Term Loan Agreement
CHICAGO BRIDGE & IRON COMPANY, as the Borrower

By: /s/ Luciano Reyes
Name: Luciano Reyes
Title: Vice President & Treasurer

Address:
c/o Chicago Bridge & Iron Company (Delaware)
One CB&I Plaza
2103 Research Forest Drive
The Woodlands, TX 77380
Attention: Ronald Ballschmiede, Managing Director & Chief Financial Officer
Telephone No.: (832) 513-1000
Facsimile No.: (832) 513-1092

Signature Page to Term Loan Agreement
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent and as a Lender

By: /s/ H. David Jones
Name: H. David Jones
Title: Senior Vice President

Notice Address:

____________________
Attention: __________________________
Telephone: __________________________
Facsimile: __________________________

Lending Installation Address:

____________________
____________________
____________________

Signature Page to Term Loan Agreement
BANK OF AMERICA, N.A., as Syndication Agent and as a Lender

By: /s/ Robert W. Troutman
Name: Robert W. Troutman
Title: Managing Director

Notice Address:

Attention:  
Telephone:  
Facsimile:  

Lending Installation Address:
Bank of America, N.A.

Signature Page to Term Loan Agreement
BNP PARIBAS, as a Lender

By: /s/ Jamie Dillon  
Name: Jamie Dillon  
Title: Managing Director

By: /s/ Sandy Bertram  
Name: Sandy Bertram  
Title: Vice President

Notice Address:

Attention:  
Telephone:  
Facsimile:  

Lending Installation Address:

Signature Page to Term Loan Agreement
THE ROYAL BANK OF SCOTLAND plc, as Documentation Agent and as a Lender

By: /s/ John Preece
Name: John Preece
Title: Vice President

Notice Address:

Attention: ____________________________________________
Telephone: ____________________________________________
Facsimile: ____________________________________________

Lending Installation Address:

____________________________________________________
____________________________________________________
____________________________________________________

Signature Page to Term Loan Agreement
WELLS FARGO BANK, N.A., as Documentation Agent and as a Lender

By: /s/ Tom Caver
Name: Thomas F. Caver, III
Title: Vice President

Notice Address:

Attention: 
Telephone: 
Facsimile: 

Lending Installation Address:


Signature Page to Term Loan Agreement
CALYON NEW YORK BRANCH, as Documentation Agent and as a Lender

By: /s/ Page Dillehunt
Name: Page Dillehunt
Title: Managing Director

By: /s/ Michael Willis
Name: Michael Willis
Title: Director

Notice Address:

Attention: 
Telephone: 
Facsimile: 

Lending Installation Address:

Signature Page to Term Loan Agreement
FORTIS BANK SA/NV, CAYMAN ISLANDS
BRANCH, as a Lender

By: /s/ Catherine Gilbert
Name: Catherine M. Gilbert
Title: Director

Notice Address:

Attention: ____________________________
Telephone: ____________________________
Facsimile: ____________________________

Lending Installation Address:

____________________________________
____________________________________
____________________________________

Signature Page to Term Loan Agreement
FIFTH THIRD BANK, as a Lender

By: /s/ Ashley Radel
Name: Ashley Radel
Title: Relationship Manager

Notice Address:

Attention: __________________________________________________________________________
Telephone: __________________________________________________________________________
Facsimile: __________________________________________________________________________

Lending Installation Address:
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

Signature Page to Term Loan Agreement
SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ Yoshihiro Hyakutome
Name: Yoshihiro Hyakutome
Title: General Manager

Notice Address:

Attention: _____________________________________________
Telephone: _____________________________________________
Facsimile: _____________________________________________

Lending Installation Address:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Signature Page to Term Loan Agreement
U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Kevin S. McFadden
Name: Kevin S. McFadden
Title: Vice President

Notice Address:

Attention: ________________________________
Telephone: ________________________________
Facsimile: ________________________________

Lending Installation Address:

______________________________
______________________________
______________________________

Signature Page to Term Loan Agreement
CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ Brian Caldwell  
Name: Brian Caldwell  
Title: Director

By: /s/ Morenikeji Ajayi  
Name: Morenikeji Ajayi  
Title: Associate

Notice Address:  
Attention:  
Telephone:  
Facsimile: 

Lending Installation Address:  

Signature Page to Term Loan Agreement
ING BANK N.V., as a Lender

By: /s/ B.D. Gilbert
Name: B.D. Gilbert
Title: Relationship Manager

By: /s/ K.P. Weehuizen
Name: K.P. Weehuizen
Title: Managing Director

Notice Address:

---------------------------------------------
Attention: ________________________________
Telephone: _______________________________
Facsimile: ________________________________

Lending Installation Address:

---------------------------------------------
---------------------------------------------
---------------------------------------------

Signature Page to Term Loan Agreement
ABU DHABI INTERNATIONAL BANK INC., as a Lender

By: /s/ David J. Young
Name: David J. Young
Title: Vice President

By: /s/ Pamela Sigda
Name: Pamela Sigda
Title: Senior Vice President

Notice Address:

Attention: ____________________________________________
Telephone: ___________________________________________
Facsimile: ___________________________________________

Lending Installation Address:

____________________________________________________
____________________________________________________
____________________________________________________

Signature Page to Term Loan Agreement
CAPITAL ONE, NATIONAL ASSOCIATION, as a Lender

By: /s/ Don Backer
Name: Don Backer
Title: Senior Vice President

Notice Address:

Attention: __________________________
Telephone: __________________________
Facsimile: __________________________

Lending Installation Address:

_______________________________
_______________________________
_______________________________

Signature Page to Term Loan Agreement
THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Brandon Rolek
Name: Brandon Rolek
Title: Vice President

Notice Address:

Attention: ____________________________________________
Telephone: ____________________________________________
Facsimile: ____________________________________________

Lending Installation Address:

_____________________________________________________
_____________________________________________________
_____________________________________________________

Signature Page to Term Loan Agreement
COMPASS BANK, as a Lender

By: /s/ Tom Brosig S.V.P.
Name: Tom Brosig
Title: Senior Vice President

Notice Address:

Attention: ____________________________
Telephone: ____________________________
Facsimile: ____________________________

Lending Installation Address:

____________________________________
____________________________________
____________________________________

Signature Page to Term Loan Agreement
STANDARD CHARTERED BANK, as a Lender

By: /s/ Benjamin Velazquez  
Name: Benjamin Velazquez A2657  
Title: Director Syndications, Americas

By: /s/ Bert de Guzman  
Name: Bert de Guzman  
Title: Senior Vice President

Notice Address:

Attention:  
Telephone:  
Facsimile:  

Lending Installation Address:


Signature Page to Term Loan Agreement
ARAB BANKING CORPORATION, as a Lender

By: /s/ Robert Ivosevich
Name: Robert Ivosevich
Title: General Manager

By: /s/ Thomas Cahalane
Name: Thomas Cahalane
Title: Assistant General Manager/Admin

Notice Address:

______________________________________
Attention: ...................................................
Telephone: ...................................................
Facsimile: ...................................................

Lending Installation Address:

______________________________________

______________________________________

______________________________________

Signature Page to Term Loan Agreement
BANK OF TEXAS, N.A., as a Lender

By: /s/ Marian Livingston
Name: Marian Livingston
Title: Vice President

Notice Address:

Attention: 
Telephone: 
Facsimile: 

Lending Installation Address:

Signature Page to Term Loan Agreement
COMERICA BANK, as a Lender

By: /s/ De Von Lang
Name: De Von Lang
Title: Corporate Banking Officer

Notice Address:

Attention: ____________________________
Telephone: ____________________________
Facsimile: ____________________________

Lending Installation Address:

____________________________________
____________________________________
____________________________________

Signature Page to Term Loan Agreement
COMMERZBANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as a Lender

By: /s/ Edward C.A. Forsberg, Jr.
Name: Edward C.A. Forsberg, Jr.
Title: Senior Vice President & Manager

By: /s/ David A. Bennett
Name: David A. Bennett
Title: Vice President

Notice Address:

Attention:
Telephone:
Facsimile:

Lending Installation Address:

Signature Page to Term Loan Agreement
DEUTSCHE BANK AG, NEW YORK BRANCH, as a Lender

By: /s/ Scottye D. Lindsey
Name: Scottye D. Lindsey
Title: Director

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Vice President

Notice Address:

Attention: 
Telephone: 
Facsimile: 

Lending Installation Address:

Signature Page to Term Loan Agreement
HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By: /s/ Steven F. Larsen
Name: Steven F. Larsen
Title: First Vice President

Notice Address:

Attention: ________________________________
Telephone: ________________________________
Facsimile: ________________________________

Lending Installation Address:

______________________________
______________________________
______________________________

Signature Page to Term Loan Agreement
RIYAD BANK, HOUSTON AGENCY, as a Lender

By: /s/ William B. Shepard
Name: William B. Shepard
Title: General Manager

By: /s/ Paul N. Travis
Name: Paul N. Travis
Title: Vice President and Head of Corporate Finance

Notice Address:

__________________________________________________
Attention: _________________________________________
Telephone: _________________________________________
Facsimile: _________________________________________

Lending Installation Address:

__________________________________________________
__________________________________________________
__________________________________________________

Signature Page to Term Loan Agreement
THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Robert Gass
Name: Robert Gass
Title: Managing Director

Notice Address:

Attention: ________________________________
Telephone: ________________________________
Facsimile: ________________________________

Lending Installation Address:

________________________________________
________________________________________
________________________________________

Signature Page to Term Loan Agreement
WACHOVIA BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Patrick J. Kaufmann
Name: Patrick J. Kaufmann
Title: Senior Vice President

Notice Address:

____________________________________________________
Attention:  
Telephone:  
Facsimile:  

Lending Installation Address:

____________________________________________________
____________________________________________________
____________________________________________________

Signature Page to Term Loan Agreement
AMENDMENT NO. 1 AND CONSENT

THIS AMENDMENT NO. 1 AND CONSENT (the “Amendment”) is being executed and delivered as of November 9, 2007, 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 to the hereinafter identified and defined Credit Agreement, as borrowers (the “Subsidiary Borrowers” and together with the Company, the “Borrowers”), JPMorgan Chase Bank, National Association as administrative agent (the “Administrative Agent”) under said Credit Agreement, and the Required Lenders and New Lenders (as defined herein) party hereto. All capitalized terms used herein without definition shall have the same meanings as set forth in the 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 parties to that certain Second Amended and Restated Credit Agreement dated as of October 13, 2006 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”);

WHEREAS, the Borrowers have requested the Lenders to amend the Credit Agreement in certain respects;

WHEREAS, the Company has requested the Lenders to consent (such consent, the “Acquisition Consent”) to the Acquisition (the “Lummus Acquisition”) by the Company of the Lummus Global business of ABB Holdings Inc. and ABB Holdings B.V. (collectively, the “Target”); and

WHEREAS, the Required Lenders and New Lenders have agreed to amend the Credit Agreement on the terms and conditions set forth in Section 1 hereof and the Required Lenders and New Lenders have agreed to grant the Acquisition Consent 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. Amendment. Subject to the satisfaction of the conditions set forth in paragraph 3 below, the Credit Agreement shall be and hereby is amended as follows:

(a) The definition of “Aggregate Commitment” contained in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Aggregate Commitment means the aggregate of the Commitments of all the Lenders, as may be adjusted from time to time pursuant to the terms hereof. The
Aggregate Commitment as of the effective date of Amendment No. 1 is One Billion and One Hundred Million Dollars ($1,100,000,000).

(b) The defined term “Dutch Banking Act” contained in Section 1.1 of the Credit Agreement is hereby replaced with the below definition of Dutch Financial Supervision Act, and all references in the Credit Agreement to “Dutch Banking Act” are hereby deleted and replaced with “Dutch Financial Supervision Act”:

“Dutch Financial Supervision Act’ means the Dutch Financial Supervision Act 2007 (Wet Financieel Toezicht), as amended from time to time.”

(c) The defined term “Dutch Exemption Regulation” contained in Section 1.1 of the Credit Agreement is hereby deleted in its entirety, and so are all references in the Credit Agreement to “Dutch Exemption Regulation”.

(d) The definition of “Eligible Designee” contained in Section 1.1 of the Credit Agreement is hereby amended to delete the reference to item (iv).

(e) The defined term “Net Income” contained in Section 1.1 of the Credit Agreement is hereby deleted in its entirety, and all references in the Credit Agreement to “Net Income” are hereby deleted and replaced with “Consolidated Net Income”.

(f) The definition of “Letter of Credit Agreement” contained in Section 1.1 of the Credit Agreement is hereby amended to delete the reference to “$400,000,000” therein and to substitute “$600,000,000” therefor.

(g) The definition of “PMP” contained in Section 1.1 of the Credit Agreement and Schedule 1.1.6 is hereby deleted in its entirety, and all references in the Credit Agreement to “PMP” are hereby deleted.

(h) The definition of “Material Subsidiary” contained in Section 1.1 of the Credit Agreement is hereby amended by amending and restating the last sentence thereof in its entirety as follows:

“The Material Subsidiaries as of the date of Amendment No. 1 are identified in Schedule 1.1.5 hereto.”

(i) The following definitions of “Amendment No. 1” and “Term Loan Agreement” are hereby added to Section 1.1 of the Credit Agreement in their respective appropriate alphabetical order:

“Amendment No. 1’ means that certain Amendment No. 1 to this Agreement, dated as of November 9, 2007, by and among the Company, the Subsidiary Borrowers, the Administrative Agent and the Required Lenders. ”

“Term Loan Agreement’ means that certain Term Loan Agreement, dated as of November 9, 2007, by and among the Company, Chicago Bridge & Iron Company, as the
“Borrower”, JPMorgan Chase Bank, National Association, as “Administrative Agent” thereunder, and the lenders party thereto, as amended, restated supplemented or otherwise modified from time to time.”

(j) The following Section 2.1(D) is hereby added to Section 2.1 of the Credit Agreement:

“(D) The first borrowing from any Lender shall at all times be at least the equivalent in Dollars of 50,000 unless no Borrower incorporated under Dutch law is borrowing from such Lender.”

(k) Section 2.5(B)(i) of the Credit Agreement is hereby amended to delete the reference to “$1,000,000,000” therein and to substitute “$1,250,000,000” therefor.

(l) Section 6.9 of the Credit Agreement is hereby amended by amending and restating the penultimate sentence thereof as follows:

“Except as set forth on Schedule 6.9, neither the Company nor any other member of the Controlled Group has taken or failed to take any action, nor has any event occurred, with respect to any “employee benefit plan” (as defined in Section 3(3) of ERISA) which action, inaction or event could reasonably be expected to subject the Company or any of its Subsidiaries to material liability.”

(m) Section 7.3(A) of the Credit Agreement is hereby amended by (i) amending and restating clause (vii) thereof in its entirety as follows:

“(vii) Indebtedness (a) with respect to surety, appeal and performance bonds and Performance Letters of Credit obtained by any of the Company’s Subsidiaries in the ordinary course of business, and (b) incurred or maintained by any of the Company’s Subsidiaries under the Letter of Credit Agreement or the Term Loan Agreement and the other ‘Loan Documents’ (as defined in the Term Loan Agreement);”

and (ii) deleting the reference to “$50,000,000” in clause (viii) thereof and substituting “$60,000,000” therefor.

(n) Section 7.3(C) of the Credit Agreement is hereby amended to (x) delete the “and” at the end of clause (ii) thereof, (y) renumber clause (iii) thereof as clause (iv), and (z) add the following new clause (iii) immediately following clause (ii) thereof:

“(iii) Liens arising pursuant to the Term Loan Agreement and the other ‘Loan Documents’ (as defined in the Term Loan Agreement);”

(o) Section 7.3(D)(vii) of the Credit Agreement is hereby amended by deleting the reference to “$20,000,000” therein and substituting “$150,000,000” therefor.

(p) Section 7.3(E) of the Credit Agreement is hereby amended by (i) amending and restating clause (iii)(x) thereof in its entirety as follows:
“(x) incurred by any Subsidiary of the Company to support the performance of bids, tenders, sales or contracts (other than for the repayment of borrowed money) of any other Subsidiary of the Company or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint interest or other ownership interest, in each case in the ordinary course of business, and, in the case of joint ventures or other ownership interests, the Contingent Obligation in respect thereof is in an aggregate amount not to exceed $30,000,000”

(ii) amending and restating clause (iii)(y) thereof in its entirety as follows:

“(y) incurred by any Subsidiary of the Company under the Term Loan Agreement or the Letter of Credit Agreement, and”

and (iii) amending and restating clause (iii)(z) thereof in its entirety as follows:

“(z) with respect to surety, appeal and performance bonds obtained by the Company or any Subsidiary (provided that the Indebtedness with respect thereto is permitted pursuant to Section 7.3(A)) or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint interest or other ownership interest, in each case in the ordinary course of business and, in the case of joint ventures or other ownership interests, the Contingent Obligation in respect thereof is in an aggregate amount not to exceed $30,000,000; and”.

(q) Section 7.3(K) of the Credit Agreement is hereby amended to amend and restate the exception at the end of such section as follows:

“except those contained in Schedule 6.9 and where such transactions, events, circumstances, or failures are not, individually or in the aggregate, reasonably expected to result in liability individually or in the aggregate in excess of $20,000,000”.

(r) Section 7.4(C) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(C) Minimum Consolidated Net Worth. The Company shall not permit its Consolidated Net Worth at any time to be less than (i) the sum of (a) $473,954,000 plus (b) fifty percent (50%) of the sum of Consolidated Net Income (if positive) earned in each fiscal quarter, commencing with the fiscal quarter ending on September 30, 2007, plus (c) 75% of the amount, if any, by which stockholders’ equity of the Company is, in accordance with Agreement Accounting Principles, adjusted from time to time as a result of the issuance of any Equity Interests after September 30, 2007 minus (ii) the Executive Equity Repurchase Payment.”

(s) Each of Section 7.3(T) and Section 11.18 of the Credit Agreement is hereby deleted in its entirety.
(t) Section 11.19 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“11.19. USA PATRIOT Act, Bank Secrecy Act and Office of Foreign Assets Control. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies each Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender to identify each Borrower in accordance with the Act. In addition, and without limiting the foregoing sentence, each Borrower shall (a) ensure, and cause each Subsidiary, if applicable, to ensure, that no Person who owns a controlling interest in or otherwise controls such Borrower or any Subsidiary is or shall be listed in the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Loans to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, and cause each Subsidiary, if applicable, to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.”

(u) Section 12.8 of the Credit Agreement is hereby amended to (i) delete the reference to “The Lenders agree to indemnify the Administrative Agent” and substitute “The Lenders agree to reimburse and indemnify, in accordance with their Pro Rata Shares, the Administrative Agent (in its capacity as such)” in lieu thereof and (ii) amend clause (i) thereof to insert “but without affecting the Company’s or any Borrower’s reimbursement obligations hereunder” at the end thereof.

(v) The first sentence of Section 14.2(A) of the Credit Agreement is hereby amended to delete the reference to persons “which are, to the extent required by the Dutch Banking Act and the Dutch Exemption Regulation, PMP’s”, and Section 14.2(A) of the Credit Agreement is hereby further amended to (i) delete the second and third sentences thereof and (ii) delete the reference to “Moreover, notwithstanding such recordation, such” in the following sentence and substitute “Such” in lieu thereof.

(w) Section 14.2(B) of the Credit Agreement is amended to delete the reference therein to “Section 9.2” and substitute “Sections 9.2 or 14.1(A)” therefor.

(x) The following final sentence is hereby added to Section 14.3(A) of the Credit Agreement:

“Notwithstanding anything to the contrary set forth herein, with respect to any assignment to a Purchaser which is not an existing Lender, the amount thereof shall always be at least the equivalent in Dollars of €50,000.”
(y) As of the date hereof, all references to “Schedule” or “Schedules” in the Credit Agreement or any other Loan Document shall be deemed to be references to the Schedules attached hereto; provided, that references to “Schedule” or “Schedules” in representations or warranties made prior to the date hereof shall be references to the Schedules attached to the Credit Agreement prior to the effectiveness of this Amendment.

(z) The Commitments of certain of the Lenders (the “Increasing Lenders”) are hereby increased as set forth on Annex I attached hereto. Certain financial institutions not party to the Credit Agreement prior to the date hereof and identified on Annex I attached hereto (the “New Lenders”) are hereby deemed to be Lenders for all purposes of the Loan Documents. Accordingly, Exhibit A-1 to the Credit Agreement is hereby amended and restated to read as set forth on Annex I attached hereto. The Borrowers hereby agree to compensate each Lender for any and all losses, costs and expenses incurred by such Lender in connection with the sale and assignment of any Eurodollar Rate Loans and the reallocation described in Section 3(a) below, in each case on the terms and in the manner set forth in Section 4.4 of the Credit Agreement.

(aa) Section 7 of Exhibit D to the Credit Agreement is hereby amended to delete the references to items (x) and (xi), Section 3 of Exhibit K to the Credit Agreement is hereby amended to delete the references to items (vi) and (vii) and Section 2 of Exhibit L to the Credit Agreement is hereby amended to delete the references to items (iv) and (v).

2. Consent. Subject to the satisfaction of the conditions set forth in paragraph 3 below and the Acquisition Conditions Precedent (as defined below), the Required Lenders and New Lenders hereby grant the Acquisition Consent. For the avoidance of doubt, it is acknowledged and agreed that, in connection with any other Acquisitions that may be made after the date hereof, the purchase price applicable to the Lummus Acquisition shall not be taken into account and shall be disregarded for purposes of testing compliance with Section 7.3(F)(f)(ii) of the Credit Agreement.

“Acquisition Conditions Precedent” means the Company has furnished to the Administrative Agent each of the following, with sufficient copies (if applicable) for the Lenders, all in form and substance satisfactory to the Administrative Agent and the Lenders:

(i) Audited financial statements for the Target and its Subsidiaries for the fiscal year ended December 31, 2006;

(ii) Unaudited interim financial statements for the Target and its Subsidiaries for the portion of the fiscal year ended June 30, 2007;

(iii) Evidence reasonably satisfactory to the Administrative Agent that the Lummus Acquisition has been consummated on the terms contained in the Acquisition Agreement (unless waived by the Company with the consent of the Administrative Agent);

(iv) Evidence reasonably satisfactory to the Administrative Agent that all required governmental and third party approvals and consents, if any, related to the Lummus Acquisition have been obtained and all related filings made and any applicable waiting periods shall have expired or been terminated; and
Evidence reasonably satisfactory to the Administrative Agent that the Company’s and the relevant seller’s respective general partners, directors or other managers and, if necessary, unitholders or shareholders, shall have approved the Lummus Acquisition and all regulatory and legal approvals for the Lummus Acquisition shall have been obtained and any required waiting periods shall have expired or been terminated.

“Acquisition Agreement” means the Share Purchase Agreement, dated as of August 24, 2007, among ABB, ABB Holdings Inc., ABB Holdings B.V., the Company, Chicago Bridge & Iron Company and Chicago Bridge & Iron Company B.V.

3. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Administrative Agent shall have administered the reallocation of the total Revolving Credit Obligations on the effective date ratably among the Lenders (including the New Lenders) after giving effect to the increase in the Aggregate Commitment set forth in Section 1; (b) the Administrative Agent shall have received (i) counterparts of this Amendment duly executed and delivered by the Company, the Subsidiary Borrowers, each Increasing Lender, each New Lender and the Required Lenders and executed counterparts of the Reaffirmation attached hereto duly executed and delivered by the Subsidiary Guarantors (ii) opinions of counsel in form and substance reasonably acceptable to the Administrative Agent and such other instruments and documents as are reasonably requested by the Administrative Agent, and (iii) for the account of each Increasing Lender in connection with this Amendment, an upfront fee in an amount equal to the applicable percentage (in basis points) of the amount of the increase of such Increasing Lender’s Commitment (or, in the case of a New Lender, the amount of such Lender’s commitment), in each case as disclosed to such Increasing Lender or New Lender, as applicable, by the Administrative Agent; and (c) the Letter of Credit Agreement has been amended to permit the consummation of the Term Loan Agreement and the Lummus Acquisition.

4. Representation and Warranties. Each Borrower hereby represents and warrants that (i) all of the representations and warranties contained in Article VI of the Credit Agreement, as amended hereby, are true and correct and (ii) no Default or Unmatured Default is in effect.

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

6. Reference to Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement or any other Loan Document to “this Agreement,” “hereunder,” or words of like or similar import shall mean and be reference to the Credit Agreement, as amended and modified by this Amendment.
7. **GOVERNING LAW.** THE ADMINISTRATIVE AGENT ACCEPTS THIS AMENDMENT, 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 AMENDMENT, THE CREDIT AGREEMENT 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 §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 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: /s/ Ronald A. Ballschmiede
Name: Ronald A. Ballschmiede
Title: Managing Director

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

By: /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer

CBI SERVICES, INC., as a Subsidiary Borrower

By: /s/ Terrence G. Browne
Name: Terrence G. Browne
Title: Treasurer

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CHICAGO BRIDGE & IRON COMPANY (DELAWARE), as a Subsidiary Borrower

By:  /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer

CB&I TYLER COMPANY, as a Subsidiary Borrower

By:  /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer

CHICAGO BRIDGE & IRON COMPANY B.V., as a Subsidiary Borrower

By:  /s/ Ronald A. Ballschmiede
Name: Ronald A. Ballschmiede
Title: Managing Director

CHICAGO BRIDGE & IRON COMPANY, as a Subsidiary Borrower

By:  /s/ Luciano Reyes
Name: Luciano Reyes
Title: Vice President & Treasurer

Signature Page to Amendment No. 1 to Chicago Bridge & Iron Company N.V. et al Second Amended and Restated Credit Agreement dated as of October 13, 2006
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent and as a Lender

By: /s/ H. David Jones
Name: H. David Jones
Title: Senior Vice President

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

By: /s/ Robert W. Troutman
Name: Robert W. Troutman
Title: Managing Director

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

By: /s/ David L. Mistic
Name: David L. Mistic
Title: Vice President

WELLS FARGO BANK, N.A., as a Documentation Agent and as a Lender

By: /s/ Tom Caver
Name: Thomas F. Caver, III
Title: Vice President

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CALYON NEW YORK BRANCH, as a Lender

By: /s/ Page Dillehunt
Name: Page Dillehunt
Title: Managing Director

By: /s/ Michael Willis
Name: Michael Willis
Title: Director

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Richard L. Tavrow
Name: Richard L. Tavrow
Title: Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ W.J. Bowne
Name: W.J. Bowne
Title: Managing Director

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ Brian Caldwell  
Name: Brian Caldwell  
Title: Director  

By: /s/ Morenikeji Ajayi  
Name: Morenikeji Ajayi  
Title: Associate  

REGIONS BANK, as a Lender

By:  
Name:  
Title:  

ALLIED IRISH BANK, PLC, as a Lender

By: /s/ Norbert Galligan  
Name: Norbert Galligan  
Title: Vice President  

By: /s/ Gregory J. Wiske  
Name: Gregory J. Wiske  
Title: Vice President  

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Brandon Rolek  
Name: Brandon Rolek  
Title: Vice President  

Signature Page to Amendment No. 1 to  
Chicago Bridge & Iron Company N.V. et al  
Second Amended and Restated Credit Agreement dated as of October 13, 2006
STANDARD CHARTERED BANK, as a Lender

By: /s/ Benjamin Velazquez
Name: Benjamin Velazquez A2657
Title: Director Syndications, Americas

By: /s/ Bert de Guzman
Name: Bert de Guzman
Title: Senior Vice President

ABU DHABI INTERNATIONAL BANK INC. as a Lender

By: /s/ David J. Young
Name: David J. Young
Title: Vice President

By: /s/ Pamela Sigda
Name: Pamela Sigda
Title: Sr. Vice President

AMEGY BANK NATIONAL ASSOCIATION as a Lender

By: /s/ Jill S. Vaughan
Name: Jill S. Vaughan
Title: Senior Vice President

BANK OF NEW YORK, as a Lender

By: /s/ Timothy J. Glass
Name: Timothy J. Glass
Title: Vice President

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CAPITAL ONE, NATIONAL ASSOCIATION, as a Lender

By: /s/ Don Backer
Name: Don Backer
Title: Senior Vice President

ARAB BANKING CORPORATION, as a Lender

By: /s/ Robert Ivosevich
Name: Robert Ivosevich
Title: General Manager

By: /s/ Thomas Cahalane
Name: Thomas Cahalane
Title: Assistant General Manager/Admin

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

By: /s/ Marian Livingston
Name: Marian Livingston
Title: Vice President

COMPASS BANK, as a Lender

By: /s/ Tom Brosig S.V.P.
Name: Tom Brosig
Title: Senior Vice President

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ Yoshihiro Hyakutome
Name: Yoshihiro Hyakutome
Title: General Manager

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Kevin S. McFadden
Name: Kevin S. McFadden
Title: Vice President

ING BANK N.V., as a Lender

By: /s/ B.D. Gilbert
Name: B.D. Gilbert
Title: Relationship Manager

By: /s/ K.P. Weehuizen
Name: K.P. Weehuizen
Title: Managing Director

COMERICA BANK, as a Lender

By: /s/ De Von Lang
Name: De Von Lang
Title: Corporate Banking Officer

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
COMMERZBANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as a Lender

By: /s/ Edward C.A. Forsberg, Jr.
Name: Edward C.A. Forsberg, Jr.
Title: Senior Vice President & Manager

By: /s/ David A. Bennett
Name: David A. Bennett
Title: Vice President

DEUTSCHE BANK AG, NEW YORK
BRANCH, as a Lender

By: /s/ Scottye D. Lindsey
Name: Scottye D. Lindsey
Title: Director

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Vice President

HSBC BANK USA, NATIONAL
ASSOCIATION, as a Lender

By: /s/ Steven F. Larsen
Name: Steven F. Larsen
Title: First Vice President

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
RIYAD BANK, HOUSTON AGENCY, as a Lender

By: /s/ William B. Shepard
Name: William B. Shepard
Title: General Manager

By: /s/ Paul N. Travis
Name: Paul N. Travis
Title: Vice President and Head of Corporate Finance

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Robert Gass
Name: Robert Gass
Title: Managing Director

WACHOVIA BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Patrick J. Kaufmann
Name: Patrick J. Kaufmann
Title: Senior Vice President

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 1 in connection with that certain Second Amended and Restated Credit Agreement dated as of October 13, 2006 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) by and among Chicago Bridge and Iron Company N.V. (the “Company”), certain Subsidiaries of the Company party thereto as borrowers (the “Subsidiary Borrowers”), JPMorgan Chase Bank, National Association as administrative agent (the “Administrative Agent”) under the Credit Agreement and the lenders party to said Credit Agreement, which Amendment No. 1 is dated as of November 9, 2007 (the “Amendment”). Capitalized terms used in this Reaffirmation and not defined herein shall have the meanings given to them in the 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 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 Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

[signature pages follow]

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CBI SERVICES, INC.

By ______________________________
Name: 
Title: 

CHICAGO BRIDGE & IRON COMPANY
an Illinois corporation

By ______________________________
Name: 
Title: 

HORTON CBI, LIMITED

By ______________________________
Name: 
Title: 

CBI VENEZOLANA, S.A.

By ______________________________
Name: 
Title: 

CBI EASTERN ANSTALT

By ______________________________
Name: 
Title: 

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document
CBI CONSTRUCTORS PTY, LTD.

By ________________________________
Name: ________________________________
Title: ________________________________

LEALAND FINANCE COMPANY B.V.

By ________________________________
Name: ________________________________
Title: ________________________________

CB&I (EUROPE) B.V.

By ________________________________
Name: ________________________________
Title: ________________________________

ARABIAN GULF MATERIAL SUPPLY COMPANY, LTD.

By ________________________________
Name: ________________________________
Title: ________________________________

ASIA PACIFIC SUPPLY CO.

By ________________________________
Name: ________________________________
Title: ________________________________

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CHICAGO BRIDGE & IRON (ANTILLES) N.V.

By ________________________________
Name: ______________________________
Title: ______________________________

CHICAGO BRIDGE & IRON COMPANY B.V.

By ________________________________
Name: ______________________________
Title: ______________________________

CMP HOLDINGS B.V.

By ________________________________
Name: ______________________________
Title: ______________________________

PACIFIC RIM MATERIAL SUPPLY COMPANY, LTD.

By ________________________________
Name: ______________________________
Title: ______________________________

HOWE-BAKER INTERNATIONAL, L.L.C.

By ________________________________
Name: ______________________________
Title: ______________________________

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
HOWE-BAKER ENGINEERS, LTD.
By and through its General partner,
Howe-Baker Management, L.L.C.

By ________________________________
Name: 
Title: 

HOWE-BAKER HOLDINGS, L.L.C.

By ________________________________
Name: 
Title: 

HOWE-BAKER MANAGEMENT, L.L.C.

By ________________________________
Name: 
Title: 

HBI HOLDINGS, L.L.C.

By ________________________________
Name: 
Title: 

CONSTRUCTORS INTERNATIONAL, L.L.C.

By ________________________________
Name: 
Title: 

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
MATRIX ENGINEERING, LTD.

By ________________________________
Name: ______________________________
Title: ______________________________

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

By ________________________________
Name: ______________________________
Title: ______________________________

A&B BUILDERS, LTD.

By ________________________________
Name: ______________________________
Title: ______________________________

MATRIX MANAGEMENT SERVICES, L.L.C.

By ________________________________
Name: ______________________________
Title: ______________________________

SOUTHERN TROPIC MATERIAL SUPPLY COMPANY, LTD.

By ________________________________
Name: ______________________________
Title: ______________________________

CB&I (NIGERIA) LIMITED

By ________________________________
Name: ______________________________
Title: ______________________________

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CHICAGO BRIDGE & IRON (ESPANA) S.A.

By ____________________________
Name: __________________________
Title: ___________________________

CBI (PHILLIPINES), INC.

By ____________________________
Name: __________________________
Title: ___________________________

CB&I UK LIMITED

By ____________________________
Name: __________________________
Title: ___________________________

CBI HUNGARY HOLDING LIMITED LIABILITY COMPANY

By ____________________________
Name: __________________________
Title: ___________________________

CBI LUXEMBOURG S.A.R.L.

By ____________________________
Name: __________________________
Title: ___________________________

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
CB&I FINANCE COMPANY LIMITED
By
Name:
Title:

CBI AMERICAS, LTD.
By
Name:
Title:

CSA TRADING COMPANY, LTD.
By
Name:
Title:

CB&I WOODLANDS L.L.C.
By
Name:
Title:

WOODLANDS INTERNATIONAL INSURANCE COMPANY LIMITED
By
Name:
Title:

OCEANIC CONTRACTORS, INC.
By
Name:
Title:

Signature Page to Amendment No. 1 to
Chicago Bridge & Iron Company N.V. et al
Second Amended and Restated Credit Agreement dated as of October 13, 2006
ANNEX I
EXHIBIT A-1
TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Commitments

<table>
<thead>
<tr>
<th>Name of Lender</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Chase Bank, National Association</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Bank of America, N.A.</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>BNP Paribas</td>
<td>$56,500,000</td>
</tr>
<tr>
<td>The Royal Bank of Scotland plc</td>
<td>$56,500,000</td>
</tr>
<tr>
<td>Wells Fargo Bank, N.A.</td>
<td>$56,500,000</td>
</tr>
<tr>
<td>Calyon New York Branch</td>
<td>$56,500,000</td>
</tr>
<tr>
<td>Bank of Montreal</td>
<td>$54,000,000</td>
</tr>
<tr>
<td>Fortis Bank SA/NV, Cayman Islands Branch</td>
<td>$49,500,000</td>
</tr>
<tr>
<td>Fifth Third Bank</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation*</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>UBS Loan Finance LLC</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>U.S. Bank National Association*</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>PNC Bank, National Association</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>Credit Suisse, Cayman Islands Branch</td>
<td>$34,750,000</td>
</tr>
<tr>
<td>ING Bank N.V.*</td>
<td>$30,250,000</td>
</tr>
<tr>
<td>Regions Bank</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Abu Dhabi International Bank Inc.</td>
<td>$26,750,000</td>
</tr>
</tbody>
</table>

1 Lenders marked with an “*” are New Lenders.
<table>
<thead>
<tr>
<th>Name of Lender</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital One, National Association</td>
<td>$ 26,750,000</td>
</tr>
<tr>
<td>The Northern Trust Company</td>
<td>$ 26,750,000</td>
</tr>
<tr>
<td>Allied Irish Bank, PLC</td>
<td>$ 25,000,000</td>
</tr>
<tr>
<td>Amegy Bank National Association</td>
<td>$ 25,000,000</td>
</tr>
<tr>
<td>Compass Bank</td>
<td>$ 22,500,000</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>$ 22,500,000</td>
</tr>
<tr>
<td>Arab Banking Corporation</td>
<td>$ 21,250,000</td>
</tr>
<tr>
<td>Bank of Texas, N.A.</td>
<td>$ 21,250,000</td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>$ 20,000,000</td>
</tr>
<tr>
<td>Comerica Bank*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>Commerzbank AG, New York and Grand Cayman Branches*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>Deutsche Bank AG, New York Branch*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>HSBC Bank USA, National Association*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>Riyad Bank, Houston Agency*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>The Bank of Nova Scotia*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td>Wachovia Bank, N.A.*</td>
<td>$ 19,250,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,100,000,000</strong></td>
</tr>
</tbody>
</table>
Chicago Bridge & Iron Company N.V.,

and

Chicago Bridge & Iron Company (Delaware),

CBI Services, Inc.,

CB&I Constructors, Inc.,

and

CB&I Tyler Company,

as Co-Obligors

Bank of America, N.A.,

as Administrative Agent

Bank of America, N.A.,

as a Letter of Credit Issuer

JPMorgan Chase Bank, N.A.,

as a Letter of Credit Issuer and Joint Book Manager

and

The Lenders

First Amendment to the Agreements

Dated as of November 9, 2007

Re:

$50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006

$100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006

$125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006
Chicago Bridge & Iron Company N.V.  
c/o Chicago Bridge & Iron Company (Delaware)  
One CB&I Plaza  
2103 Research Forest Drive  
The Woodlands, TX 77380

First Amendment to the Agreements  
Dated as of November 9, 2007

Re: 50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006
100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006
and
125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006

To the Lenders named in Schedules I, II, and III hereto which are also signatories to this First Amendment to the Agreements (this “First Amendment to the Agreements”).

Ladies and Gentlemen:

Reference is made to (i) the $50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$50,000,000 Agreement”), (ii) the $100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$100,000,000 Agreement”) and (iii) the $125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$125,000,000 Agreement,” and, collectively with the $50,000,000 Agreement and the $100,000,000 Agreement, the “Agreements”) each of which are by and among Chicago Bridge & Iron Company N.V., a corporation organized under the laws of The Kingdom of the Netherlands (the “Company”), on behalf of itself and as Co-Obligors’ Agent, and Chicago Bridge & Iron Company (Delaware), a Delaware corporation, CBI Services, Inc., a Delaware corporation, CB&I Constructors, Inc., a Texas corporation, and CB&I Tyler Company, a Delaware corporation (each of the foregoing being a Wholly-Owned Subsidiary of the Company and hereinafter referred to individually as a “Co-Obligor” and collectively the “Co-Obligors”), Bank of America, N.A., and JPMorgan Chase Bank, N.A., as issuers of letters of credit (each an “L/C Issuer” and collectively, the “L/C Issuers”), the financial institutions having a Credit-Linked Deposit set forth opposite their names in Schedule I, II or III thereto, as applicable, under the heading “Credit-Linked Deposit” (collectively, the “Lenders” and individually, a “Lender”), and Bank of America, N.A., as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings set forth in the Agreements.
The Company and the Co-Obligors have requested certain amendments to the Agreements and hereby agree with you as follows:

Article 1.

Amendment of the Agreements

Section 1.1. Amendment of Section 1.01 (Defined Terms). Section 1.01 of the Agreements shall be amended by the addition of a new definition which shall read as set forth below:

“Term Loan Agreement’ means that certain Term Loan Agreement, executed on or prior to December 31, 2007, by and among the Company, the Subsidiaries of the Company parties thereto as “Borrowers”, JPMorgan Chase Bank, National Association, as “Administrative Agent” thereunder, and the lenders party thereto, as amended, restated, supplemented or otherwise modified from time to time.”

Section 1.2. Amendment of Section 1.01 (Defined Terms). Section 1.01 of the Agreements shall be amended by the deletion of the definition of “Net Income” in its entirety. Each reference to the term “Net Income” in the Agreements shall be replaced with the term “Consolidated Net Income”.

Section 1.3. Amendment of Section 7.10 (Permitted Investments). Section 7.10(c) of the Agreements shall be and is hereby amended in its entirety to read as set forth below:

“(c) Investments in (i) Subsidiaries or in a Person that, as a result thereof, becomes a Subsidiary; and (ii) joint ventures (other than Subsidiaries) and non consolidated Subsidiaries in an aggregate amount not to exceed $150,000,000; and”

Section 1.4. Amendment of Section 7.11 (Indebtedness of Subsidiaries). (a) Sections 7.11 (d) and (h) of the Agreements shall be amended in their entirety to read as set forth below:

“(d) Indebtedness under the Credit Agreement and the Term Loan Agreement in a principal amount not to exceed $200,000,000 in the case of the Term Loan Agreement outstanding from time to time;

****

(h) (i) recourse obligations resulting from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) Contingent Obligations of the Company and its
Subsidiaries identified as such on Schedule 7.11(h) to this Agreement; (iii) Contingent Obligations (x) incurred by any Subsidiary of the Company to support the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money) of any other Subsidiary of the Company or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint venture interest or other ownership interest, in each case in the ordinary course of business, and in the case of joint ventures or other ownership interests, the Contingent Obligation in respect thereof is in an aggregate amount not to exceed $30,000,000, (y) incurred by any Subsidiary of the Company under the Term Loan Agreement or the Credit Agreement, or (z) with respect to surety, appeal and performance bonds and Performance Letters of Credit obtained by the Company or any Subsidiary or, solely to the extent of its relative ownership interest therein, any Person (other than a wholly-owned Subsidiary of the Company) in which such Subsidiary has a joint venture interest or other ownership interest, in each case in the ordinary course of business, provided that in the case of bonds or Performance Letters of Credit obtained in respect of joint ventures or other ownership interest the aggregate amount of the Contingent Obligations in respect thereof shall not exceed $30,000,000; and (iv) Contingent Obligations of the Subsidiary Guarantors under the Subsidiary Guaranty; and”

(b) Section 7.11(i) of the Agreements shall be amended by deleting the reference to clause “(g)” therein and substituting clause “(h)” in lieu thereof and by deleting the reference to “Section 7.11(h)” in clause (ii) thereof and substituting “Section 7.11(i)” in lieu thereof.

Section 1.5. Amendment of Section 7.12 (Subsidiary Guaranties). (a) Section 7.12 of the Agreements shall be amended in its entirety to read as set forth below:

“7.12 Subsidiary Guaranties. The Company will not permit any Subsidiary to (i) become a borrower or obligor under the Credit Agreement, the Term Loan Agreement or the Existing Note Purchase Agreement, (ii) become a guarantor of Indebtedness owed to banks or noteholders under the Credit Agreement, the Term Loan Agreement or the Existing Note Purchase Agreement or (iii) directly or indirectly guarantee any Indebtedness or other obligations of the Company or any Co-Obligor or Chicago Bridge & Iron Company B.V. unless, in each case, such Subsidiary is, or concurrently therewith becomes, a party to the Subsidiary Guaranty.”
Article 2.
Representations and Warranties.

The Company and the Co-Obligors represent and warrant that as of the date hereof and after giving effect hereto:

(a) No Default or Event of Default exists under any of the Agreements;

(b) Neither the Company nor the Co-Obligors have paid any amendment fees in connection with the solicitation of this First Amendment to the Agreements nor in connection with the amendments of other material agreements pursuant to which Debt of the Company or the Co-Obligors is outstanding which relate to the subject matter of this First Amendment to the Agreements (excluding any and all fees paid directly or indirectly in connection with the increase in the commitments under the Credit Agreement or the issuance of commitments under the Term Loan Agreement);

(c) The execution and delivery of this First Amendment to the Agreements by the Company and each Co-Obligor and compliance by the Company and each Co-Obligor with all of the provisions of the Agreements, as amended hereby:

(i) is within the corporate powers of the Company and each Co-Obligor; and

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-laws of the Company and such Co-Obligor or any indenture or other agreement or instrument to which the Company and such Co-Obligor is a party or by which it may be bound or result in the imposition of any Liens or encumbrances on any property of the Company and such Co-Obligor;

(d) The execution and delivery of this First Amendment to the Agreements has been duly authorized by all proper corporate action on the part of the Company and each Co-Obligor; and this First Amendment to the Agreements has been duly executed and delivered by the Company and each Co-Obligor, and the Agreements, each as amended by this First Amendment to the Agreements, constitutes the legal, valid and binding obligations, contracts and agreements of the Company and each Co-Obligor enforceable in accordance with their terms.
Article 3.

Miscellaneous.

Section 3.1. References to the Agreement. References in each Agreement or in any certificate, instrument or other document to such Agreement shall be deemed to be references to such Agreement as amended hereby and as further amended from time to time without making specific reference to this First Amendment to the Agreements or any such other amendment.

Section 3.2. Effect of Amendment; Acknowledgment of Parties. Except as expressly amended hereby, the Company and the Co-Obligors agree that the Agreements and all other documents and agreements executed by the Company and each such Co-Obligor in connection with the Agreements in favor of the Lenders are ratified and confirmed and shall remain in full force and effect.

Section 3.3. Successors and Assigns. This First Amendment to the Agreements shall be binding upon the Company and each Co-Obligor and its successors and assigns and shall inure to the benefit of the Lenders and to the benefit of the Lenders’ successors and assigns.

Section 3.4. Requisite Approval; Expenses. This First Amendment to the Agreements shall be effective as of the date first written above upon the satisfaction of the following conditions precedent: (a) the Required Lenders and the Company or the applicable Credit Party shall have executed this First Amendment to the Agreements, (b) the Administrative Agent shall acknowledge this First Amendment to the Agreements, (c) the Subsidiary Guarantors shall have executed and delivered an Acknowledgment and Consent, in respect of the Subsidiary Guaranty, in the form attached hereto as Exhibit A, (d) the Lenders shall have received a duly executed copy of the Amendment No. 1 and Consent to the Second Amended and Restated Credit Agreement, in a form and substance reasonably satisfactory to the Lenders, and (e) the Company and the Co-Obligors shall have paid all reasonable out-of-pocket expenses incurred by each Lender in connection with the consummation of the transactions contemplated by this First Amendment to the Agreements, including, without limitation, the reasonable fees, expenses and disbursements of Chapman and Cutler LLP which are reflected in statements of such counsel rendered on or prior to the date of this First Amendment to the Agreements.

Section 3.5. Counterparts. This First Amendment to the Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

Section 3.6. Governing Law. This First Amendment to the Agreements shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

[Signature Pages Follow]
In Witness Whereof, the Company has executed this First Amendment to the Agreements as of the day and year first above written.

Chicago Bridge & Iron Company N.V.,
as Co-Obligors’ Agent and in its individual capacity

By: Chicago Bridge & Iron Company B.V., as its Managing Director

By: /s/ Ronald A. Ballschmiede
Name: Ronald A. Ballschmiede
Title: Managing Director

-6-
In Witness Whereof, the Co-Obligors have executed this First Amendment to the Agreements as of the day and year first above written.

Chicago Bridge & Iron Company
(Delaware)

By: /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer

CBI Services, Inc.

By: /s/ Terrence G. Browne
Name: Terrence G. Browne
Title: Treasurer

CB&I Constructors, Inc.

By: /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer

CB&I Tyler Company

By: /s/ Luciano Reyes
Name: Luciano Reyes
Title: Treasurer
In Witness Whereof, the Lenders under the $50,000,000 Agreement, as named on Schedule I, have executed this First Amendment to the Agreements as of the day and year first above written.
Sun Life Assurance Company of Canada

By: /s/ Deborah J. Foss
Name: Deborah J. Foss
Title: Managing Director, Head of Private Debt, Private Fixed Income

By: /s/ Michael G. Berrian
Name: Michael G. Berrian
Title: Senior Director, Private Fixed Income

Sun Life Assurance Company of Canada (U.S.)

By: /s/ John T. Donnelly
Name: John T. Donnelly
Title: Senior Managing Director and Manager

By: /s/ Leo D. Saraceno
Name: Leo D. Saraceno
Title: Senior Managing Director, Head of North American Equities

Sun Life Insurance and Annuity Company of New York

By: /s/ John T. Donnelly
Name: John T. Donnelly
Title: Senior Managing Director and Manager

By: /s/ Leo D. Saraceno
Name: Leo D. Saraceno
Title: Senior Managing Director, Head of North American Equities
In Witness Whereof, the Lenders under the $100,000,000 Agreement, as named on Schedule II, have executed this First Amendment to the Agreements as of the day and year first above written.

Metropolitan Life Insurance Company
By: /s/ Judith A. Gulotta
Name: Judith A. Gulotta
Title: Managing Director

Allstate Life Insurance Company
By: /s/ Robert B. Bodett
Name: Robert B. Bodett
Title: Authorized Signatory
By: /s/ David Walsh
Name: David Walsh
Title: Authorized Signatory

Phoenix Life Insurance Company
By: /s/ John H. Beers
Name: John H. Beers
Title: Vice President

-10-
In Witness Whereof, the Lenders under the $125,000,000 Agreement, as named on Schedule III, have executed this First Amendment to the Agreements as of the day and year first above written.

The Lincoln National Life Insurance
Company, successor by merger to
Jefferson Pilot Financial Insurance
Company

By: Delaware Investment Advisers, a Series of
Delaware Management Business Trust,
Attorney-In-Fact

By: /s/ Jayson Bronchetti
Name: Jayson Bronchetti
Title: Assistant Vice President

The Lincoln National Life Insurance
Company, successor by merger to
Jefferson-Pilot Life Insurance Company

By: Delaware Investment Advisers, a Series of
Delaware Management Business Trust,
Attorney-In-Fact

By: /s/ Jayson Bronchetti
Name: Jayson Bronchetti
Title: Assistant Vice President

Transamerica Occidental Life Insurance
Company

By: /s/ Bill Henricksen
Name: Bill Henricksen
Title: Vice President
Hartford Life Insurance Company
By: Hartford Investment Management Company, its Agent and Attorney-in-Fact
By: /s/ Matthew J. Poznar
Name: Matthew J. Poznar
Title: Vice President

Pacific Life Insurance Company (Nominee Mac & Co)
By: /s/ Diane W. Dales
Name: Diane W. Dales
Title: Assistant Vice President
By: /s/ Peter S. Fiek
Name: Peter S. Fiek
Title: Assistant Secretary
This First Amendment to the Agreements is acknowledged as of the day and year first above written.

Bank of America, N.A., as Administrative Agent

By: /s/ Dora A. Brown

Name: Dora A. Brown
Title: Vice President
### Lenders

<table>
<thead>
<tr>
<th>Lenders under the $50,000,000 Agreement</th>
<th>Series</th>
<th>Credit-Linked Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun Capital Advisors</td>
<td>A</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>(Sun Life Assurance Company of Canada, Sun Life Assurance Company of Canada (U.S.) &amp; Sun Life Insurance and Annuity Company of New York)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$50,000,000</strong></td>
</tr>
</tbody>
</table>

Schedule I

(to First Amendment to the Agreements)
Lenders under the $100,000,000 Credit-Linked Agreement

<table>
<thead>
<tr>
<th>Lender</th>
<th>Series</th>
<th>Credit-Linked Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Life Insurance Company</td>
<td>B</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Allstate Life Insurance Company</td>
<td>B</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>Phoenix Life Insurance Company</td>
<td>B</td>
<td>$15,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$100,000,000</strong></td>
</tr>
</tbody>
</table>

Schedule II
(to First Amendment to the Agreements)
### Lenders

<table>
<thead>
<tr>
<th>Lenders under the $125,000,000 Credit-Linked Agreement</th>
<th>Series</th>
<th>Credit-Linked Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware Investments</td>
<td>C</td>
<td>45,000,000</td>
</tr>
<tr>
<td>Hartford Life Insurance Company</td>
<td>C</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Transamerica Occidental Life</td>
<td>C</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Pacific Life Insurance Company (Nominee Mac &amp; Co)</td>
<td>C</td>
<td>20,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$125,000,000</strong></td>
</tr>
</tbody>
</table>

Schedule III  
(to First Amendment to the Agreements)
Acknowledgment and Consent
of
Subsidiary Guaranty

This Acknowledgment and Consent (this “Acknowledgment and Consent”), dated as of November 9, 2007, is being delivered by each of the undersigned (each, hereinafter individually referred to as a “Subsidiary Guarantor” and collectively referred to as the “Subsidiary Guarantors”) in respect of those certain Subsidiary Guaranties each dated as of November 6, 2006 and in connection with that certain First Amendment to the Agreements (the “First Amendment to the Agreements”), effective as of even date herewith, among Chicago Bridge & Iron Company N.V., a corporation organized under the laws of The Kingdom of the Netherlands (the “Company”), Chicago Bridge & Iron Company (Delaware), a Delaware corporation, CBI Services, Inc., a Delaware corporation, CB&I Constructors, Inc., a Texas corporation, and CB&I Tyler Company, a Delaware corporation (each individually a “Co-Obligor” and collectively the “Co-Obligors”), and the lenders named in Schedules I, II and III attached thereto (the “Lenders”) in respect of (i) the $50,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$50,000,000 Agreement”), (ii) the $100,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$100,000,000 Agreement”) and (iii) the $125,000,000 Letter of Credit and Term Loan Agreement dated as of November 6, 2006 (the “$125,000,000 Agreement,” and collectively with the $50,000,000 Agreement and the $100,000,000 Agreement, the “Agreements”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the First Amendment to the Agreements.

By executing this Acknowledgment and Consent, as of the date hereof, each of the Subsidiary Guarantors:

(i) acknowledges receipt of a copy of, and hereby consents to the terms of, the First Amendment to the Agreements;

(ii) ratifies and confirms each of the Subsidiary Guaranties in all respects;

(iii) confirms that each of the Subsidiary Guaranties continues unimpaired and in full force and effect; and

(iv) notwithstanding anything to the contrary which may be contained therein, acknowledges and agrees that (A) each reference to “Letter of Credit and Term Loan Agreement” or “Credit Agreement” in the Subsidiary Guaranties shall mean and refer to the applicable Agreement, as heretofore amended and (B) each reference to a Subsidiary Guarantor shall mean and refer to each of the undersigned.

Exhibit A
(to First Amendment to the Agreement)
This Acknowledgment and Consent may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures to this Acknowledgment and Consent may be given by facsimile or other electronic transmission, and such signatures shall be fully binding on the party sending the same.

In Witness Whereof, each Subsidiary Guarantor has caused this Acknowledgment and Consent to be executed as of the day and year first above written.

Chicago Bridge & Iron Company B.V.,
as Guarantor

By: ________________________________
Name: ______________________________
Title: ______________________________
Address: ___________________________

Chicago Bridge & Iron Company,
a Delaware corporation, as Guarantor

By: ________________________________
Name: ______________________________
Title: ______________________________
Address: ___________________________

Chicago Bridge & Iron Company,
an Illinois corporation, as Guarantor

By: ________________________________
Name: ______________________________
Title: ______________________________
Address: ___________________________
Horton CBI, Limited, 
as Guarantor

By:                                      
Name:                                     
Title:                                    
Address:                                  

CBI Venezolana, S.A., 
as Guarantor

By:                                      
Name:                                     
Title:                                    
Address:                                  

CBI Eastern Anstalt, 
as Guarantor

By:                                      
Name:                                     
Title:                                    
Address:                                  

CBI Constructors Pty, Ltd., 
as Guarantor

By:                                      
Name:                                     
Title:                                    
Address:                                  

A-3
Lealand Finance Company B.V.,
as Guarantor
By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CB&I (Europe) B.V.,
as Guarantor
By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

Arabian Gulf Material Supply Company, Ltd.,
as Guarantor
By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

Asia Pacific Supply Co.,
as Guarantor
By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

A-4
CBI Company Ltd.,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: ________________________

CBI Construcciones S.A.,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: ________________________

CBI Constructors Limited,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: ________________________

CBI Holdings (U.K.) Limited,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: ________________________
Pacific Rim Material Supply Company, Ltd.,
as Guarantor

By: ________________________________
Name: ________________________________
Title: ________________________________
Address: ________________________________

Howe-Baker International, L.L.C.,
as Guarantor

By: ________________________________
Name: ________________________________
Title: ________________________________
Address: ________________________________

Howe-Baker Engineers, Ltd.,
as Guarantor, By and through its General partner,
Howe-Baker Management, L.L.C.

By: ________________________________
Name: ________________________________
Title: ________________________________
Address: ________________________________

Howe-Baker Holdings, L.L.C.,
as Guarantor

By: ________________________________
Name: ________________________________
Title: ________________________________
Address: ________________________________

A-7
Howe-Baker Management, L.L.C.,
as Guarantor

By: 
Name: 
Title: 
Address: 

Hbi Holdings, L.L.C.,
as Guarantor

By: 
Name: 
Title: 
Address: 

Constructors International, L.L.C.,
as Guarantor

By: 
Name: 
Title: 
Address: 

Matrix Engineering, Ltd.,
as Guarantor

By: 
Name: 
Title: 
Address: 

A-8
Howe-Baker International Management, L.L.C.,
as Guarantor

By: __________________________
Name: __________________________
Title: __________________________
Address: __________________________

A&B Builders, Ltd.,
as Guarantor

By: __________________________
Name: __________________________
Title: __________________________
Address: __________________________

Matrix Management Services, L.L.C.,
as Guarantor

By: __________________________
Name: __________________________
Title: __________________________
Address: __________________________

Southern Tropic Material Supply Company, Ltd.,
as Guarantor

By: __________________________
Name: __________________________
Title: __________________________
Address: __________________________
CB&I (Nigeria) Limited,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

Chicago Bridge & Iron (Espana) S.A.,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CBI (Philippines), Inc.,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CB&I Uk Limited,
as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________
CBI Hungary Holding Limited Liability Company, as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CBI Luxembourg S.A.R.L., as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CB&I Finance Company Limited, as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

CBI Americas, Ltd., as Guarantor

By: ____________________________
Name: __________________________
Title: __________________________
Address: _________________________

A-11
CSA Trading Company, Ltd.,
as Guarantor

By:  
Name:  
Title:  
Address:  


CB&I Woodlands L.L.C.,
as Guarantor

By:  
Name:  
Title:  
Address:  


Woodlands International Insurance Company Limited,
as Guarantor

By:  
Name:  
Title:  
Address:  


Oceanic Contractors, Inc.,
as Guarantor

By:  
Name:  
Title:  
Address:  


A-12