

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

CHICAGO BRIDGE & IRON CO N V

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SIC: **1700** Construction - special trade contractors

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2012

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number 1-12815

CHICAGO BRIDGE & IRON COMPANY N.V.

Incorporated in The Netherlands IRS Identification Number: not applicable

Oostduinlaan 75
2596 JJ The Hague
The Netherlands
31-70-3732010

(Address and telephone number of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
Common Stock; Euro .01 par value

Name of each exchange on which registered:
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: none

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

Aggregate market value of common stock held by non-affiliates, based on a New York Stock Exchange closing price of \$37.96 as of June 30, 2012 was \$3,669,123,217.

The number of shares outstanding of the registrant's common stock as of February 13, 2013 was 105,808,960.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2013 Proxy Statement for the annual general meeting of shareholders to be held May 8, 2013 Part III

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CHICAGO BRIDGE & IRON COMPANY N.V.

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PART I

Item 1. *Business*

Founded in 1889, Chicago Bridge & Iron Company N.V. (“CB&I” or “the Company”), a Netherlands company, is one of the world’s leading integrated engineering, procurement and construction (“EPC”) services providers and major process technology licensors, delivering comprehensive solutions to customers primarily in the energy, petrochemical and natural resource industries. Our stock trades on the New York Stock Exchange (“NYSE”) under the ticker symbol “CBI.” With more than a century of experience and approximately 27,000 employees worldwide, we capitalize on our global expertise and local knowledge to safely and reliably deliver projects virtually anywhere. At a given point in time, we have more than 900 projects in process in more than 70 countries.

Segment Financial Information

CB&I is comprised of three business sectors: Steel Plate Structures, Project Engineering and Construction, and Lummus Technology. Through these business sectors, we offer services both independently and on an integrated basis.

Steel Plate Structures. Steel Plate Structures provides engineering, procurement, fabrication and construction services, including mechanical erection services, for the hydrocarbon, water and nuclear industries. Projects include above ground storage tanks, elevated storage tanks, Liquefied Natural Gas (“LNG”) tanks, pressure vessels, and other specialty structures, such as nuclear containment vessels. Customers include international energy companies such as Chevron, ConocoPhillips, ExxonMobil and Shell; national energy companies such as ADNOC (Abu Dhabi), CNOOC (China) and Saudi Aramco (Saudi Arabia); and regional energy companies such as Kinder Morgan (United States) and Suncor (Canada).

Project Engineering and Construction. Project Engineering and Construction provides engineering, procurement, fabrication and construction services for upstream and downstream energy infrastructure facilities. Projects include LNG liquefaction and regasification terminals, gas processing plants, refinery units, petrochemical complexes and a wide range of other energy-related projects. Customers include international energy companies such as British Petroleum, Chevron, ConocoPhillips, ExxonMobil and Shell; national energy companies such as Ecopetrol (Colombia) and ORPIC (Oman); and regional energy companies such as Dominion (United States), Gazprom (Russia), Nexen (United Kingdom) and Woodside (Australia).

Lummus Technology. Lummus Technology provides licenses, services, catalysts and proprietary equipment for the hydrocarbon refining, petrochemical, and gas processing industries. Customers include international energy companies such as Chevron and Shell; national energy companies such as Pemex (Mexico), Petrochina (China), Rosneft (Russia) and Sabic (Saudi Arabia); and regional refiners and chemical and gas processing companies such as China Coal (China), IRPC (Thailand), Kazakhstan Petrochemical (Kazakhstan) and Williams Energy Services (United States).

Segment financial information by business sector can be found under “Results of Operations” within Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 16 within Item 8 “Financial Statements and Supplementary Data.”

Recent Acquisitions

The Shaw Group Inc. (“Shaw”). As more fully described in Note 4 to our audited Consolidated Financial Statements (“Financial Statements”), on July 30, 2012, we entered into a definitive agreement (the “Acquisition Agreement”) to acquire Shaw (the “Shaw Acquisition”). On February 13, 2013 (the “Acquisition Closing Date”), we completed the Shaw Acquisition for a purchase price of approximately \$3.3 billion, comprised of approximately \$2.9 billion in cash consideration and approximately \$489.7 million in equity consideration. The cash consideration was funded using approximately \$1.1 billion from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using debt financing as further described in Note 9 to our Financial Statements. Shaw provides services through four existing business sectors: Power; Plant Services; Environmental and Infrastructure; and Fabrication and Manufacturing.

Power. Power provides a range of services, including design, EPC, technology and consulting services, primarily to the fossil and nuclear power generation industries.

Plant Services. Plant Services provides electric power refueling outage maintenance, turnaround maintenance, routine maintenance, offshore maintenance, modifications, capital construction, off-site modularization, fabrication, reliability engineering, plant engineering, plant support and specialty services. Additionally, the sector provides services to restore, rebuild, repair, renovate and modify industrial and electric power generation facilities, and offers predictive and preventive maintenance services.

Environmental & Infrastructure (“E&I”). E&I provides full-scale environmental and infrastructure services for government and private-sector clients around the world. These services include program and project management, design-build, engineering and construction, sustainability and energy efficiency, remediation and restoration, science and technology, facilities management and emergency response and disaster recovery.

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Fabrication & Manufacturing (F&M). F&M is a worldwide supplier of fabricated piping systems primarily to the electric power, petrochemical and refinery industries, supporting both external clients and other Shaw business sectors.

Catalytic Distillation Technologies (“CDTECH”). On December 31, 2010, we acquired the remaining 50% equity interest in CDTECH and a related research and development and catalyst manufacturing facility for approximately \$38.4 million, net of cash acquired. CDTECH provides license, basic engineering and catalyst supply for catalytic distillation applications, including gasoline desulphurization and alkylation processes and was accounted for by the equity method within Lummus Technology through December 31, 2010. CDTECH operations subsequent to the acquisition have been consolidated and integrated into Lummus Technology.

Competitive Strengths

Our core competencies, which we believe are significant competitive strengths, include:

Strong Health, Safety and Environmental (“HSE”) Performance. Because of our long and outstanding safety record, we are sometimes invited to bid on projects for which other competitors do not qualify. Our HSE performance also translates directly to lower costs and reduced risk to our employees, subcontractors and customers. According to the United States (“U.S.”) Bureau of Labor Statistics, the national Lost Workday Case Incidence Rate for construction companies similar to CB&I was 1.0 per 100 full-time employees for 2011 (the latest reported year), while our rate for 2012 was only 0.01 per 100 employees.

Worldwide Record of Excellence. We have an established record as a leader in the international engineering and construction industry by providing consistently superior project performance for over 120 years.

Global Execution Capabilities. With a global network of approximately 80 sales and operations offices, established supplier relationships and available workforces, we have the ability to rapidly mobilize personnel, materials and equipment to execute projects in locations ranging from highly industrialized countries to some of the world’s most remote regions. Additionally, due primarily to our long-standing presence in numerous markets around the world, we have a prominent position as a local contractor in global energy and industrial markets.

Modular Fabrication. We are one of the few EPC and process technology contractors with fabrication facilities, which allow us to offer customers the option of modular construction, when feasible. In contrast to traditional onsite “stick built” construction, modular construction enables modules to be built within a tightly monitored shop environment which allows us to, among other things, better control quality, minimize weather delays and expedite schedules. Once completed, the modules are shipped to and assembled at the project site.

Licensed Technologies. We offer a broad, state-of-the-art portfolio of hydrocarbon refining, petrochemical and gas processing technologies. Being able to provide licensed technologies sets us apart from our competitors and presents opportunities for increased profitability. Combining technology with EPC capabilities strengthens our presence throughout the project life cycle, allowing us to capture additional market share in higher margin growth markets.

Recognized Expertise. Our in-house engineering team includes internationally recognized experts in oil and gas processes and facilities, modular design and fabrication, cryogenic storage and processing, and bulk liquid storage and systems. Several of our senior engineers are long-standing members of committees that have helped develop worldwide standards for storage structures and process vessels for the petroleum industry, including the American Petroleum Institute and the American Society of Mechanical Engineers.

Strong Focus on Project Risk Management. We are experienced in managing the risk associated with bidding and executing complex projects. Our position as an integrated EPC service provider allows us to execute global projects on a competitively bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics.

Management Team with Extensive Engineering and Construction Industry Experience. Members of our senior leadership team have an average of approximately 25 years of experience in the engineering and construction industry.

Growth Strategy

We anticipate that our near-term growth will primarily be derived organically from our existing end markets and from our recent Shaw Acquisition. Combining CB&I and Shaw will create one of the most complete energy focused companies in the world, with the ability to provide technology, engineering, procurement, fabrication, construction, maintenance, and associated services. The Shaw Acquisition increases skilled resources globally, expands our services into energy growth areas, including power generation, and provides non energy related diversification through Shaw' s E&I business sector. With increased critical mass, CB&I will also have an even greater ability to compete for and execute the largest energy infrastructure projects. On an opportunistic and strategic basis, we may pursue further growth through selective acquisitions of additional businesses, technologies, or assets that meet our stringent acquisition criteria and will expand or complement our current portfolio of services.

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Competition

We operate in a competitive environment. Technology performance, price, timeliness of completion, quality, safety record and reputation are principal competitive factors within our industry. There are numerous regional, national and global competitors that offer similar services to those offered by each of our business sectors.

Marketing and Customers

We contract directly with hundreds of customers in the energy and natural resources industries. We rely primarily on direct contact between our technically qualified sales and engineering staff and our customers' engineering and contracting departments. Dedicated sales employees are located in offices throughout the world.

Our significant customers are primarily in the hydrocarbon industry and include major petroleum and petrochemical companies (see the "Segment Financial Information" section above for a representative listing of our customers by business sector). We have had longstanding relationships with many of our significant customers; however, we are not dependent upon any single customer on an ongoing basis and do not believe the loss of any single customer would have a material adverse effect on our business. For 2012 and 2011, revenue from our Colombian refinery project for Reficar was approximately \$915.0 million (approximately 17% of our total 2012 revenue) and \$690.9 million (approximately 15% of our total 2011 revenue), respectively. For 2010, we had no customers that accounted for more than 10% of our total revenue.

Backlog

A significant portion of revenue and backlog for each of our business sectors is generated from work outside of the U.S. As of December 31, 2012, we had a backlog of work to be completed on contracts of approximately \$10.9 billion, compared with \$9.0 billion as of December 31, 2011. Due to the timing of awards and the long-term nature of some of our projects, approximately 50% to 55% of our December 31, 2012 backlog is anticipated to be recognized as revenue beyond 2013. For further discussion of our backlog, see the applicable risk factor in Item 1A "Risk Factors" and the "Overview" section of Item 7.

Types of Contracts

Our contracts are awarded on a competitive bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Each contract is designed to optimize the balance between risk and reward.

Raw Materials and Suppliers

The principal raw materials we use are metal plate, structural steel, pipe, fittings, catalysts, proprietary equipment and selected engineered equipment such as pressure vessels, exchangers, pumps, valves, compressors, motors and electrical and instrumentation components. Most of these materials are available from numerous suppliers worldwide, with some furnished under negotiated supply agreements. We anticipate being able to obtain these materials for the foreseeable future; however, the price, availability and schedule validities offered by our suppliers may vary significantly from year to year due to various factors, including supplier consolidations, supplier raw material shortages and costs, surcharges, supplier capacity, customer demand, market conditions, and any duties and tariffs imposed on the materials.

We use subcontractors where it assists us in meeting customer requirements with regard to resources, schedule, cost or technical expertise. These subcontractors may range from small local entities to companies with global capabilities, some of which may be utilized on a repetitive or preferred basis. To the extent necessary, we anticipate being able to locate and contract with qualified subcontractors in all global areas where we do business.

Environmental Matters

Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards, among others, relate to air and water pollutants

and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties from whom we have purchased or to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred.

We believe that we are in compliance, in all material respects, with all environmental laws and regulations. We do not believe that any environmental matters will have a material adverse effect on our future results of operations, financial position or cash flow. We do not anticipate that we will incur material capital expenditures for environmental controls or for the investigation or remediation of environmental conditions during 2013 or 2014.

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Patents

We have numerous active patents and patent applications throughout the world, the majority of which are associated with technologies licensed by Lummus Technology. However, no individual patent is so essential that its loss would materially affect our business.

Employees

As of December 31, 2012, we employed 26,800 persons worldwide, comprised of 9,400 salaried employees and 17,400 hourly and craft employees. The number of hourly and craft employees varies in relation to the location, number and size of projects we have in process at any particular time. To preserve our project management and technological expertise as core competencies, we continuously recruit and develop qualified personnel, and maintain ongoing training programs for all our key personnel.

The percentage of our employees represented by unions generally ranges between 5 and 10 percent. We have agreements, which generally extend up to three years, with various unions representing groups of employees at project sites in the U.S., Canada, Australia and various other countries. We enjoy good relations with our unions and have not experienced a significant work stoppage in any of our facilities in more than 15 years.

Available Information

We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, free of charge through our internet website at www.cbi.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (the "SEC").

The public may read and copy any materials we file with or furnish to the SEC at the SEC's Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains our electronic filings at www.sec.gov.

Item 1A. Risk Factors

Any of the following risks (which are not the only risks we face) could have material adverse effects on our results of operations, financial condition or cash flow:

Risk Factors Relating to Our Business

Our Business is Dependent upon Major Construction Projects, the Unpredictable Timing of Which May Result in Significant Fluctuations in our Cash Flow due to the Timing of Receipt of Payment Under the Contract.

Our cash flow is dependent upon major construction projects in cyclical industries, primarily the hydrocarbon refining, petrochemical, and natural gas industries. The timing of or failure to obtain projects, delays in awards of projects, cancellations of projects, delays in completion of projects, or failure to obtain timely payment from our customers, could result in significant periodic fluctuations in our cash flow. Many of our contracts require us to satisfy specific progress or performance milestones in order to receive payment from the customer. As a result, we may incur significant costs for engineering, materials, components, equipment, labor or subcontractors prior to receipt of payment from a customer. Such expenditures could reduce our cash flow and necessitate borrowings under our credit facilities.

The Nature of Our Primary Contracting Terms for EPC Projects, Including Cost-Reimbursable and Fixed-Price or a Combination Thereof, Could Adversely Affect Our Operating Results.

We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. At December 31, 2012, the distribution of our backlog was approximately 55% cost-reimbursable, 38% fixed-price and hybrid, and 7% Lummus Technology.

Under cost-reimbursable contracts, we generally perform our services in exchange for a price that consists of reimbursement of all customer-approved costs and a profit component, which is typically a fixed rate per hour, an overall fixed fee, or a percentage of total reimbursable costs. If we are unable to obtain proper reimbursement for all costs incurred due to improper estimates, performance issues, customer disputes, or any of the additional factors noted below for fixed-price contracts, the project may be less profitable than we expected.

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Under fixed-price contracts, we perform our services and execute our projects at an established price and, as a result, benefit from cost savings, but may be unable to recover any cost overruns. If we do not execute a contract within our cost estimates, we may incur losses or the project may be less profitable than we expected. The revenue, cost and gross profit realized on such contracts can vary, sometimes substantially, from the original projections due to a variety of factors, including, but not limited to:

- costs incurred in connection with modifications to a contract that may be unapproved by the customer as to scope, schedule, and/or price (“unapproved change orders”);
- unanticipated costs or claims, including costs for project modifications, customer-caused delays, errors in specifications or designs, or contract termination;
- unanticipated technical problems with the structures or systems we supply;
- failure to properly estimate costs of engineering, materials, components, equipment, labor or subcontractors;
- changes in the costs of engineering, materials, components, equipment, labor or subcontractors;
- changes in labor conditions;
- productivity and other delays caused by weather conditions;
- failure of our suppliers or subcontractors to perform;
- difficulties in obtaining required governmental permits or approvals; and
- changes in laws and regulations.

These risks are exacerbated for projects with long-term durations because there is an increased risk that the circumstances upon which we based our original estimates will change in a manner that increases costs. In addition, we sometimes bear the risk of delays caused by unexpected conditions or events.

The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts in progress. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates. For discussion of the significant estimates that impact the cost to complete each contract, see the “Critical Accounting Estimates” section of Item 7.

We Are Exposed to Potential Risks and Uncertainties Associated With Our Use of Joint Venture Arrangements to Execute Certain Projects.

In the ordinary course of business we execute specific projects and conduct certain operations through joint venture arrangements. We have various ownership interests in the joint ventures with such ownership typically being proportionate to our decision-making and distribution rights. The joint ventures generally contract directly with the third party customer; however, services may be performed directly by a joint venture, or may be performed by us or our joint venture partners, or a combination thereof.

The use of these joint venture arrangements exposes us to a number of risks, including the risk that our partners may be unable or unwilling to provide their share of capital investment to fund the operations of the joint venture or to complete their obligations to us, the joint venture or ultimately, our customer. This could result in unanticipated costs to achieve contractual performance requirements, liquidated damages or contract disputes, including claims against our partners, any of which could have a material effect on our future results of operations, financial position or cash flow.

Our Revenue and Earnings May Be Adversely Affected by a Reduced Level of Activity in the Hydrocarbon Industry.

In recent years, demand from the worldwide hydrocarbon industry has been the largest generator of our revenue. Numerous factors influence capital expenditure decisions in the hydrocarbon industry, including, but not limited to, the following:

- current and projected oil and gas prices;

exploration, extraction, production and transportation costs;
the discovery rate, size and location of new oil and gas reserves;
the sale and expiration dates of leases and concessions;
local and international political and economic conditions, including war or conflict;

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technological challenges and advances;
the ability of oil and gas companies to generate capital;
demand for hydrocarbon production; and
changing taxes, price controls, and laws and regulations.

These factors are beyond our control. Reduced activity in the hydrocarbon industry could result in a reduction of major projects available in the industry, which may result in a reduction of our revenue and earnings and possible under-utilization of our assets.

Intense Competition in the EPC and Process Technology Industries Could Reduce Our Market Share and Earnings.

The EPC and process technology markets are highly competitive markets in which a large number of multinational companies compete, and these markets require substantial resources and capital investment in equipment, technology and skilled personnel. Competition also places downward pressure on our contract prices and margins. Intense competition is expected to continue in these markets, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable margins. If we are unable to meet these competitive challenges, we could lose market share to our competitors and experience an overall reduction in our earnings.

Volatility in the Equity and Credit Markets Could Adversely Impact Us due to Factors Affecting the Availability of Funding for Our Customers, Availability of Our Lending Facilities and Non-Compliance with Our Financial and Restrictive Lending Covenants.

Some of our customers, suppliers and subcontractors have traditionally accessed commercial financing and capital markets to fund their operations, and the availability of funding from those sources could be adversely impacted by a volatile equity or credit market. The availability of lending facilities and our ability to remain in compliance with our financial and restrictive lending covenants could also be impacted by circumstances or conditions beyond our control, including but not limited to, the delay or cancellation of projects, changes in currency exchange or interest rates, performance of pension plan assets, or changes in actuarial assumptions. Further, we could be impacted if our customers experience a material change in their ability to pay us, if the financial institutions associated with our lending facilities were to cease or reduce operations, or if there is a full or partial break-up of the European Union or its currency, the Euro.

Our New Awards and Liquidity May Be Adversely Affected by Bonding and Letter of Credit Capacity.

A portion of our new awards requires the support of bid and performance surety bonds or letters of credit, as well as advance payment and retention bonds. Our primary use of surety bonds is to support water and wastewater treatment and standard tank projects in the U.S., while letters of credit are generally used to support other projects. A restriction, reduction, or termination of our surety bond agreements could limit our ability to bid on new project opportunities, thereby limiting our new awards, or increasing our letter of credit utilization in lieu of bonds, thereby reducing availability under our credit facilities. A restriction, reduction or termination of our letter of credit facilities could also limit our ability to bid on new project opportunities or could significantly change the timing of project cash flow, resulting in increased borrowing needs.

Our Projects Expose Us to Potential Professional Liability, Product Liability, Warranty or Other Claims.

We engineer and construct (and our structures typically are installed in) large industrial facilities in which system failure can be disastrous. We may also be subject to claims resulting from the subsequent operations of facilities we have installed. In addition, our operations are subject to the usual hazards inherent in providing engineering and construction services, such as the risk of accidents, fires and explosions. These hazards can cause personal injury and loss of life, business interruptions, property damage, and pollution and environmental damage. We may be subject to claims as a result of these hazards.

Although we generally do not accept liability for consequential damages in our contracts, any catastrophic occurrence in excess of insurance limits at project sites where our structures are installed or on projects for which services are performed could result in

significant professional liability, product liability, warranty or other claims against us. These liabilities could exceed our current insurance coverage and the fees we derive from those structures and services. These claims could also make it difficult for us to obtain adequate insurance coverage in the future at a reasonable cost. Clients or subcontractors that have agreed to indemnify us against such losses may refuse or be unable to pay us. A partially or completely uninsured claim, if successful and of significant magnitude, could result in substantial losses and reduce cash available for our operations.

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We Could Be Adversely Affected by Violations of the U.S. Foreign Corrupt Practices Act ("FCPA") and Similar Worldwide Anti-Bribery Laws.

The FCPA and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from offering anything of value to government officials for the purpose of obtaining or retaining business, directing business to a particular person or legal entity or obtaining an unfair advantage. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We train our employees concerning anti-bribery laws and issues, and we also inform our partners, subcontractors, and third parties who work for us or on our behalf that they must comply with anti-bribery law requirements. We also have procedures and controls in place to monitor internal and external compliance. Allegations of violations of anti-bribery laws, including the FCPA, may also result in internal, independent or governmental investigations. We cannot assure that our internal controls and procedures will always protect us from the reckless or criminal acts committed by our employees, partners or third parties working for us or on our behalf. If we are found to be liable for anti-bribery law violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from criminal or civil penalties or other sanctions which could have a material adverse effect on our business.

We May Experience Increased Costs and Decreased Cash Flow Due to Compliance with Environmental Laws and Regulations, Liability for Contamination of the Environment or Related Personal Injuries.

We are subject to environmental laws and regulations, including those concerning emissions into the air; discharge into waterways; generation, storage, handling, treatment and disposal of waste materials; and health and safety.

Our business often involves working around and with volatile, toxic and hazardous substances and other highly regulated pollutants, substances, or wastes, for which the improper characterization, handling or disposal could constitute violations of U.S. federal, state or local laws and regulations and laws of other countries, and result in criminal and civil liabilities. Environmental laws and regulations generally impose limitations and standards for certain pollutants or waste materials and require us to obtain permits and comply with various other requirements. Governmental authorities may seek to impose fines and penalties on us, or revoke or deny issuance or renewal of operating permits for failure to comply with applicable laws and regulations. We are also exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes. We may incur liabilities that may not be covered by insurance policies, or, if covered, the financial amount of such liabilities may exceed our policy limits or fall within applicable deductible or retention limits. A partially or completely uninsured claim, if successful and of significant magnitude, could cause us to suffer a significant loss and reduce cash available for our operations.

The environmental health and safety laws and regulations to which we are subject are constantly changing, and it is impossible to predict the impact of such laws and regulations on us in the future. We cannot ensure that our operations will continue to comply with future laws and regulations or that these laws and regulations will not cause us to incur significant costs or adopt more costly methods of operation.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties from whom we have purchased or to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred.

We Are and Will Continue to Be Involved in Litigation That Could Negatively Impact Our Earnings and Liquidity.

We have been and may, from time to time, be named as a defendant in legal actions claiming damages in connection with engineering and construction projects, technology licenses and other matters. These are typically claims that arise in the normal course of business, including employment-related claims and contractual disputes or claims for personal injury or property damage which occur in connection with services performed relating to project or construction sites. Contractual disputes normally involve claims relating to the timely completion of projects, performance of equipment or technologies, design or other engineering services or project construction services provided by us. While we do not believe that any of our pending contractual, employment-related personal injury

or property damage claims and disputes will have a material effect on our future results of operations, financial position or cash flow, there can be no assurance that this will be the case.

We May Not Be Able to Fully Realize the Revenue Value Reported in Our Backlog.

At December 31, 2012, we had a backlog of work to be completed on contracts of approximately \$10.9 billion. Backlog develops as a result of new awards, which represent the revenue value of new project commitments received by us during a given period. Backlog consists of projects which have either not yet been started or are in progress but are not yet complete. In the latter case, the revenue value reported in backlog is the remaining value associated with work that has not yet been completed. The revenue projected in our backlog may not be realized, or, if realized, may not result in earnings as a result of poor contract performance.

In addition, from time to time, projects are cancelled that appeared to have a high certainty of going forward at the time they were recorded as new awards. In the event of a project cancellation, we typically have no contractual right to the total revenue reflected in our backlog. In addition, although we may be reimbursed for certain costs, we may be unable to recover all direct costs incurred and may incur additional unrecoverable costs due to the resulting under-utilization of our assets.

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Political and Economic Conditions, Including War, Conflict or Economic Turmoil in Non-U.S. Countries in Which We or Our Customers Operate, Could Adversely Affect Us.

A significant number of our projects are performed or located outside the U.S., including projects in developed or developing countries with economic conditions and political and legal systems, and associated instability risks, that are significantly different from those found in the U.S. We expect non-U.S. sales and operations to continue to contribute materially to our earnings for the foreseeable future. Non-U.S. contracts and operations expose us to risks inherent in doing business outside the U.S., including but not limited to the following:

unstable economic conditions in some countries in which we make capital investments, operate or provide services, including Europe, which has experienced recent economic turmoil;

increased costs, lower revenue and backlog and decreased liquidity resulting from a full or partial break-up of the European Union or its currency, the Euro;

the lack of well-developed legal systems in some countries in which we make capital investments, operate, or provide services, which could make it difficult for us to enforce our rights;

expropriation of property;

restrictions on the right to receive dividends from joint ventures, convert currency or repatriate funds; and

political upheaval and international hostilities, including risks of loss due to civil strife, acts of war, guerrilla activities, insurrections and acts of terrorism.

We Are Exposed to Possible Losses from Foreign Currency Exchange Rates.

We are exposed to market risk associated with changes in foreign currency exchange rates. Our exposure to changes in foreign currency exchange rates arises primarily from receivables, payables, and firm and forecasted commitments associated with foreign transactions. We may incur losses from foreign currency exchange rate fluctuations if we are unable to convert foreign currency in a timely fashion. We seek to minimize the risks from these foreign currency exchange rate fluctuations primarily through a combination of contracting methodology and, when deemed appropriate, the use of foreign currency exchange rate derivatives. In circumstances where we utilize derivatives, our results of operations might be negatively impacted if the underlying transactions occur at different times, or in different amounts, than originally anticipated, or if the counterparties to our contracts fail to perform. We do not hold, issue, or use financial instruments for trading or speculative purposes.

Our Goodwill and Other Finite-Lived Intangible Assets Could Become Impaired and Result in Future Charges to Earnings.

Our goodwill balance represents the excess of the purchase price over the fair value of net assets acquired as part of previous acquisitions. Net assets acquired include identifiable finite-lived intangible assets that were recorded at fair value based upon expected future recovery of the underlying assets.

At December 31, 2012, our goodwill balance of \$926.7 million was distributed among our business sectors as follows: Steel Plate Structures—\$48.2 million, Project Engineering and Construction—\$447.7 million and Lummus Technology—\$430.8 million. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of the beginning of that year's fourth quarter. In the fourth quarter of 2012, as part of our annual impairment assessment, we elected the alternative of performing a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units and no impairment charge was necessary during 2012. If, based on future qualitative assessments, the two-phase quantitative assessment is deemed necessary, it would require us to allocate goodwill to the applicable reporting unit, compare its fair value to the carrying amount, including goodwill, and then, if necessary, record a goodwill impairment charge in an amount equal to the excess, if any, of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. If required, the implied fair value of a reporting unit would be derived by estimating the reporting unit's discounted future cash flows.

At December 31, 2012, our finite-lived intangible assets were \$166.3 million. Finite-lived identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives, absent any indicators of impairment. We review finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, the estimated future cash flow associated with the asset or asset group would be compared to the asset' s carrying amount to determine if an impairment exists. In the future, if our remaining goodwill or other intangible assets are determined to be impaired, the impairment would result in a charge to earnings in the year of the impairment with a resulting decrease in our net worth.

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Any Recent and Prospective Acquisitions Could Be Difficult to Integrate, Disrupt Our Business, Dilute Shareholder Value and Harm Our Operating Results.

We have made recent acquisitions and may continue to pursue additional growth through the opportunistic and strategic acquisition of companies, assets or technologies that will enable us to broaden the types of projects we execute and technologies we provide and to expand into new markets. Our opportunity to grow through prospective acquisitions may be limited if we cannot identify suitable companies or assets, reach agreement on potential strategic acquisitions on acceptable terms or for other reasons. Our recent and prospective acquisitions may be subject to a variety of risks, including, but not limited to, the following:

- difficulties in the integration of operations and systems;
- the key personnel and customers of the acquired company may terminate their relationships with the acquired company;
- additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls;
- assumption of risks and liabilities (including, for example, environmental-related costs), some of which we may not discover during our due diligence;
- disruption of or insufficient management attention to our ongoing business;
- inability to realize the cost savings or other financial or operational benefits we anticipated; and
- potential requirement for additional equity or debt financing, which may not be available, or if available, may not have favorable terms.

Realization of one or more of these risks could have an adverse impact on our future results of operations, financial condition or cash flow. Moreover, to the extent an acquisition financed by non-equity consideration results in additional goodwill, it will reduce our tangible net worth, which might have an adverse effect on our credit and bonding capacity.

If We Are Unable to Attract, Retain and Motivate Key Personnel, Our Business Could Be Adversely Affected.

Our future success depends upon our ability to attract, retain and motivate highly-skilled personnel in various areas, including engineering, project management, procurement, project controls, finance and senior management. If we do not succeed in retaining our current employees and attracting new high quality employees, our business could be adversely affected.

Uncertainty in Enforcing U.S. Judgments Against Netherlands Corporations, Directors and Others Could Create Difficulties for Our Shareholders in Enforcing Any Judgments Obtained Against Us.

We are a Netherlands company and a significant portion of our assets are located outside of the U.S. In addition, certain members of our management and supervisory boards are residents of countries other than the U.S. As a result, effecting service of process on such persons may be difficult, and judgments of U.S. courts, including judgments against us or members of our management or supervisory boards predicated on the civil liability provisions of the federal or state securities laws of the U.S., may be difficult to enforce.

Risk Factors Related to Our Common Stock

If We Fail to Meet Expectations of Securities Analysts or Investors due to Fluctuations in Our Revenue or Operating Results, Our Stock Price Could Decline Significantly.

Our revenue and operating results may fluctuate from quarter to quarter due to a number of factors, including the timing of or failure to obtain projects, delays in awards of projects, cancellations of projects, delays in the completion of projects, changes in our estimated costs to complete projects, or the timing of approvals of change orders from, or recoveries of claims against, our customers. It is likely that in some future quarters our operating results may fall below the expectations of securities analysts or investors. In this event, the trading price of our common stock could decline significantly.

Certain Provisions of Our Articles of Association and Netherlands Law May Have Possible Anti-Takeover Effects.

Our Articles of Association and the applicable law of The Netherlands contain provisions that may be deemed to have anti-takeover effects. Among other things, these provisions provide for a staggered board of Supervisory Directors, a binding nomination process and supermajority shareholder voting requirements for certain significant transactions. Such provisions may delay, defer or prevent takeover attempts that shareholders might consider in their best interests. In addition, certain U.S. tax laws, including those relating to possible classification as a “controlled foreign corporation” (described below), may discourage third parties from accumulating significant blocks of our common shares.

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We Have a Risk of Being Classified as a Controlled Foreign Corporation and Certain Shareholders Who Do Not Beneficially Own Shares May Lose the Benefit of Withholding Tax Reduction or Exemption Under Dutch Legislation.

As a company incorporated in The Netherlands, we would be classified as a “controlled foreign corporation” for U.S. federal income tax purposes if any U.S. person acquires 10% or more of our common shares (including ownership through the attribution rules of Section 958 of the Internal Revenue Code of 1986, as amended (the “Code”), each such person, a “U.S. 10% Shareholder”) and the sum of the percentage ownership by all U.S. 10% Shareholders exceeds 50% (by voting power or value) of our common shares. We do not believe we are currently a controlled foreign corporation; however, we may be determined to be a controlled foreign corporation in the future. In the event that such a determination is made, all U.S. 10% Shareholders would be subject to taxation under Subpart F of the Code. The ultimate consequences of this determination are fact-specific to each U.S. 10% Shareholder, but could include possible taxation of such U.S. 10% Shareholder on a pro rata portion of our income, even in the absence of any distribution of such income.

Under the double taxation convention in effect between The Netherlands and the U.S. (the “Treaty”), dividends we pay to certain U.S. corporate shareholders owning at least 10% of our voting power are generally eligible for a reduction of the 15% Netherlands withholding tax to 5%, unless the common shares held by such residents are attributable to a business or part of a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands. Dividends received by exempt pension organizations and exempt organizations, as defined in the Treaty, are completely exempt from the withholding tax. A holder of common shares other than an individual will not be eligible for the benefits of the Treaty if such holder of common shares does not satisfy one or more of the tests set forth in the limitation on benefits provisions of Article 26 of the Treaty. According to an anti-dividend stripping provision, no exemption from, reduction of, or refund of, Netherlands withholding tax will be granted if the ultimate recipient of a dividend paid by CB&I is not considered to be the beneficial owner of such dividend. The ability of a holder of common shares to take a credit against its U.S. taxable income for Netherlands withholding tax may be limited.

Our Sale or Issuance of Additional Common Shares Could Dilute Each Shareholder’s Share Ownership.

Part of our business strategy is to expand into new markets and enhance our position in existing markets throughout the world through the strategic and opportunistic acquisition of complementary businesses. In order to successfully complete recent and future acquisitions or fund our other activities, we have recently issued equity securities, and may issue additional securities in the future, that could dilute our earnings per share and each shareholder’s share ownership.

We Cannot Assure You That We Will Be Able to Continue Paying Dividends at the Current Rate.

We have declared and paid in 2012 quarterly cash dividends or distributions on our common shares; however, there can be no assurance that any such dividends or distributions will be declared or paid in the future. The payment of dividends or distributions in the future will be subject to the discretion of our shareholders (in the case of annual dividends), our Management Board and our Supervisory Board, and (in the case of the final dividend for each financial year) the general meeting of our shareholders. Our Management and Supervisory Board will periodically evaluate dividends in the future based upon general business and economic conditions, legal and contractual restrictions regarding the payment of dividends, our results of operations and financial condition, our cash requirements and the availability of surplus, and other relevant factors some of which include:

we may not have enough cash to pay dividends due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;

the amount of dividends that we may distribute to our shareholders is subject to restrictions under Dutch law; and

we may not receive dividend payments from our subsidiaries at the same level that we have historically. The ability of our subsidiaries to make dividend payments to us is subject to factors similar to those listed above.

Risk Factors Related to Shaw

The risk factors set forth in the Item 1A “Risk Factors” section of the Shaw Annual Report on Form 10-K (File No. 001-12227) relating to the business and operations of Shaw should be read in addition to the Risk Factors disclosed above. The risk factors disclosed in Shaw’s Form 10-K are filed as Exhibit 99.1 to this report and are incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including all documents incorporated by reference, contains forward-looking statements regarding CB&I and represents our expectations and beliefs concerning future events. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties. The forward-looking statements included herein or incorporated herein by reference include or may include, but are not limited to, (and you should read carefully) statements that are predictive in nature, depend upon or refer to future events or conditions, or use or contain words, terms, phrases, or expressions such as “achieve,” “forecast,” “plan,” “propose,” “strategy,” “envision,” “hope,” “will,” “continue,” “potential,” “expect,” “believe,” “anticipate,” “project,” “estimate,” “predict,” “intend,” “should,” “could,” “may,” “might,” or similar words, terms, phrases, or expressions or the negative of any of these terms. Any statements in this Form 10-K that are not based upon historical fact are forward-looking statements and represent our best judgment as to what may occur in the future.

In addition to the material risks listed under “Item 1A. Risk Factors” above that may cause business conditions or our actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements, the following are some, but not all, of the factors that might cause business conditions or our actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements, or contribute to such differences: our ability to realize cost savings from our expected performance of contracts, whether as a result of improper estimates, performance, or otherwise; uncertain timing and funding of new contract awards, as well as project cancellations; cost overruns on fixed-price or similar contracts or failure to receive timely or proper payments on cost-reimbursable contracts, whether as a result of improper estimates, performance, disputes, or otherwise; risks associated with labor productivity; risks associated with percentage of completion (“POC”) accounting; our 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 affecting our performance and timeliness of completion, which could lead to increased costs and affect the quality, costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; operating risks, which could lead to increased costs and affect the quality, 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 a decline in energy prices and the cyclical nature of the individual markets in which our customers operate; delayed or lower than expected activity in the hydrocarbon industry, demand from which is the largest component of our revenue; lower than expected growth in our primary end markets, including but not limited to LNG and energy processes; risks inherent in acquisitions and our ability to complete or obtain financing for acquisitions; our ability to integrate and successfully operate and manage acquired businesses and the risks associated with those businesses; the non-competitiveness or unavailability of, or lack of demand or loss of legal protection for, our intellectual property assets or rights; failure to keep pace with technological changes or innovation; failure of our patents or licensed technologies to perform as expected or to remain competitive, current, in demand, profitable or enforceable; adverse outcomes of pending claims or litigation or the possibility of new claims or litigation, and the potential effect of such claims or litigation on our business, financial condition, results of operations or cash flow; lack of necessary liquidity to provide bid, performance, advance payment and retention bonds, guarantees, or letters of credit securing our obligations under our bids and contracts or to finance expenditures prior to the receipt of payment for the performance of contracts; proposed and actual revisions to U.S. and non-U.S. tax laws, and interpretation of said laws, Dutch tax treaties with foreign countries and U.S. tax treaties with non-U.S. countries (including, but not limited to The Netherlands), which would 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 we operate; compliance with applicable laws and regulations in any one or more of the countries in which we operate including, without limitation, the FCPA and those concerning the environment, export controls and trade sanction programs; our inability to properly manage or hedge currency or similar risks; and a downturn, disruption, or stagnation in the economy in general.

Although we believe the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future performance or results. You should not unduly rely on any forward-looking statements. Each forward-looking statement is made and applies only as of the date of the particular statement, and we are not obligated to update, withdraw, or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should consider these risks when reading any

forward-looking statements. All forward-looking statements attributed or attributable to us or to persons acting on our behalf are expressly qualified in their entirety by this section entitled “Forward-Looking Statements”.

Item 1B. *Unresolved Staff Comments*

None.

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Item 2. Properties

We own or lease properties in U.S. and Non-U.S. locations to conduct our business. We believe these facilities are adequate to meet our current and near-term requirements. The following list summarizes our principal properties by the business sector for which they are primarily utilized; Steel Plate Structures (“SPS”), Project Engineering and Construction (“PEC”), Lummus Technology (“LT”), and Corporate (“Corp”):

Location	Type of Facility	Interest	Sector
Al Aujam, Saudi Arabia	Fabrication facility and warehouse	Owned	SPS
Al-Khobar, Saudi Arabia	Administrative and engineering office	Leased	SPS, PEC
Clive, Iowa	Engineering and operations office and fabrication facility	Owned	SPS
Dubai, United Arab Emirates	Administrative, engineering and operations office and warehouse	Leased	SPS
Fort Saskatchewan, Canada	Operations office, fabrication facility and warehouse	Owned	SPS
Houston, Texas	Operations office, fabrication facility and warehouse	Owned/Leased	SPS
Kwinana, Australia	Warehouse	Leased	SPS
Niagara Falls, Canada	Engineering office	Leased	SPS
Perth, Australia	Administrative, engineering and operations office	Leased	SPS
Plainfield, Illinois	Engineering and operations office	Leased	SPS
Sattahip, Thailand	Operations office and fabrication facility	Leased	SPS
The Woodlands, Texas ⁽¹⁾	Administrative and operations office	Owned	SPS, PEC, Corp
Beaumont, Texas	Fabrication facility	Owned	PEC
Bogotá, Colombia	Administrative office	Leased	PEC
Brisbane, Australia	Operations office and warehouse	Leased	PEC
Brno, Czech Republic	Engineering office	Leased	PEC
Cairo, Egypt	Engineering office	Leased	PEC
Houston, Texas	Engineering offices	Leased	PEC
Lima, Peru	Administrative office	Leased	PEC
London, England	Engineering office	Leased	PEC
Moscow, Russia	Operations and technology office	Leased	PEC, LT
Singapore, Singapore	Administrative and engineering office	Leased	PEC, SPS
The Hague, The Netherlands ⁽¹⁾	Administrative, engineering and operations office	Leased	PEC, Corp
Tyler, Texas	Engineering and operations office	Owned	PEC
Beijing, China	Technology office	Leased	LT
Bloomfield, New Jersey	Technology office	Leased	LT
Gurgaon, India	Technology and engineering office	Leased	LT, PEC
Ludwigshafen, Germany	Research and development office	Leased	LT
Mannheim, Germany	Technology office	Leased	LT
Pasadena, Texas	Research and development office and manufacturing facility	Owned	LT
Bolingbrook, Illinois	Administrative office	Leased	Corp

- (1) In addition to being utilized by the business sectors referenced above, our office in The Hague, The Netherlands serves as our corporate headquarters and our office in The Woodlands, Texas serves as our administrative headquarters.

We also own or lease a number of smaller administrative and field construction offices, warehouses and equipment maintenance centers strategically located throughout the world.

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Item 3. Legal Proceedings

We have been and may from time to time be named as a defendant in legal actions claiming damages in connection with engineering and construction projects, technology licenses and other matters. These are typically claims that arise in the normal course of business, including employment-related claims and contractual disputes or claims for personal injury or property damage which occur in connection with services performed relating to project or construction sites. Contractual disputes normally involve claims relating to the timely completion of projects, performance of equipment or technologies, design or other engineering services or project construction services provided by us. We do not believe that any of our pending contractual, employment-related personal injury or property damage claims and disputes will have a material adverse effect on our future results of operations, financial position or cash flow.

Asbestos Litigation—We are a defendant in lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed at various locations. We have never been a manufacturer, distributor or supplier of asbestos products. Over the past several decades and through December 31, 2012, we have been named a defendant in lawsuits alleging exposure to asbestos involving approximately 5,200 plaintiffs and, of those claims, approximately 1,300 claims were pending and 3,900 have been closed through dismissals or settlements. Over the past several decades and through December 31, 2012, the claims alleging exposure to asbestos that have been resolved have been dismissed or settled for an average settlement amount of approximately one thousand dollars per claim. We review each case on its own merits and make accruals based upon the probability of loss and our estimates of the amount of liability and related expenses, if any. We do not believe that any unresolved asserted claims will have a material adverse effect on our future results of operations, financial position or cash flow, and at December 31, 2012, we had approximately \$1.9 million accrued for liability and related expenses. With respect to unasserted asbestos claims, we cannot identify a population of potential claimants with sufficient certainty to determine the probability of a loss and to make a reasonable estimate of liability, if any. While we continue to pursue recovery for recognized and unrecognized contingent losses through insurance, indemnification arrangements or other sources, we are unable to quantify the amount, if any, that we may expect to recover because of the variability in coverage amounts, limitations and deductibles, or the viability of carriers, with respect to our insurance policies for the years in question.

Environmental Matters—Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards, among others, relate to air and water pollutants and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties from whom we have purchased or to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred.

We believe that we are in compliance, in all material respects, with all environmental laws and regulations. We do not believe that any environmental matters will have a material adverse effect on our future results of operations, financial position or cash flow. We do not anticipate that we will incur material capital expenditures for environmental controls or for the investigation or remediation of environmental conditions during 2013 or 2014.

Litigation Against CB&I and Shaw—In connection with the Shaw Acquisition, purported shareholders of Shaw filed shareholder class action lawsuits against Shaw, CB&I, and the directors of Shaw. On December 13, 2012, the class action lawsuits were settled for an amount that was not material to our results of operations, financial position or cash flow.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock and Dividend Information—Our common stock is traded on the NYSE. At February 19, 2013, we had approximately 102,600 shareholders, based upon individual participants in security position listings at that date. The following table presents the range of common stock prices on the NYSE and the cash dividends paid per share of common stock by quarter for the years ended December 31, 2012 and 2011:

	Range of Common Stock Prices			Dividends
	High	Low	Close	Per Share
Year Ended December 31, 2012				
Fourth Quarter	\$46.39	\$36.60	\$46.35	\$ 0.05
Third Quarter	\$42.23	\$33.86	\$38.09	\$ 0.05
Second Quarter	\$45.86	\$32.48	\$37.96	\$ 0.05
First Quarter	\$47.74	\$37.83	\$43.19	\$ 0.05
Year Ended December 31, 2011				
Fourth Quarter	\$41.92	\$23.88	\$37.80	\$ 0.05
Third Quarter	\$45.12	\$26.76	\$28.63	\$ 0.05
Second Quarter	\$42.49	\$32.95	\$38.90	\$ 0.05
First Quarter	\$41.16	\$31.50	\$40.66	\$ 0.05

Cash dividends are dependent upon our results of operations, financial condition, cash requirements, availability of surplus and such other factors as our Board of Directors may deem relevant. See Item 1A for risk factors associated with our cash dividends.

Equity Compensation Plan Information—The following table summarizes information, at December 31, 2012, relating to our equity compensation plans pursuant to which grants of options or other rights to acquire our common shares may be granted from time to time:

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))</u>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	967,537	\$ 19.86	6,404,612
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	967,537	\$ 19.86	6,404,612

Share Issuance Agreement—On August 18, 2009, we filed a prospectus with the SEC, under a previously filed shelf registration statement on Form S-3 (File No. 333-160852), which provided for the offer and sale of up to 10.0 million shares of our common stock, par value Euro 0.01 per share, (“Shares”) through July 27, 2012, its expiration date. We cumulatively offered and sold approximately 2.4 million Shares under the prospectus; however, no Shares were sold during 2012.

Shelf Registration Statement—On June 19, 2012, we filed a shelf registration statement with the SEC on Form S-3 (File No. 333-182223) that expires on June 18, 2015. The shelf registration statement enables us to offer and sell shares of our common stock and issue debt securities (collectively, the “Securities”) from time to time subsequent to the filing of a prospectus supplement which, among other things, identifies the sales agent, specifies the number and value of Securities that may be sold, and provides the time frame over which Securities may be offered.

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Item 6. Selected Financial Data

We derived the following summary financial and operating data, at and for the five years ended December 31, 2008 through 2012, from our Financial Statements, except for “Other Data.” You should read this information together with Item 7 and Item 8.

	Years Ended December 31,				
	2012	2011	2010	2009	2008 ⁽³⁾
(In thousands, except per share and employee data)					
Statement of Operations Data					
Revenue	\$5,485,206	\$4,550,542	\$3,642,318	\$4,556,503	\$5,944,981
Cost of revenue	4,786,499	3,980,306	3,150,255	4,033,783	5,711,831
Gross profit	698,707	570,236	492,063	522,720	233,150
Selling and administrative expense	227,948	205,550	185,213	204,911	215,457
Intangibles amortization	22,613	26,302	23,690	23,326	24,039
Other operating expense (income), net (1)	10,434	74	(636)	15,324	(464)
Equity earnings	(17,931)	(16,887)	(19,464)	(35,064)	(41,092)
Income from operations	455,643	355,197	303,260	314,223	35,210
Interest expense	(19,606)	(11,030)	(16,686)	(21,383)	(21,109)
Interest income	8,029	7,796	4,955	1,817	8,426
Income before taxes	444,066	351,963	291,529	294,657	22,527
Income tax expense	(127,003)	(96,765)	(79,966)	(114,917)	(37,470)
Net income (loss)	317,063	255,198	211,563	179,740	(14,943)
Less: Net income attributable to noncontrolling interests	(15,408)	(166)	(7,004)	(5,451)	(6,203)
Net income (loss) attributable to CB&I	<u>\$301,655</u>	<u>\$255,032</u>	<u>\$204,559</u>	<u>\$174,289</u>	<u>\$(21,146)</u>
Per Share Data					
Net income (loss) attributable to CB&I per share—basic	\$3.12	\$2.60	\$2.08	\$1.82	\$(0.22)
Net income (loss) attributable to CB&I per share—diluted	\$3.07	\$2.55	\$2.04	\$1.79	\$(0.22)
Cash dividends per share	<u>\$0.20</u>	<u>\$0.20</u>	<u>\$—</u>	<u>\$—</u>	<u>\$0.16</u>
Balance Sheet Data					
Goodwill	\$926,711	\$926,393	\$938,855	\$962,690	\$962,305
Total assets	\$4,329,675	\$3,279,349	\$2,909,534	\$3,016,767	\$3,000,718
Long-term debt	\$800,000	\$—	\$40,000	\$80,000	\$120,000
Total shareholders’ equity	<u>\$1,396,310</u>	<u>\$1,196,430</u>	<u>\$1,083,845</u>	<u>\$897,290</u>	<u>\$573,853</u>
Other Financial Data					
Gross profit percentage	12.7 %	12.5 %	13.5 %	11.5 %	3.9 %
Depreciation and amortization	\$66,421	\$70,184	\$72,885	\$79,531	\$78,244
Capital expenditures	<u>\$72,279</u>	<u>\$40,945</u>	<u>\$24,089</u>	<u>\$47,839</u>	<u>\$124,595</u>
Other Data					
New awards (2)	\$7,305,970	\$6,807,715	\$3,361,127	\$6,113,586	\$4,286,792
Backlog (2)	\$10,928,818	\$8,968,206	\$6,906,633	\$7,199,462	\$5,681,008
Number of employees:					
Salaried	9,400	9,600	6,600	7,116	8,523
Hourly and craft	17,400	8,600	6,000	8,639	10,295

- (1) Other operating expense (income), net, generally represents losses (gains) on the sale of property and equipment. However, 2012 included transaction costs of approximately \$11.0 million associated with the Shaw Acquisition. Additionally, 2009 included a net charge of approximately \$15.3 million for severance costs in all business sectors, costs associated with the reorganization of our business sectors, and costs associated with the closure of certain fabrication facilities, partially offset by a gain on the sale of a noncontrolling equity investment held by Project Engineering and Construction.
- (2) New awards represent the value of new project commitments received during a given period. These commitments are included in backlog until work is performed and revenue is recognized, or until cancellation. Backlog may also fluctuate with currency movements.
- (3) Our 2008 results of operations included charges of approximately \$457.0 million for projected costs to complete two large fixed-price projects (South Hook and Isle of Grain II) in the United Kingdom ("U.K.") that were completed in the first quarter of 2010.

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Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" is provided to assist readers in understanding our financial performance during the periods presented and significant trends that may impact our future performance. This discussion should be read in conjunction with our Financial Statements and the related notes thereto.

OVERVIEW

We provide conceptual design, technology, engineering, procurement, fabrication, construction and commissioning services to customers in the energy, petrochemical and natural resource industries. Our reporting segments are comprised of our three business sectors: Steel Plate Structures, Project Engineering and Construction, and Lummus Technology.

We continue to have a broad diversity within the entire energy project spectrum, with approximately 80% of our 2012 revenue coming from projects outside the U.S. and approximately 90% of our December 31, 2012 backlog comprised of projects outside the U.S. The geographic mix of our revenue will continue to evolve consistent with changes in our backlog mix, as well as shifts in future global energy demand. We currently anticipate investment in energy processes projects and storage structures will remain strong in many parts of the world. Investments across the natural gas value chain, specifically LNG and gas processing, continue to increase and we are experiencing increases in petrochemical activity. With respect to technology, we are continuing to experience good petrochemical market conditions and increasing refining activity.

We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Under cost-reimbursable contracts, we generally perform our services in exchange for a price that consists of reimbursement of all customer-approved costs and a profit component, which is typically a fixed rate per hour, an overall fixed fee or a percentage of total reimbursable costs. Under fixed-price contracts, we perform our services and execute our projects at an established price. The timing of our revenue recognition may be impacted by the contracting structure of our contracts. Cost-reimbursable contracts, or hybrid contracts with a more significant cost-reimbursable component, generally provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of our revenue. Fixed-price contracts, and hybrid contracts with a more significant fixed-price component, tend to provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Our December 31, 2012 backlog distribution was comparable to our December 31, 2011 distribution of approximately 55% cost-reimbursable, 38% fixed-price and hybrid, and 7% Lummus Technology. Our backlog going into 2011 was approximately 45% cost-reimbursable, 48% fixed-price and hybrid, and 7% Lummus Technology. We anticipate that approximately \$5.0 billion to \$5.5 billion (approximately 45% to 50%) of our consolidated December 31, 2012 backlog will be recognized as revenue during 2013.

Our Steel Plate Structures and Project Engineering and Construction backlog comprised approximately \$5.3 billion and \$4.8 billion, respectively, of our consolidated December 31, 2012 backlog. This compares to \$4.7 billion and \$3.7 billion, respectively, at December 31, 2011. The composition of this combined backlog by end market at December 31, 2012 was approximately 40% LNG (including low temp and cryogenic), 20% gas processing, 10% oil sands, 10% refining, and 20% petrochemical and other end markets. Our December 31, 2012 LNG backlog was primarily concentrated in the Asia Pacific region and we anticipate significant opportunities will continue to be derived from this region, in addition to Russia and North America. Our gas processing projects were primarily concentrated in the U.S. and the Asia Pacific region, where we anticipate continued strength. Our oil sands backlog was derived from Canada and we anticipate opportunities will continue from this region. The majority of our refining-related backlog was derived from South America.

Lummus Technology comprised \$791.4 million of our consolidated December 31, 2012 backlog and consists of technology licenses, engineering services, catalysts and specialized heat transfer equipment for the refining, gas processing and petrochemical industries. Equity earnings relate to our 50% owned Chevron-Lummus Global ("CLG") joint venture and are generated from technology licenses, engineering services and catalysts, primarily for the refining industry.

We have more than 900 projects in backlog, which are being executed in over 70 countries. These projects vary in size from less than one hundred thousand dollars in contract value to over three billion dollars, with varying durations that can exceed five years. The differing types, sizes, and durations of our projects, combined with their geographic diversity and stages of completion, often results in fluctuations in our quarterly sector results as a percentage of sector revenue. In addition, the relative contribution of each of our sectors, and selling and administrative expense fluctuations, will impact our quarterly consolidated results as a percentage of consolidated revenue. Selling and administrative expense fluctuations are primarily impacted by our stock-based compensation costs, which are recognized predominantly in the first quarter of each year due to the timing of stock awards and the immediate expensing of awards for participants that are eligible to retire. Although quarterly variability is not unusual in our project-oriented business, we are currently not aware of any fundamental change in our sector backlog or business that would give rise to future operating results that would be significantly different from our recent historical norms.

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RESULTS OF OPERATIONS

Our new awards, revenue and income from operations by reporting segment were as follows:

	Years Ended December 31,					
	(In thousands)					
	2012	% of Total		2011	% of Total	
New Awards						
Steel Plate Structures	\$2,495,358	34 %		\$4,079,599	60 %	
Project Engineering and Construction	4,083,891	56 %		2,190,272	32 %	
Lummus Technology	726,721	10 %		537,844	8 %	
Total new awards	<u>\$7,305,970</u>			<u>\$6,807,715</u>		
Revenue						
Steel Plate Structures	\$1,957,681	36 %		\$1,812,180	40 %	
Project Engineering and Construction	3,040,229	55 %		2,289,788	50 %	
Lummus Technology	487,296	9 %		448,574	10 %	
Total revenue	<u>\$5,485,206</u>			<u>\$4,550,542</u>		
Income From Operations						
Steel Plate Structures	\$192,593	9.8 %		\$167,283	9.2 %	
Project Engineering and Construction	136,689	4.5 %		91,576	4.0 %	
Lummus Technology	126,361	25.9 %		96,338	21.5 %	
Total income from operations	<u>\$455,643</u>	8.3 %		<u>\$355,197</u>	7.8 %	

2012 Versus 2011

Consolidated Results

New Awards—New awards represent the value of new project commitments received during a given period and are included in backlog until work is performed and revenue is recognized, or until cancellation. Our new awards may vary significantly each reporting period based upon the timing of our major new project commitments. During 2012, new awards were \$7.3 billion, compared to \$6.8 billion for 2011. New awards for 2012 were comprised of \$2.5 billion for Steel Plate Structures, \$4.1 billion for Project Engineering and Construction, and \$726.7 million for Lummus Technology, compared to \$4.1 billion, \$2.2 billion and \$537.8 million, respectively, for 2011. New awards for 2012 included EPC services and module fabrication for an oil sands expansion project in Canada (approximately \$1.2 billion combined), a gas conditioning award in the Asia Pacific region (approximately \$550.0 million), a petrochemical project in the U.S. (approximately \$300.0 million), engineering services for an offshore platform in the U.K. (approximately \$250.0 million), and scope increases on our LNG mechanical erection project in the Asia Pacific region (approximately \$1.0 billion) and refinery project in Colombia (approximately \$750.0 million). New awards for 2011 included the award of our LNG mechanical erection (approximately \$2.3 billion) and LNG storage tank (approximately \$500.0 million) projects in the Asia Pacific region. See *Segment Results* below for further discussion.

Backlog—Backlog at December 31, 2012 was approximately \$10.9 billion, compared to \$9.0 billion at December 31, 2011, reflecting 2012 awards exceeding revenue in each of our sectors. For 2012, our non-U.S. dollar denominated backlog was increased by approximately \$200.0 million due to the weakening of the U.S. Dollar, primarily against the Australian dollar and Colombian peso.

While currency fluctuations can cause significant variations in our reported backlog, these fluctuations have not resulted in significant variations in our operating results.

Revenue—Revenue for 2012 was \$5.5 billion, representing an increase of \$934.7 million (21%) compared with 2011. Revenue increased \$145.5 million (8%) for Steel Plate Structures, \$750.4 million (33%) for Project Engineering and Construction and \$38.7 million (9%) for Lummus Technology. The increase in revenue was primarily due to an increase in construction activities on our large LNG mechanical erection project, and various LNG tank projects, in the Asia Pacific region (approximately \$310.0 million combined), refinery project in Colombia (approximately \$230.0 million), and gas processing projects in the U.S. and Asia Pacific region (approximately \$220.0 million combined). Revenue from our Colombian refinery project was approximately \$915.0 million and \$690.9 million (approximately 17% and 15% of our total revenue) for 2012 and 2011, respectively. See *Segment Results* below for further discussion.

Gross Profit—Gross profit was \$698.7 million (12.7% of revenue) for 2012, compared to \$570.2 million (12.5% of revenue) for 2011. The increase in absolute dollars was primarily attributable to higher revenue for all three sectors. The increase in gross profit as a percentage of revenue was primarily attributable to higher margins achieved in our Steel Plate Structures and Lummus Technology sectors, partly offset by the Project Engineering and Construction sector representing a larger portion of our consolidated revenue. See *Segment Results* below for further discussion.

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Selling and Administrative Expense—Selling and administrative expense was \$227.9 million (4.2% of revenue) for 2012, compared to \$205.6 million (4.5% of revenue) for 2011. The absolute dollar increase for 2012 was due primarily to increases associated with our business development efforts, global administrative support, and incentive plans (collectively approximately \$15.2 million), with the remaining increase being predominantly inflationary in nature around the world.

Other Operating (Expense) Income, Net—Other operating expense for 2012 was \$10.4 million compared to \$0.1 million for 2011. The increase in net other operating expense for 2012 was primarily attributable to transaction costs associated with the Shaw Acquisition (approximately \$11.0 million), partially offset by net gains on the sale of miscellaneous property and equipment.

Equity Earnings—Equity earnings were \$17.9 million for 2012, compared to \$16.9 million for 2011. The increase was attributable to higher earnings from our unconsolidated CLG joint venture within Lummus Technology, primarily attributable to higher refining activity in the current year.

Income from Operations—Income from operations was \$455.6 million (8.3% of revenue) for 2012, compared to \$355.2 million (7.8% of revenue) during 2011. The increase in absolute value and as a percentage of revenue for both periods was due to the reasons noted above. See *Segment Results* below for further discussion.

Interest Expense and Interest Income—Interest expense was \$19.6 million for 2012, compared to \$11.0 million for 2011. Our 2012 results were impacted by interest and fees related to financing commitments associated with the Shaw Acquisition (approximately \$7.2 million) and net incremental interest expense associated with uncertain tax positions and the timing of tax payments resulting from our periodic income tax compliance reviews (approximately \$2.1 million), partially offset by a lower Term Loan balance (\$2.6 million). Our 2011 results were impacted by the resolution of uncertain tax positions, which resulted in the reversal of previously recorded tax reserves and associated accrued interest (approximately \$3.9 million), partially offset by additional interest expense related to the timing of tax payments (approximately \$2.0 million).

Interest income was \$8.0 million for 2012, compared to \$7.8 million for 2011. The change versus the prior year was commensurate with the average cash balances during the applicable periods.

Income Tax Expense—Income tax expense for 2012 was \$127.0 million (28.6% of pre-tax income), compared to \$96.8 million (27.5% of pre-tax income) for 2011. Our rate increased by approximately 2.5% over the prior year due to a greater percentage of current year income being earned in higher tax rate jurisdictions, primarily outside the U.S., and increased by 0.5% due to non-deductible Shaw Acquisition related costs. The increase was partly offset by the current year benefiting by approximately 1.5% over the prior year from the utilization of previously unrecognized net operating losses and credits, primarily in The Netherlands, and approximately 1.0% from a greater portion of pre-tax earnings being attributable to our noncontrolling interest partners. Our tax rate may experience fluctuations due primarily to changes in the geographic distribution of our pre-tax income. For 2013, we anticipate increased activity in higher tax rate jurisdictions, primarily Canada, Australia and the U.S.

Net Income Attributable to Noncontrolling Interests—Noncontrolling interests are primarily associated with our LNG mechanical erection and gas processing projects in the Asia Pacific region and certain operations in the Middle East. Net income attributable to noncontrolling interests was \$15.4 million for 2012, compared to \$0.2 million for 2011. The change versus the prior year period was commensurate with the level of applicable operating results for the aforementioned projects in the Asia Pacific region. We expect to experience an increase in net income attributable to noncontrolling interests in future periods, primarily from additional progress on our LNG mechanical erection project.

Segment Results

Steel Plate Structures

New Awards—New awards were \$2.5 billion for 2012, compared to \$4.1 billion for 2011. New awards for 2012 included scope increases on our LNG mechanical erection project (approximately \$1.0 billion), a gas storage facility award in the Asia Pacific region (approximately \$225.0 million), a petrochemical storage facility award in the Middle East (approximately \$110.0 million), petroleum storage tank work in the U.S. (approximately \$60.0 million) and Canada (approximately \$55.0 million), oil sands related work in

Canada (approximately \$50.0 million), and various standard storage tank awards throughout the world. New awards for 2011 included our LNG mechanical erection project (approximately \$2.3 billion) and an LNG storage tank project (approximately \$500.0 million) in the Asia Pacific region, an aluminum complex storage tank project in the Middle East (approximately \$60.0 million), and storage tank work in Canada (approximately \$50.0 million) and the Bahamas (approximately \$40.0 million).

Revenue—Revenue was \$2.0 billion for 2012, representing an increase of \$145.5 million (8%) compared with 2011. Our 2012 revenue benefited from increased construction activity on our LNG mechanical erection project, and various LNG tank projects, in the Asia Pacific region (approximately \$310.0 million combined), and progress on storage tank work in the U.S. and Canada (approximately \$100.0 million), but was partly offset by the wind down of various projects in the Caribbean and Middle East (approximately \$250.0 million).

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Income from Operations—Income from operations for 2012 was \$192.6 million (9.8% of revenue), compared to \$167.3 million (9.2% of revenue) for 2011. Our 2012 results benefited from higher revenue volume and related leverage of our operating costs, and savings on various projects that were nearing completion in the Asia Pacific region and Caribbean (approximately \$55.0 million combined), partly offset by a higher percentage of our 2012 revenue being derived from our cost-reimbursable LNG mechanical erection project in the Asia Pacific region, and the prior year realizing better margins in the Middle East (approximately \$20.0 million) and benefiting from savings on various projects in the U.S. and Canada (approximately \$34.0 million combined).

Project Engineering and Construction

New Awards—New awards were \$4.1 billion for 2012, compared to \$2.2 billion for 2011. New awards for 2012 included EPC services and module fabrication for an oil sands expansion project in Canada (approximately \$1.2 billion combined), a gas conditioning plant in the Asia Pacific region (approximately \$550.0 million), a petrochemical project in the U.S. (approximately \$300.0 million), engineering services for an offshore platform in the U.K. (approximately \$250.0 million), a gas processing award in Europe (approximately \$175.0 million), an offshore engineering project and butadiene extraction plant project in Europe (approximately \$140.0 million combined), front end engineering and design services for a new ethylene plant in Russia (approximately \$40.0 million), and scope increases on our refinery project in Colombia (approximately \$750.0 million) and gas processing project in the Asia Pacific region (approximately \$190.0 million). New awards for 2011 included the full release of EPC services for our oil sands project in Canada (approximately \$500.0 million), a natural gas processing plant in the U.S. (approximately \$315.0 million), engineering design for offshore platforms in the U.K. (approximately \$150.0 million), and various scope increases on our large gas processing project in the Asia Pacific region and refinery project in Colombia.

Revenue—Revenue was \$3.0 billion for 2012, representing an increase of \$750.4 million (33%) compared with 2011. The increase over 2011 was due primarily to increased construction activities on our refinery project in Colombia (approximately \$230.0 million), progress on our gas processing projects in the U.S. and Asia Pacific region (approximately \$220.0 million combined), higher petrochemical project revenue in the U.S. (approximately \$85.0 million), and increased progress on the expansion phase of our Canadian oil sands project (approximately \$200.0 million), offset partially by the wind down of the initial phase of our Canadian oil sands project (approximately \$100.0 million).

Income from Operations—Income from operations for 2012 was \$136.7 million (4.5% of revenue), compared to \$91.6 million (4.0% of revenue) for 2011. Our 2012 results benefited from higher revenue volume and related leverage of our operating costs, higher margins realized on our large gas processing project in the Asia Pacific region (approximately \$6.0 million), project savings on two projects in Europe (approximately \$12.0 million), and the prior year including facility realignment costs in the U.S. (approximately \$9.0 million), partly offset by cost increases on a project in Canada (approximately \$37.0 million), higher precontract costs (approximately \$11.0 million), and a higher percentage of revenue being derived from our large cost-reimbursable project in Colombia.

Lummus Technology

New Awards—New awards were \$726.7 million for 2012, compared to \$537.8 million for 2011. The increase from the prior year was primarily attributable to significant petrochemical license awards in 2012, including an aromatics complex in India, petrochemical plants in Malaysia and Russia, propane dehydrogenation units in the U.S. and China, and ethane crackers in the U.S., and a higher volume of heat transfer awards, including heaters for various refineries in Russia. The award activity for 2012 and 2011 was primarily located in the Asia Pacific region, North America, Russia and India.

Revenue—Revenue was \$487.3 million for 2012, representing an increase of \$38.7 million (9%) compared with 2011. The increase for 2012 was due primarily to increased catalyst activity resulting from normal variations in the timing of execution of our backlog.

Income from Operations—Income from operations for 2012 was \$126.4 million (25.9% of revenue), compared to \$96.3 million (21.5% of revenue) for 2011. Our 2012 results benefited primarily from increased revenue volume and higher margins on our heat transfer and catalyst activity.

2011 Versus 2010

Consolidated Results

New Awards/Backlog—During 2011, new awards were \$6.8 billion, compared with \$3.4 billion for 2010. The increase in new awards over the comparable prior-year period was primarily the result of 2011 including the awards of a large LNG mechanical erection project and LNG tank project for Steel Plate Structures in the Asia Pacific region (approximately \$2.8 billion combined). See *Segment Results* below for further discussion.

Backlog at December 31, 2011 was approximately \$9.0 billion, compared with \$6.9 billion at December 31, 2010, reflecting the multi-year projects awarded in 2011. For 2011, our non-U.S. dollar denominated backlog was reduced by approximately \$200.0 million due to the strengthening of the U.S. dollar, primarily against the Australian dollar and Colombian peso.

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Revenue—Revenue for 2011 was \$4.6 billion, representing a \$908.2 million increase (25%) from 2010. Revenue increased \$370.0 million (26%) for Steel Plate Structures, \$384.9 million (20%) for Project Engineering and Construction and \$153.3 million (52%) for Lummus Technology. The increase in revenue for 2011 was primarily due to an increase in construction activities on our large Steel Plate Structure and Project Engineering and Construction projects that were awarded in 2009. See *Segment Results* below for further discussion.

Gross Profit—Our gross profit was \$570.2 million (12.5% of revenue) for 2011, compared with \$492.1 million (13.5% of revenue) for 2010. The decrease in gross profit percentage, relative to the comparable prior year period, was due to a higher percentage of our revenue being derived from our significant cost-reimbursable backlog and higher precontract costs (approximately \$8.0 million) associated with increased bid activity, partly offset by better cost recoveries from increased engineering and construction activities.

Selling and Administrative Expense—Selling and administrative expense for 2011 was \$205.6 million (4.5% of revenue), compared with \$185.2 million (5.1% of revenue) for 2010. The absolute dollar increase was primarily attributable to the impact of our December 31, 2010 acquisition of the remaining 50% interest in CDTECH, a previously unconsolidated Lummus Technology joint venture investment, and increases associated with our incentive plans and global business development efforts. The results of CDTECH were consolidated and included in our Lummus Technology results for 2011. The aforementioned increases totaled approximately \$12.0 million for 2011, with the remaining increase being predominantly inflationary in nature.

Other Operating (Expense) Income—Other operating (expense) for 2011 was (\$0.1) million, versus income of \$0.6 million for 2010, primarily reflecting the net impact of gains and losses from the sale of miscellaneous property and equipment.

Equity Earnings—Equity earnings were \$16.9 million for 2011, compared to \$19.5 million for 2010. The decrease was due to our consolidation of the results of CDTECH for all of 2011 (approximately \$6.8 million), partly offset by higher earnings from our unconsolidated CLG joint venture (approximately \$5.5 million) due to increased catalyst sales.

Income from Operations—Income from operations for 2011 was \$355.2 million (7.8% of revenue) versus \$303.3 million (8.3% of revenue) during 2010. The increase in absolute value and decrease as a percentage of revenue were due to the reasons noted above. See *Segment Results* below for further discussion.

Interest Expense and Interest Income—Interest expense was \$11.0 million for 2011, compared to \$16.7 million for 2010. Approximately \$3.9 million of the decrease was due to the resolution of uncertain tax positions in 2011, which resulted in the reversal of previously recorded tax reserves and associated accrued interest. The remaining decrease was primarily due to our lower Term Loan balance. Interest income was \$7.8 million for 2011, compared to \$5.0 million for 2010. The increase was due to higher average cash balances and higher rates of return.

Income Tax Expense—Income tax expense for 2011 was \$96.8 million (27.5% of pre-tax income), compared with \$80.0 million (27.4% of pre-tax income) for 2010. Our tax rate benefited by approximately 2.0% during both 2011 and 2010 from the utilization of previously unrecognized net operating losses.

Net Income Attributable to Noncontrolling Interests—Net income attributable to noncontrolling interests for 2011 was \$0.2 million compared to \$7.0 million for 2010. The change compared with 2010 was commensurate with the level of applicable operating results for such projects, primarily in the Middle East.

Segment Results

Steel Plate Structures

New Awards—New awards were \$4.1 billion for 2011, compared with \$1.3 billion for 2010. New awards during 2011 included the LNG mechanical erection and storage tank awards in the Asia Pacific region noted above (approximately \$2.8 billion combined), an aluminum complex storage tank project in the Middle East (approximately \$60.0 million), oil sands work in Canada and refining storage tank work in the Bahamas. New awards for 2010 included LNG storage tanks and other work in the Asia Pacific region (in excess of \$190.0 million) and three storage tanks in the Middle East (approximately \$170.0 million combined).

Revenue—Revenue was \$1.8 billion for 2011, representing an increase of \$370.0 million (26%) compared with 2010. Approximately \$200.0 million of this increase was attributable to increased construction activity on our large LNG tank project in the Asia Pacific region and storage tank project in the Middle East (both awarded in 2009). The remaining increase was primarily related to other storage projects in the Middle East and Asia Pacific.

Income from Operations—Income from operations for 2011 was \$167.3 million (9.2% of revenue) versus \$134.4 million (9.3% of revenue) for 2010. Our 2011 results generally benefited from higher revenue volume and better cost recoveries from increased construction activities, partly offset by higher precontract and selling and administrative costs (approximately \$4.0 million combined), and the 2010 period benefiting from a \$6.0 million claim settlement in the U.S. and better than anticipated margins on several projects executed in the Asia Pacific region and the Middle East.

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Project Engineering and Construction

New Awards—New awards were \$2.2 billion for 2011, compared with \$1.6 billion for 2010. New awards during 2011 included the full release of EPC services for our oil sands project in Canada (approximately \$500.0 million), a natural gas processing plant in the U.S. (approximately \$315.0 million), engineering design services for offshore platforms in the U.K. (approximately \$150.0 million), front-end engineering and design and project management services for a refinery in the Middle East, and various scope increases on our gas processing project in the Asia Pacific region and refining project in Colombia. New awards for 2010 included incremental releases for our oil sands project in Canada (approximately \$340.0 million), a gas processing plant in the U.S. (approximately \$280.0 million), engineering services for a floating production, storage and offloading facility in Europe (approximately \$50.0 million), a gas processing plant in Peru (approximately \$45.0 million), development services for an LNG integrated project in Russia, and scope increases on our gas processing project in the Asia Pacific region and refinery project in Colombia, both awarded in 2009.

Revenue—Revenue was \$2.3 billion for 2011, representing an increase of \$384.9 million (20%) compared with 2010. Our 2011 results benefited from an increase in engineering and construction activities on our refinery project in Colombia (approximately \$500.0 million), increased construction activity on our gas processing projects in the Asia Pacific region and the U.S. (approximately \$400.0 million combined), and increased revenue related to our oil sands work in Canada. These increases were partially offset by a lower volume of LNG work associated with the completion of projects in South America, Europe and the U.S. (approximately \$450.0 million combined) and less refinery work in the U.S.

Income from Operations—Income from operations for 2011 was \$91.6 million (4.0% of revenue) versus \$82.6 million (4.3% of revenue) for 2010. Our 2011 results generally benefited from higher revenue volume and better cost recoveries from increased engineering activities, but were impacted by a higher percentage of revenue being derived from our cost-reimbursable projects in the Asia Pacific region and Colombia, and higher precontract and selling and administrative costs (approximately \$10.5 million combined). While our 2011 results were impacted by facility realignment costs in the U.S., comparable charges were recognized in the prior year period.

Lummus Technology

New Awards—New awards were \$537.8 million for 2011, compared with \$422.5 million for 2010. The increase from 2010 was primarily due to the consolidation and subsequent growth of CDTECH (approximately \$115.0 million), higher petrochemical license awards, including a grassroots ethylene plant in Russia and an award for the license and engineering design of a propane dehydrogenation unit and polypropylene plant in Kazakhstan. The award activity for 2011 was primarily located in the Asia Pacific region, North America, Middle East and Russia.

Revenue—Revenue was \$448.6 million for 2011, representing an increase of \$153.3 million (52%) compared with 2010. The increase was primarily attributable to the consolidation and subsequent growth of CDTECH in 2011 (approximately \$60.0 million), with the remainder attributable to increased licensing, catalyst and heat transfer revenue.

Income from Operations—Income from operations for 2011 was \$96.3 million (21.5% of revenue) versus \$86.3 million (29.2% of revenue) for 2010. The absolute dollar increase from the prior year was due to increased revenue and the consolidation of CDTECH in 2011 (approximately \$8.0 million combined). The decrease as a percentage of revenue compared to the prior year was primarily due to the consolidation of CDTECH and a higher volume of heat transfer revenue in 2011, which generally has lower margins than our licenses, engineering services and catalysts.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents—At December 31, 2012, cash and cash equivalents were \$643.4 million.

Operating Activities—During 2012, net cash provided by operating activities was \$202.5 million, as cash generated from earnings, and dividends received from our equity investments, were offset by an overall increase in working capital. The increase in working capital resulted from an increase in accounts receivable of \$258.1 million and a net increase in contracts in progress of \$222.1 million, partly offset by an increase in accounts payable of \$135.8 million. These balances fluctuate based on the changing mix of cost-

reimbursable versus fixed-price backlog, as our cost-reimbursable projects tend to have a greater working capital requirement. These balances are also impacted at period-end by the timing of accounts receivable collections and accounts payable payments for our large projects. The increases noted above were primarily due to a greater percentage of our 2012 revenue being derived from our large cost-reimbursable projects.

Investing Activities—During 2012, net cash used in investing activities was \$66.8 million, as capital expenditures of \$72.3 million were partly offset by proceeds from the sale of property and equipment of \$5.5 million.

Financing Activities—During 2012, net cash used in financing activities was \$174.1 million, resulting primarily from share repurchases during the first six months of the year totaling \$123.3 million (2.8 million shares at an average price of \$44.35 per share), including \$98.4 million to repurchase 2.2 million shares of our outstanding common stock and \$24.9 million to repurchase 0.6 million shares associated with stock-based compensation related withholding taxes on taxable share distributions. Additionally, cash used in financing activities included a final \$40.0 million payment on our Term Loan (see below), dividends paid to our shareholders of \$19.4 million, financing-related payments associated with the Shaw Acquisition of \$12.9 million, of which approximately \$5.7 million was capitalized and will be expensed prospectively, and distributions to our noncontrolling interest partners of \$8.3 million. These cash outflows were partly offset by tax benefits associated with tax deductions in excess of recognized stock-based compensation costs of \$18.5 million and cash proceeds from the issuance of shares associated with our stock plans of \$11.3 million.

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As discussed below, on December 28, 2012, we issued a series of senior notes (the “Senior Notes”) totaling \$800.0 million, in the aggregate, to fund a portion of the Shaw Acquisition. The proceeds from the Senior Notes were immediately funded into an escrow account on December 28, 2012 and remained restricted from use until the Acquisition Closing Date. Accordingly, these escrowed funds were separately recorded as restricted cash on our Balance Sheet at December 31, 2012.

In addition to the Shaw Acquisition, we continue to evaluate and selectively pursue other opportunities for additional expansion of our business through acquisition of complementary businesses. These acquisitions may involve the use of cash or may require further debt or equity financing.

Effect of Exchange Rate Changes on Cash and Cash Equivalents—During 2012, our cash and cash equivalents balance increased by \$10.0 million due to the impact of changes in functional currency exchange rates against the U.S. dollar for non-U.S. dollar cash balances, primarily the Euro and Australian Dollar. The unrealized gain on our cash and cash equivalents balance resulting from this exchange rate movement is reflected in the cumulative translation adjustment component of other comprehensive income (loss) (“OCI”). Our cash and cash equivalents held in non-U.S. dollar currencies are used primarily for project-related and other operating expenditures in those currencies, and therefore, our exposure to realized exchange gains and losses is not anticipated to be material.

Letters of Credit/Bank Guarantees/Debt/Surety Bonds—Our primary internal source of liquidity is cash flow generated from operations. Capacity under a revolving credit facility is also available, if necessary, to fund operating or investing activities. We have a four-year, \$1.1 billion, committed and unsecured revolving credit facility (the “Revolving Facility”) with JPMorgan Chase Bank, N.A. (“JPMorgan”), as administrative agent, and Bank of America, N.A. (“BofA”), as syndication agent, which expires in July 2014. The Revolving Facility was amended effective December 21, 2012, to allow for the Shaw Acquisition and related financing as further described in the “Shaw Acquisition-Related Financing” section below. The Revolving Facility, as amended, has a borrowing sublimit of \$550.0 million and certain financial covenants, including a temporary maximum leverage ratio of 3.25 beginning at the Acquisition Closing Date, with such maximum declining to its previous level of 2.50 within six quarters of the Acquisition Closing Date, a minimum fixed charge coverage ratio of 1.75, and a minimum net worth level calculated as \$1.0 billion at December 31, 2012. The Revolving Facility also includes customary restrictions regarding subsidiary indebtedness, sales of assets, liens, investments, type of business conducted and mergers and acquisitions, as well as a trailing twelve-month limitation of \$300.0 million for dividend payments and share repurchases (subject to certain financial covenants) among other restrictions. At December 31, 2012, we had issued \$264.8 million of letters of credit under the Revolving Facility, providing \$835.2 million of available capacity under this facility. Such letters of credit are generally issued to customers in the ordinary course of business to support advance payments and performance guarantees, in lieu of retention on our contracts, or in certain cases, are issued in support of our insurance program.

In addition to the Revolving Facility, at December 31, 2012, we had a \$125.0 million committed and unsecured letter of credit and term loan agreement (the “LC Agreement”) with BofA, as administrative agent, JPMorgan, and various private placement note investors, which was terminated on February 12, 2013. At December 31, 2012, the LC Agreement was fully utilized; however, the letters of credit under the LC Agreement were replaced with capacity under our Revolving Facility upon termination of the LC Agreement. The LC Agreement had financial and restrictive covenants similar to those noted above for the Revolving Facility.

At December 31, 2011, we had \$40.0 million remaining on our Term Loan with JPMorgan, as administrative agent, and BofA, as syndication agent. Interest under the Term Loan was paid quarterly in arrears and, at our election, was based upon LIBOR plus an applicable floating margin. However, we had an interest rate swap that provided for an interest rate of approximately 5.57%, inclusive of the applicable floating margin. The remaining Term Loan balance was repaid in November 2012.

We also have various short-term, uncommitted revolving credit facilities (the “Uncommitted Facilities”) across several geographic regions of approximately \$1.7 billion. These facilities are generally used to provide letters of credit or bank guarantees to customers to support advance payments and performance guarantees in the ordinary course of business or in lieu of retention on our contracts. At December 31, 2012, we had issued \$691.1 million of letters of credit under the Uncommitted Facilities, providing \$1.0 billion of available capacity under these facilities. In addition to providing letters of credit or bank guarantees, we also issue surety bonds in the ordinary course of business to support our contract performance.

During 2012, we had no material borrowings under the Revolving Facility, LC Agreement or Uncommitted Facilities (collectively, the “Existing Facilities”). At December 31, 2012, we were in compliance with all of our restrictive and financial covenants, with a leverage ratio of 0.07, a fixed charge coverage ratio of 6.93, and net worth of \$1.4 billion. Our ability to remain in compliance with our lending facilities could be impacted by circumstances or conditions beyond our control, including, but not limited to, the delay or cancellation of projects, changes in foreign currency exchange or interest rates, performance of pension plan assets, or changes in actuarial assumptions. Further, we could be impacted if our customers experience a material change in their ability to pay us, if the financial institutions associated with our lending facilities were to cease or reduce operations, or if there is a full or partial break-up of the European Union or its currency, the Euro. See Notes 9 and 12 to our Financial Statements for further discussion of our lending facilities.

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Shaw Acquisition-Related Financing—As more fully described in Note 4 to our Financial Statements, on February 13, 2013 we completed the Shaw Acquisition for a purchase price of approximately \$3.3 billion, comprised of approximately \$2.9 billion in cash consideration and approximately \$489.7 million in equity consideration. The cash consideration was funded using approximately \$1.1 billion from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using \$1.8 billion in debt financing, which consisted of a four-year, \$1.0 billion unsecured term loan (the “Acquisition Term Loan”) and our \$800.0 million Senior Notes.

The Acquisition Term Loan was committed on December 21, 2012 by BofA, as administrative agent, and Credit Agricole Corporate and Investment Bank (“Credit Agricole”) as syndication agent; however, borrowings were not allowed or made until the Acquisition Closing Date, at which time the \$1.0 billion was funded. The Acquisition Term Loan bears interest at LIBOR plus an applicable floating margin. Annual future maturities for the Acquisition Term Loan are \$75.0 million, \$100.0 million, \$100.0 million, \$150.0 million and \$575.0 million, in 2013, 2014, 2015, 2016 and 2017, respectively, with interest due quarterly.

The Senior Notes were issued and funded into an escrow account on December 28, 2012, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Credit Agricole, as administrative agents; however, the funds were restricted from use until the Acquisition Closing Date. Accordingly, the escrowed funds were recorded as restricted cash, and the Senior Notes were recorded as long-term debt, on our Balance Sheet at December 31, 2012. The Senior Notes include Series A through D, which contain the following terms:

Series A—Interest due semi-annually at a fixed rate of 4.15%, with principal of \$150,000 due in December 2017

Series B—Interest due semi-annually at a fixed rate of 4.57%, with principal of \$225,000 due in December 2019

Series C—Interest due semi-annually at a fixed rate of 5.15%, with principal of \$275,000 due in December 2022

Series D—Interest due semi-annually at a fixed rate of 5.30%, with principal of \$150,000 due in December 2024

On December 21, 2012, we also entered into a five-year, \$650.0 million, unsecured revolving credit facility (the “Second Revolving Facility”) with BofA, as administrative agent, and Credit Agricole, as syndication agent, which expires in February 2018, and has a \$487.5 million borrowing sublimit. The Second Revolving Facility will supplement our Revolving Facility and was used to replace \$186.8 million of Shaw’s existing credit facilities on the Acquisition Closing Date. However, at December 31, 2012, we had no borrowings or outstanding letters of credit under the Second Revolving Facility as none were permitted until the Acquisition Closing Date. In addition to the Second Revolving Facility, the Uncommitted Facilities were used to replace an additional \$99.6 million of Shaw’s existing credit facilities on the Acquisition Closing Date.

Our Acquisition Term Loan, Senior Notes and Second Revolving Facility (collectively, the “Acquisition Facilities”) include financial and restrictive covenants similar to those noted above for the Existing Facilities and, at December 31, 2012, we were in compliance with such covenants.

Shaw Acquisition-Related Costs—During 2012, we incurred approximately \$11.0 million and \$7.2 million of transaction costs and financing-related costs, respectively, which were recognized in other operating expense (income), net and interest expense, respectively. During 2013, we anticipate incurring additional transaction costs and financing-related costs related to the Shaw Acquisition of approximately \$25.9 million and \$10.7 million, respectively. In addition, change-in-control payments of approximately \$31.8 million could be incurred if we take certain actions, including termination or a significant reduction in duties or compensation of certain employees. At the Acquisition Closing Date, Shaw had also incurred approximately \$90.1 million of transaction costs related to existing change-in-control agreements (and the associated change-in-control payments that were triggered by the Shaw Acquisition), retention agreements, and investment banking, legal and accounting services. Such costs were or will be paid, at or subsequent to the Acquisition Closing Date, and recorded as goodwill on our Acquisition Closing Date balance sheet.

Share Issuance Agreement—On August 18, 2009, we filed a prospectus with the SEC, under a previously filed shelf registration statement, which provided for the offer and sale of up to 10.0 million shares of our common stock (“Shares”) through July 27, 2012, its expiration date. We cumulatively offered and sold approximately 2.4 million Shares under the prospectus; however, no Shares were sold during 2012.

Shelf Registration Statement—On June 19, 2012, we filed a shelf registration statement with the SEC that expires on June 18, 2015. The shelf registration statement enables us to offer and sell shares of our common stock and issue debt securities (collectively, the “Securities”) from time to time subsequent to the filing of a prospectus supplement which, among other things, identifies the sales agent, specifies the number and value of Securities that may be sold, and provides the time frame over which Securities may be offered.

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Contractual Obligations—At December 31, 2012, our contractual obligations were as follows:

Contractual Obligations

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Operating leases (1)	\$244,999	\$67,826	\$74,308	\$45,399	\$57,466
Senior notes (2)	1,140,128	38,620	77,240	227,240	797,028
Self-insurance obligations (3)	4,447	4,447	—	—	—
Pension funding obligations (4)	16,800	16,800	—	—	—
Postretirement benefit funding obligations (4)	2,900	2,900	—	—	—
Purchase obligations (5)	—	—	—	—	—
Unrecognized tax benefits (6)	—	—	—	—	—
Total contractual obligations	<u>\$1,409,274</u>	<u>\$130,593</u>	<u>\$151,548</u>	<u>\$272,639</u>	<u>\$854,494</u>

- (1) Includes approximately \$24.0 million of minimum lease payments that are contractually recoverable through our cost-reimbursable projects.
- (2) Includes interest accruing on our \$800.0 million Senior Notes discussed above at a weighted average rate of 4.8%.
- (3) Represents expected 2013 payments associated with our self-insurance program. Payments beyond one year have not been included as amounts are not determinable.
- (4) Represents expected 2013 contributions to fund our defined benefit pension and other postretirement plans. Contributions beyond one year have not been included as amounts are not determinable.
- (5) In the ordinary course of business, we enter into commitments for the purchase of materials and supplies on our projects. These purchase commitments (which are expected to be recovered from our customers) are generally settled in less than one year. We do not enter into long-term purchase commitments on a speculative basis for fixed or minimum quantities.
- (6) Payments for reserved tax contingencies of \$5.2 million are not included as the timing of specific tax payments is not determinable.

Other—We believe our cash on hand, funds generated by operations, amounts available under our Existing Facilities and Acquisition Facilities, and other external sources of liquidity, such as the issuance of debt and equity instruments, will be sufficient to finance our capital expenditures, settle our commitments and contingencies (as more fully described in Note 12 to our Financial Statements) and address our working capital needs for the foreseeable future. However, there can be no assurance that such funding will continue to be available, as our ability to generate cash flow from operations and our ability to access funding under our Existing Facilities and Acquisition Facilities at reasonable terms, may be impacted by a variety of business, economic, legislative, financial and other factors, which may be outside of our control.

Additionally, while we currently have significant uncommitted bonding facilities, primarily to support various commercial provisions in our contracts, a termination or reduction of these bonding facilities could result in the utilization of letters of credit in lieu of performance bonds, thereby reducing the available capacity under our Existing Facilities and Acquisition Facilities. Although we do not anticipate a reduction or termination of the bonding facilities, there can be no assurance that such facilities will continue to be available at reasonable terms to service our ordinary course obligations.

A portion of our pension plans assets are invested in European Union government securities, which could be impacted by economic turmoil in Europe or a full or partial break-up of the European Union or its currency, the Euro. However, given the long term nature of pension funding requirements, in the event any of our pension plans (including those with investments in European Union government securities) become materially underfunded from a decline in value of our plan assets, we believe our cash on hand and amounts available under our Existing Facilities and Acquisition Facilities would be sufficient to fund any increases in future contribution requirements. See Note 11 to our Financial Statements for further discussion of our pension plan assets.

We are a defendant in a number of lawsuits arising in the normal course of business and we have in place appropriate insurance coverage for the type of work that we perform. As a matter of standard policy, we review our litigation accrual quarterly and as further information is known on pending cases, increases or decreases, as appropriate, may be recorded. See Note 12 to our Financial Statements for a discussion of pending litigation, including lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed.

OFF-BALANCE SHEET ARRANGEMENTS

We use operating leases for facilities and equipment when they make economic sense, including sale-leaseback arrangements. Our sale-leaseback arrangements are not material to our Financial Statements, and we have no other significant off-balance sheet arrangements.

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NEW ACCOUNTING STANDARDS

See the applicable section of Note 2 to our Financial Statements for a discussion of new accounting standards.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We continually evaluate our estimates based upon historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our management has discussed the development and selection of our critical accounting estimates with the Audit Committee of our Supervisory Board of Directors. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our Financial Statements.

Revenue Recognition—Our contracts are awarded on a competitive bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Our contract revenue is primarily recognized using the POC method, based on the percentage that actual costs-to-date bear to total estimated costs to complete each contract. We follow the guidance of Financial Accounting Standards Board Accounting Standards Codification Revenue Recognition Topic 605-35 for accounting policies relating to our use of the POC method, estimating costs, and revenue recognition, including the recognition of profit incentives, unapproved change orders and claims, and combining and segmenting contracts. We utilize the cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. Under the cost-to-cost approach, the use of estimated costs to complete each contract is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for contracts. Significant estimates that impact the cost to complete each contract are costs of engineering, materials, components, equipment, labor and subcontracts; labor productivity; schedule durations, including subcontract and supplier progress; liquidated damages; contract disputes, including claims; achievement of contractual performance requirements; and contingency, among others. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts in progress. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for approved change orders and estimated recoveries on unapproved change orders and claims. We recognize revenue associated with unapproved change orders and claims to the extent that related costs have been incurred, recovery is probable and the value can be reliably estimated. Profit incentives are generally included in the determination of contract revenue upon achievement of the relevant performance requirements and customer approval. At December 31, 2012 and 2011, we had unapproved change orders and claims of approximately \$47.1 million and \$27.0 million, respectively, factored into the determination of revenue and estimated costs for a project in our Project Engineering and Construction sector, but had no material profit incentives factored into the determination of revenue. Our recorded unapproved change orders and claims reflect our best estimate of recovery amounts; however, the ultimate resolution and amounts received could differ from these estimates.

With respect to our EPC services, our contracts are generally not segmented between types of services, such as engineering and construction, if each of the EPC components is negotiated concurrently or if the pricing of any such services is subject to the ultimate negotiation and agreement of the entire EPC contract. If an EPC contract includes both technology and EPC services, such contract is segmented between technology and the EPC services when the technology scope is independently negotiated and priced. In some instances, we may combine contracts that are entered into in multiple phases, but are interdependent and include pricing considerations by us and the customer that are impacted by all phases of the project. Otherwise, if each phase is independent of the other and pricing considerations do not give effect to another phase, the contracts will not be combined.

Financial Instruments—We utilize derivative instruments in certain circumstances to mitigate the effects of changes in foreign currency exchange rates and interest rates, as described below:

Foreign Currency Exchange Rate Derivatives—We do not engage in currency speculation; however, we do utilize foreign currency exchange rate derivatives on an on-going basis to hedge against certain foreign currency-related operating exposures. We generally seek hedge accounting treatment for contracts used to hedge operating exposures and designate them as cash flow hedges. Therefore, gains and losses exclusive of credit risk and forward points (which represent the time-value component of the fair value of our derivative positions) are included in Accumulated Other Comprehensive Income (“AOCI”) until the associated underlying operating exposure impacts our earnings. Changes in the fair value of credit risk and forward points, instruments deemed ineffective during the period and instruments that we do not designate as cash flow hedges are recognized within cost of revenue.

Interest Rate Derivatives—During 2012, our interest rate derivatives were limited to a swap arrangement in place to hedge against interest rate variability associated with our Term Loan. The swap arrangement was designated as a cash flow hedge, as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40.0 million. Accordingly, changes in the fair value of the swap arrangement were included in AOCI until the associated underlying exposure impacted our earnings.

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Income Taxes—Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis using currently enacted income tax rates for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The final realization of deferred tax assets depends upon our ability to generate sufficient future taxable income of the appropriate character and in the appropriate jurisdictions.

At December 31, 2012, we had a recorded net deferred tax asset (“DTA”) of \$21.9 million related to net operating losses (“NOLs”) generated in the U.K. We also had a valuation allowance against \$74.6 million of U.K. NOLs for which we believe it is more likely than not that the NOLs will not be utilized. The U.K. NOL DTA was recorded primarily in 2007 and 2008 and relates to losses incurred during those years on two large fixed-price projects that were completed in the first quarter of 2010. We have had no material release of valuation allowance since it was initially recorded. On a periodic and ongoing basis we evaluate our recorded U.K. NOL and assess the appropriateness of our valuation allowance. Our assessment includes, among other things, the value and quality of backlog, an evaluation of existing and anticipated market conditions, an analysis of historical results and projections of future income, and strategic plans and alternatives for our U.K. operations. We consider the impact of these and other factors, including the indefinite-lived nature of the U.K. NOLs, and determine whether an adjustment to our valuation allowance is required. Based on this analysis, we believe it is more likely than not that we will generate sufficient future taxable income to realize our U.K. NOL DTA. In order to realize the U.K. NOL DTA, our U.K. operations will need to generate future taxable income of approximately \$95.0 million. Based on this same analysis and as described above, we do not believe it is more likely than not that we will utilize our U.K. NOLs in excess of the amounts recorded. However, better than anticipated future operating results or a significant increase in backlog could impact our assessment and result in future changes in valuation allowance.

We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not that additional tax will be due in excess of amounts reflected in income tax returns filed worldwide. At December 31, 2012 and 2011, our reserves totaled \$5.2 million and \$7.4 million, respectively. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within income tax expense and interest expense, respectively.

Insurance—We maintain insurance coverage for various aspects of our business and operations. However, we retain a portion of anticipated losses through the use of deductibles and self-insured retentions for our exposures related to third-party liability and workers’ compensation. We regularly review estimates of reported and unreported claims through analysis of historical and projected trends, in conjunction with actuaries and other consultants, and provide for losses through insurance reserves. As claims develop and additional information becomes available, adjustments to loss reserves may be required. If actual results are not consistent with our assumptions, we may be exposed to gains or losses that could be material. A hypothetical ten percent change in our self-insurance reserves at December 31, 2012 would have impacted our pre-tax income by approximately \$2.2 million for 2012.

Recoverability of Goodwill and Long-Lived Assets—Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. We are required to review goodwill for impairment for each of our reporting units, which we have identified as our three reporting segments. In the fourth quarter of 2012, as part of our annual impairment assessment, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units. If, based on future qualitative assessments, the two-phase quantitative assessment is deemed necessary, it would require us to allocate goodwill to the applicable reporting unit, compare its fair value to the carrying amount, including goodwill, and then, if necessary, record a goodwill impairment charge in an amount equal to the excess, if any, of the carrying amount of the reporting unit’s goodwill over the implied fair value of that goodwill.

To the extent a quantitative assessment is required, the implied fair value of each applicable reporting unit would be derived using the discounted cash flow method. This methodology is based, to a large extent, on assumptions about future events, which may or may not occur as anticipated, and such deviations could have a significant impact on the calculated estimated fair values of our reporting

units. These assumptions include, but are not limited to, estimates of future growth rates, discount rates and terminal values of reporting units. Our goodwill balance at December 31, 2012 was \$926.7 million, including \$48.2 million for Steel Plate Structures, \$447.7 million for Project Engineering and Construction and \$430.8 million for Lummus Technology. Based upon our current goodwill impairment assessment, each of our reporting units continue to have estimated fair values that are substantially in excess of their carrying values.

Finite-lived identifiable intangible assets are amortized on a straight-line basis over estimated useful lives ranging from 6 to 20 years, absent any indicators of impairment. We review tangible and finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, the estimated future cash flow associated with the asset or asset group will be compared to the asset's carrying amount to determine if an impairment exists. We noted no indicators of impairment in 2012 or 2011. See Note 5 to our Financial Statements for further discussion regarding goodwill and other intangible assets.

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Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Foreign Currency Risk—We are exposed to market risk associated with changes in foreign currency exchange rates, which may adversely affect our results of operations and financial condition. One form of exposure to fluctuating exchange rates relates to the effects of translating financial statements of foreign operations (primarily Australian Dollar, Canadian Dollar and Euro denominated) into our reporting currency, which are recognized as a cumulative translation adjustment in AOCI. We generally do not hedge our exposure to potential foreign currency translation adjustments.

We do not engage in currency speculation; however, we do utilize foreign currency exchange rate derivatives on an on-going basis to hedge against certain foreign currency-related operating exposures. We generally seek hedge accounting treatment for contracts used to hedge operating exposures and designate them as cash flow hedges. Therefore, gains and losses exclusive of credit risk and forward points are included in AOCI until the associated underlying operating exposure impacts our earnings. Changes in the fair value of credit risk and forward points, instruments deemed ineffective during the period and instruments that we do not designate as cash flow hedges are recognized within cost of revenue and were not material during 2012.

At December 31, 2012, the notional value of our outstanding forward contracts to hedge certain foreign currency exchange-related operating exposures was \$125.4 million, including net foreign currency exchange rate exposure associated with the purchase of U.S. Dollars (\$102.8 million), Euros (\$12.7 million), Thai Baht (\$8.1 million) and Singapore Dollars (\$1.8 million). The total net fair value of these contracts was a loss of approximately \$3.8 million at December 31, 2012. The potential change in fair value for our outstanding contracts resulting from a hypothetical ten percent change in quoted foreign currency exchange rates would have been approximately \$12.5 million and \$7.2 million at December 31, 2012 and 2011, respectively. This potential change in fair value of our outstanding contracts would be offset by the change in fair value of the associated underlying operating exposures.

Interest Rate Risk—During 2012, we continued to utilize a swap arrangement to hedge against interest rate variability associated with our Term Loan. The swap arrangement was designated as a cash flow hedge as its critical terms matched those of the Term Loan at inception, and through November 2012 when we paid the remaining balance of \$40.0 million. Accordingly, changes in the fair value of the interest rate swap were recognized in AOCI until the associated underlying exposure impacted our earnings.

Other—The carrying values of our cash and cash equivalents, accounts receivable and accounts payable approximate their fair values because of the short-term nature of these instruments. At December 31, 2012, the fair value of our \$800.0 million Senior Notes, which were issued and funded into an escrow account on December 28, 2012, approximated their carrying value. At December 31, 2011, the fair value of our Term Loan, based upon the current market rates for debt with similar credit risk and maturity, approximated its carrying value as interest was based upon LIBOR plus an applicable floating spread and was paid quarterly in arrears. As noted above, our remaining Term Loan balance was paid in 2012. See Note 10 to our Financial Statements for additional discussion of our financial instruments.

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Item 8. *Financial Statements and Supplementary Data*

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MANAGEMENT' S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Included in our system of internal control are written policies, an organizational structure providing division of responsibilities, the selection and training of qualified personnel and a program of financial and operations reviews by our professional staff of corporate auditors.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the underlying transactions, including the acquisition and disposition of assets; (ii) provide reasonable assurance that our assets are safeguarded and transactions are executed in accordance with management' s and our directors' authorization and are recorded as necessary to permit preparation of our Financial Statements in accordance with generally accepted accounting principles; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our Financial Statements.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Our evaluation was based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our evaluation under the framework in *Internal Control - Integrated Framework*, our principal executive officer and principal financial officer concluded our internal control over financial reporting was effective as of December 31, 2012. The conclusion of our principal executive officer and principal financial officer is based upon the recognition that there are inherent limitations in all systems of internal control, including the possibility of human error and the circumvention or overriding of controls. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our internal control over financial reporting as of December 31, 2012 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ Philip K. Asherman

Philip K. Asherman
President and
Chief Executive Officer

/s/ Ronald A. Ballschmiede

Ronald A. Ballschmiede
Executive Vice President and
Chief Financial Officer

February 27, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Supervisory Board and Shareholders of
Chicago Bridge & Iron Company N.V.

We have audited Chicago Bridge & Iron Company N.V. and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Chicago Bridge & Iron Company N.V. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Chicago Bridge & Iron Company N.V. and subsidiaries' maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Chicago Bridge & Iron Company N.V. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012. Our report dated February 27, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
February 27, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Supervisory Board and Shareholders of
Chicago Bridge & Iron Company N.V.

We have audited the accompanying consolidated balance sheets of Chicago Bridge & Iron Company N.V. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule, listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chicago Bridge & Iron Company N.V. and subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Chicago Bridge & Iron Company N.V. and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
February 27, 2013

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2012	2011	2010
	(In thousands, except per share data)		
Revenue	\$5,485,206	\$4,550,542	\$3,642,318
Cost of revenue	4,786,499	3,980,306	3,150,255
Gross profit	698,707	570,236	492,063
Selling and administrative expense	227,948	205,550	185,213
Intangibles amortization	22,613	26,302	23,690
Other operating expense (income), net	10,434	74	(636)
Equity earnings	(17,931)	(16,887)	(19,464)
Income from operations	455,643	355,197	303,260
Interest expense	(19,606)	(11,030)	(16,686)
Interest income	8,029	7,796	4,955
Income before taxes	444,066	351,963	291,529
Income tax expense	(127,003)	(96,765)	(79,966)
Net income	317,063	255,198	211,563
Less: Net income attributable to noncontrolling interests	(15,408)	(166)	(7,004)
Net income attributable to CB&I	<u>\$301,655</u>	<u>\$255,032</u>	<u>\$204,559</u>
Net income attributable to CB&I per share:			
Basic	\$3.12	\$2.60	\$2.08
Diluted	\$3.07	\$2.55	\$2.04
Cash dividends on shares:			
Amount	\$19,394	\$19,722	\$-
Per share	\$0.20	\$0.20	\$-

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2012	2011	2010
	(In thousands)		
Net income	\$317,063	\$255,198	\$211,563
Other comprehensive income (loss), net of tax:			
Change in cumulative translation adjustment (net of tax of (\$3,322), \$2,929 and \$10,861)	7,659	(18,802)	(1,638)
Change in unrealized fair value of cash flow hedges (net of tax of (\$442), (\$791) and (\$1,006))	1,093	1,335	2,013
Change in unrecognized prior service pension credits/costs (net of tax of \$140, (\$1,176) and (\$41))	(539)	2,517	(144)
Change in unrecognized actuarial pension gains/losses (net of tax of \$13,377, \$2,603 and \$8,116)	(45,311)	(24,319)	(19,436)
Comprehensive income	279,965	215,929	192,358
Less: Net income attributable to noncontrolling interests (net of tax of \$400, (\$466) and \$741)	(15,408)	(166)	(7,004)
Less: Change in cumulative translation adjustment attributable to noncontrolling interests (net of tax of \$0, \$0 and \$0)	(2,782)	(891)	(970)
Comprehensive income attributable to CB&I	<u>\$261,775</u>	<u>\$214,872</u>	<u>\$184,384</u>

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

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CHICAGO BRIDGE & IRON COMPANY N.V. CONSOLIDATED BALANCE SHEETS

	December 31,	
	2012	2011
	(In thousands, except share data)	
Assets		
Cash and cash equivalents (\$142,285 and \$88,986 related to variable interest entities (“VIEs”))	\$643,395	\$671,811
Restricted cash (Note 9)	800,000	–
Accounts receivable, net (\$63,649 and \$12,406 related to VIEs)	752,985	494,853
Costs and estimated earnings in excess of billings (\$38,967 and \$24,043 related to VIEs)	303,540	239,536
Deferred income taxes (Note 15)	88,681	106,351
Other current assets	132,954	140,545
Total current assets.	2,721,555	1,653,096
Equity investments (Note 6)	97,267	95,687
Property and equipment, net (Note 7)	285,871	262,003
Deferred income taxes (Note 15)	73,201	74,094
Goodwill (Note 5)	926,711	926,393
Other intangibles, net (Note 5)	166,308	188,119
Other non-current assets	58,762	79,957
Total assets	\$4,329,675	\$3,279,349
Liabilities		
Current maturity of long-term debt (Note 9)	\$–	\$40,000
Accounts payable (\$87,301 and \$32,125 related to VIEs)	654,504	518,749
Accrued liabilities (Note 7)	354,700	278,596
Billings in excess of costs and estimated earnings (\$39,105 and \$25,207 related to VIEs)	758,938	917,067
Deferred income taxes (Note 15)	4,380	2,467
Total current liabilities	1,772,522	1,756,879
Long-term debt (Note 9)	800,000	–
Other non-current liabilities (Note 7)	272,443	243,984
Deferred income taxes (Note 15)	88,400	82,056
Total liabilities	2,933,365	2,082,919
Commitments and contingencies (Note 12)	–	–
Shareholders’ Equity		
Common stock, Euro .01 par value; shares authorized: 250,000,000; shares issued: 101,522,318; shares outstanding: 96,835,010 and 97,595,735	1,190	1,190
Additional paid-in capital	363,417	371,669
Retained earnings	1,300,742	1,018,481
Stock held in trust (Note 13)	(3,031)	(9,788)
Treasury stock, at cost: 4,687,308 and 3,926,583 shares	(193,533)	(142,666)
Accumulated other comprehensive loss (Note 13)	(101,032)	(61,152)
Total CB&I shareholders’ equity	1,367,753	1,177,734
Noncontrolling interests	28,557	18,696
Total shareholders’ equity	1,396,310	1,196,430
Total liabilities and shareholders’ equity	\$4,329,675	\$3,279,349

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

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CHICAGO BRIDGE & IRON COMPANY N.V. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2012	2011	2010
	(In thousands)		
Cash Flows from Operating Activities			
Net income	\$317,063	\$255,198	\$211,563
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	66,421	70,184	72,885
Deferred taxes	63,402	29,839	9,715
Stock-based compensation expense	41,000	35,298	31,286
Equity earnings	(17,931)	(16,887)	(16,296)
(Gain) loss on property and equipment transactions	(566)	7,512	4,637
Unrealized loss (gain) on foreign currency hedge ineffectiveness	3,838	(7)	340
Excess tax benefits from stock-based compensation	(18,467)	(15,388)	(7,625)
Changes in operating assets and liabilities:			
(Increase) decrease in receivables, net	(258,132)	(130,192)	127,349
Change in contracts in progress, net	(222,133)	16,419	(37,017)
Increase (decrease) in accounts payable	135,755	159,524	(112,558)
Decrease (increase) in other current and non-current assets	21,704	(50,255)	(7,774)
Increase (decrease) in accrued and other non-current liabilities	59,118	38,093	(28,350)
Decrease in equity investments	20,286	9,605	26,853
Change in other, net	(8,854)	4,212	13,398
Net cash provided by operating activities	202,504	413,155	288,406
Cash Flows from Investing Activities			
Cost of business acquisitions, net of cash acquired	–	–	(42,813)
Capital expenditures	(72,279)	(40,945)	(24,089)
Proceeds from sale of property and equipment	5,494	8,192	8,526
Net cash used in investing activities	(66,785)	(32,753)	(58,376)
Cash Flows from Financing Activities			
Decrease in notes payable	–	(334)	(376)
Repayment of debt	(40,000)	(40,000)	(40,000)
Borrowings from issuances of Senior Notes	800,000	–	–
Cash deposited into restricted cash	(800,000)	–	–
Excess tax benefits from stock-based compensation	18,467	15,388	7,625
Purchase of treasury stock	(123,255)	(135,598)	(51,460)
Issuance of stock	11,325	12,215	10,808
Dividends paid	(19,394)	(19,722)	–
Distributions to noncontrolling interests	(8,329)	(10,744)	(3,061)
Revolving facility and deferred financing costs	(12,925)	–	(9,879)
Net cash used in financing activities	(174,111)	(178,795)	(86,343)
Effect of exchange rate changes on cash and cash equivalents	9,976	(11,534)	12,051
(Decrease) increase in cash and cash equivalents	(28,416)	190,073	155,738
Cash and cash equivalents, beginning of the year	671,811	481,738	326,000
Cash and cash equivalents, end of the year	\$643,395	\$671,811	\$481,738

Supplemental Cash Flow Disclosures

Cash paid for interest	\$6,866	\$9,739	\$12,571
Cash paid for income taxes (net of refunds)	\$66,385	\$44,868	\$71,838

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	(Note 13)											
									Accumulated			
	Common Stock		Additional	Retained	Stock Held in Trust		Treasury Stock		Other		Total	
	Shares	Amount	Paid-In Capital	Earnings	Shares	Amount	Shares	Amount	Comprehensive (Loss) Income	Noncontrolling Interests	Shareholders' Equity	
(In thousands, except per share data)												
Balance at December												
31, 2009	100,204	1,190	359,283	578,612	2,122	(33,576)	1,319	(30,872)	(817)	23,470	897,290	
Net income	—	—	—	204,559	—	—	—	—	—	7,004	211,563	
Change in cumulative translation adjustment, net	—	—	—	—	—	—	—	—	(2,608)	970	(1,638)	
Change in unrealized fair value of cash flow hedges, net	—	—	—	—	—	—	—	—	2,013	—	2,013	
Change in unrecognized prior service pension credits/costs, net	—	—	—	—	—	—	—	—	(144)	—	(144)	
Change in unrecognized actuarial pension gains/losses, net	—	—	—	—	—	—	—	—	(19,436)	—	(19,436)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(3,061)	(3,061)	
Stock-based compensation expense	—	—	31,286	—	—	—	—	—	—	—	31,286	
Release of trust shares	—	—	(12,360)	—	(743)	13,415	—	—	—	—	1,055	
Purchase of treasury stock	(2,698)	—	—	—	—	—	2,698	(51,460)	—	—	(51,460)	
Issuance of stock	1,837	—	(25,789)	—	—	—	(1,837)	42,166	—	—	16,377	
Balance at December												
31, 2010	99,343	1,190	352,420	783,171	1,379	(20,161)	2,180	(40,166)	(20,992)	28,383	1,083,845	
Net income	—	—	—	255,032	—	—	—	—	—	166	255,198	
Change in cumulative translation adjustment, net	—	—	—	—	—	—	—	—	(19,693)	891	(18,802)	
Change in unrealized fair value of cash flow hedges, net	—	—	—	—	—	—	—	—	1,335	—	1,335	
Change in unrecognized prior	—	—	—	—	—	—	—	—	2,517	—	2,517	

service pension													
credits/costs, net													
Change in unrecognized actuarial pension gains/losses, net	—	—	—	—	—	—	—	—	(24,319	)	—	(24,319
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(10,744	)	(10,744
Dividends paid (\$0.20 per share)	—	—	—	(19,722	)	—	—	—	—	—	—	(19,722
Stock-based compensation expense	—	—	35,298	—	—	—	—	—	—	—	—	35,298	
Release of trust shares	(114)	—	(2,429)	—	(627)	10,373	114	(4,649)	3,295
Purchase of treasury stock	(3,685	)	—	—	—	—	—	3,685	(135,598)	—	—	(135,598
Issuance of stock	2,052	—	(13,620	)	—	—	—	(2,052)	37,747	—	—	24,127
Balance at December 31, 2011	97,596	1,190	371,669	1,018,481	752	(9,788	)	3,927	(142,666)	(61,152	)	18,696
Net income	—	—	—	301,655	—	—	—	—	—	—	15,408	317,063	
Change in cumulative translation adjustment, net	—	—	—	—	—	—	—	—	—	4,877	2,782	7,659	
Change in unrealized fair value of cash flow hedges, net	—	—	—	—	—	—	—	—	—	1,093	—	1,093	
Change in unrecognized prior service pension credits/costs, net	—	—	—	—	—	—	—	—	—	(539)	—	
Change in unrecognized actuarial pension gains/losses, net	—	—	—	—	—	—	—	—	—	(45,311)	—	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(8,329)	
Dividends paid (\$0.20 per share)	—	—	—	(19,394	)	—	—	—	—	—	—	(19,394
Stock-based compensation expense	—	—	41,000	—	—	—	—	—	—	—	—	41,000	
Release of trust shares	—	—	(1,722	)	—	(436	)	6,757	—	—	—	5,035
Purchase of treasury stock	(2,779	)	—	—	—	—	—	2,779	(123,255)	—	—	(123,255
Issuance of stock	2,018	—	(47,530	)	—	—	—	(2,018)	72,388	—	—	24,858
Balance at December 31, 2012	96,835	\$ 1,190	\$ 363,417	\$ 1,300,742	316	\$(3,031	)	4,688	\$(193,533)	\$(101,032	)	\$ 28,557
												\$ 1,396,310	

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

CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

1. ORGANIZATION AND NATURE OF OPERATIONS

Organization and Nature of Operations—Chicago Bridge & Iron Company N.V. (“CB&I” or “the Company”) is an integrated engineering, procurement and construction (“EPC”) services provider and major process technology licensor. Founded in 1889, CB&I provides conceptual design, technology, engineering, procurement, fabrication, construction and commissioning services. Natural gas, petroleum and petrochemical projects for the worldwide energy and natural resource industries accounted for a majority of our revenue in 2012, 2011 and 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation—These Consolidated Financial Statements (“Financial Statements”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all wholly-owned subsidiaries and those entities which we are required to consolidate in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Consolidations Topic 810 (“FASB ASC 810”). See the “Joint Venture Arrangements” section of this footnote for further discussion of our consolidation policy for those entities that are not wholly-owned. Significant intercompany balances and transactions are eliminated in consolidation. Certain December 31, 2011 income tax payable, income tax receivable and deferred tax asset and liability balances have been reclassified to conform to our December 31, 2012 presentation.

Use of Estimates—The preparation of our Financial Statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We believe the most significant estimates and judgments are associated with revenue recognition on engineering and construction and technology contracts; recoverability assessments that must be periodically performed with respect to goodwill and other intangible asset balances; valuation of financial instruments and deferred tax assets; and the determination of liabilities related to self-insurance programs and income taxes. If the underlying estimates and assumptions upon which our Financial Statements are based change in the future, actual amounts may differ from those included in the accompanying Financial Statements.

Revenue Recognition—Our contracts are awarded on a competitive bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Our contract revenue is primarily recognized using the percentage of completion (“POC”) method, based on the percentage that actual costs-to-date bear to total estimated costs to complete each contract. We follow the guidance of FASB ASC Revenue Recognition Topic 605-35 for accounting policies relating to our use of the POC method, estimating costs, and revenue recognition, including the recognition of profit incentives, unapproved change orders and claims, and combining and segmenting contracts. We utilize the cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. Under the cost-to-cost approach, the use of estimated costs to complete each contract is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts in progress. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for approved change orders and estimated recoveries on unapproved change orders and claims. We recognize revenue associated with unapproved change orders and claims to the extent that related costs have been incurred, recovery is probable and the value can be reliably estimated. Profit incentives are generally included in the determination of contract revenue upon achievement of the relevant performance requirements and customer approval. At December 31, 2012 and 2011, we had unapproved change orders and claims of approximately \$47,100 and \$27,000, respectively, factored into the determination of revenue and estimated costs for a project in our Project Engineering and Construction sector, but had no material profit

incentives factored into the determination of revenue. Our recorded unapproved change orders and claims reflect our best estimate of recovery amounts; however, the ultimate resolution and amounts received could differ from these estimates.

The timing of our revenue recognition may be impacted by the contracting structure of our contracts. Fixed-price contracts, and hybrid contracts with a more significant fixed-price component, tend to provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Cost-reimbursable contracts, or hybrid contracts with a more significant cost-reimbursable component, generally provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of revenue recognition.

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Chicago Bridge & Iron Company N.V. **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

With respect to our EPC services, our contracts are generally not segmented between types of services, such as engineering and construction, if each of the EPC components is negotiated concurrently or if the pricing of any such services is subject to the ultimate negotiation and agreement of the entire EPC contract. If an EPC contract includes both technology and EPC services, such contract is segmented between technology and the EPC services when the technology scope is independently negotiated and priced. In some instances, we may combine contracts that are entered into in multiple phases, but are interdependent and include pricing considerations by us and the customer that are impacted by all phases of the project. Otherwise, if each phase is independent of the other and pricing considerations do not give effect to another phase, the contracts will not be combined.

Cost of revenue includes direct contract costs, such as materials and labor, and indirect costs that are attributable to contract activity. The timing of when we bill our customers is generally dependent upon advance billing terms or completion of certain phases of the work. Cumulative costs and estimated earnings recognized to date in excess of cumulative billings is reported on the Consolidated Balance Sheets (“Balance Sheets”) as costs and estimated earnings in excess of billings. Cumulative billings in excess of cumulative costs and estimated earnings recognized to date is reported on the Balance Sheets as billings in excess of costs and estimated earnings. Any uncollected billed revenue, including contract retentions, is reported as accounts receivable. At December 31, 2012 and 2011, accounts receivable included contract retentions of approximately \$37,200 and \$23,700, respectively. Contract retentions due beyond one year were not significant at December 31, 2012 or 2011.

Our billed and unbilled revenue may be exposed to potential credit risk if our customers should encounter financial difficulties, and we maintain reserves for specifically identified potential uncollectible receivables. At December 31, 2012 and 2011, allowances for doubtful accounts were approximately \$1,300 and \$1,800, respectively.

Precontract Costs—Precontract costs are generally charged to cost of revenue as incurred, but, in certain cases, their recognition may be deferred if specific probability criteria are met. We had no significant deferred precontract costs at December 31, 2012 or 2011.

Research and Development—Expenditures for research and development activities are charged to cost of revenue as incurred and were \$27,606 in 2012, \$27,548 in 2011 and \$18,634 in 2010.

Other Operating Expense (Income), Net—Other operating expense (income), net, generally represents losses (gains) on the sale of property and equipment. However, 2012 included transaction costs of approximately \$11,000 associated with our acquisition of The Shaw Group, Inc. (“Shaw”), as further described in Note 4.

Depreciation Expense—Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, including buildings and improvements (10 to 40 years) and plant and field equipment (1 to 15 years). Renewals and betterments that substantially extend the useful life of an asset are capitalized and depreciated. Leasehold improvements are depreciated over the lesser of the useful life of the asset or the applicable lease term. Depreciation expense is primarily included within cost of revenue and was \$43,808 in 2012, \$43,882 in 2011 and \$49,195 in 2010. See Note 7 for disclosure of the components of property and equipment.

Impairment of Long-Lived Assets—Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of the beginning of that year’s fourth quarter. As part of our annual impairment assessment, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units. If, based on future qualitative assessments, the two-phase quantitative assessment is deemed necessary, the first phase would screen for impairment, while the second phase, if necessary, would measure impairment. If required, the implied fair value of a reporting unit would be derived by estimating the units discounted future cash flows.

Finite-lived identifiable intangible assets are amortized on a straight-line basis over estimated useful lives ranging from 6 to 20 years, absent any indicators of impairment. We review tangible assets and finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, the estimated future cash flow associated with the asset or asset group will be compared to the carrying amount to determine if impairment exists. We noted no indicators of impairment in 2012 or 2011. See Note 5 for additional discussion of our goodwill impairment assessment and intangible asset amortization.

Earnings Per Share ("EPS")—Basic EPS is calculated by dividing net income attributable to CB&I by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the assumed conversion of dilutive securities, consisting of restricted shares, performance shares (where performance criteria have been met), employee stock options and directors' deferred-fee shares. See Note 3 for calculations associated with basic and diluted EPS.

Cash Equivalents—Cash equivalents are considered to be all highly liquid securities with original maturities of three months or less.

CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Foreign Currency—The nature of our business activities involves the management of various financial and market risks, including those related to changes in foreign currency exchange rates. The effects of translating financial statements of foreign operations into our reporting currency are recognized as a cumulative translation adjustment in accumulated other comprehensive income (loss) (“AOCI”). This balance is net of tax, where applicable. Foreign currency exchange gains (losses) are included within cost of revenue and were immaterial in 2012, 2011 and 2010.

Financial Instruments—We utilize derivative instruments in certain circumstances to mitigate the effects of changes in foreign currency exchange rates and interest rates, as described below:

Foreign Currency Exchange Rate Derivatives—We do not engage in currency speculation; however, we do utilize foreign currency exchange rate derivatives on an on-going basis to hedge against certain foreign currency-related operating exposures. We generally seek hedge accounting treatment for contracts used to hedge operating exposures and designate them as cash flow hedges. Therefore, gains and losses exclusive of credit risk and forward points (which represent the time-value component of the fair value of our derivative positions), are included in AOCI until the associated underlying operating exposure impacts our earnings. Changes in the fair value of credit risk and forward points, instruments deemed ineffective during the period and instruments that we do not designate as cash flow hedges are recognized within cost of revenue.

Interest Rate Derivatives—During 2012, our interest rate derivatives were limited to a swap arrangement in place to hedge against interest rate variability associated with our unsecured term loan (the “Term Loan”). The swap arrangement was designated as a cash flow hedge, as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40,000. Accordingly, changes in the fair value of the swap arrangement were included in AOCI until the associated underlying exposure impacted our earnings.

For those contracts designated as cash flow hedges, we document all relationships between the derivative instruments and associated hedged items, as well as our risk-management objectives and strategy for undertaking hedge transactions. This process includes linking all derivatives to specific firm commitments or highly-probable forecasted transactions. We continually assess, at inception and on an on-going basis, the effectiveness of derivative instruments in offsetting changes in the cash flow of the designated hedged items. Hedge accounting designation is discontinued when (1) it is determined that the derivative is no longer highly effective in offsetting changes in the cash flow of the hedged item, including firm commitments or forecasted transactions, (2) the derivative is sold, terminated, exercised, or expires, (3) it is no longer probable that the forecasted transaction will occur, or (4) we determine that designating the derivative as a hedging instrument is no longer appropriate. See Note 10 for additional discussion of our financial instruments.

Income Taxes—Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis using currently enacted income tax rates for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The final realization of deferred tax assets depends upon our ability to generate sufficient future taxable income of the appropriate character and in the appropriate jurisdictions. We continually review our facts and circumstances and as further information is known or events occur, changes in our deferred tax assets may be recorded.

We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not that additional tax will be due in excess of amounts reflected in income tax returns filed worldwide. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within income tax expense and interest expense, respectively.

Joint Venture Arrangements—In the ordinary course of business, we execute specific projects and conduct certain operations through joint venture arrangements. We have various ownership interests in the joint ventures, with such ownership typically being proportionate to our decision-making and distribution rights. The joint ventures generally contract directly with the third party customer; however, services may be performed directly by the joint venture, or may be performed by us or our joint venture partners, or a combination thereof.

Joint venture net assets consist primarily of cash and working capital, and assets may be restricted from being used to fund obligations outside of the joint venture. These joint ventures typically do not have third-party debt; however, they may provide for capital calls to fund operations or require the joint venture partners to provide additional financial support, including advance payment or retention letters of credit.

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Each joint venture is assessed at inception and on an ongoing basis as to whether it qualifies as a variable interest entity (“VIE”) under the consolidations guidance in FASB ASC 810. Joint ventures generally qualify as a VIE when they (1) meet the definition of a legal entity, (2) absorb the operational risk of the projects being executed, creating a variable interest, and (3) lack sufficient capital investment from the partners, potentially resulting in the joint venture requiring additional subordinated financial support, if necessary, to finance its future activities.

If at any time a joint venture qualifies as a VIE, we are required to perform a qualitative assessment to determine whether we are the primary beneficiary of the VIE and therefore, need to consolidate the VIE. We are the primary beneficiary if we have (1) the power to direct the economically significant activities of the VIE and (2) the right to receive benefits from, and obligation to absorb losses of, the VIE. If the joint venture is a VIE and we are the primary beneficiary, or we otherwise have the ability to control the joint venture, we consolidate the joint venture. If we are not determined to be the primary beneficiary of the VIE, or only have the ability to significantly influence, rather than control, the joint venture, we do not consolidate the joint venture. We account for unconsolidated joint ventures using the equity method or proportionate consolidation. At December 31, 2012 and 2011, we had no material proportionately consolidated joint ventures. See Note 6 for additional discussion of our material joint venture arrangements.

New Accounting Standards—There are no recently issued accounting standards that we believe will have a material impact on our financial position, results of operations or cash flow.

3. EARNINGS PER SHARE

A reconciliation of weighted average basic shares outstanding to weighted average diluted shares outstanding and the computation of basic and diluted EPS are as follows:

	Years Ended December 31,		
	2012	2011	2010
Net income attributable to CB&I	\$301,655	\$255,032	\$204,559
Weighted average shares outstanding—basic	96,632,700	98,021,950	98,300,175
Effect of restricted shares/performance shares/stock options (1)	1,528,067	2,115,345	2,090,009
Effect of directors’ deferred-fee shares (1)	70,057	67,516	68,497
Weighted average shares outstanding—diluted	<u>98,230,824</u>	<u>100,204,811</u>	<u>100,458,681</u>
Net income attributable to CB&I per share:			
Basic	\$3.12	\$2.60	\$2.08
Diluted	\$3.07	\$2.55	\$2.04
(1) Antidilutive shares excluded from diluted EPS	165,420	170,384	429,308

4. ACQUISITIONS

Shaw

On July 30, 2012, we entered into a definitive agreement (the “Acquisition Agreement”) to acquire Shaw (the “Shaw Acquisition”). On February 13, 2013 (the “Acquisition Closing Date”), we completed the Shaw Acquisition for a purchase price of approximately \$3,340,900, comprised of approximately \$2,851,200 in cash consideration and approximately \$489,700 in equity consideration. The cash consideration was funded using approximately \$1,051,200 from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using debt financing as further described in Note 9.

Pursuant to the Acquisition Agreement, at the Acquisition Closing Date, each issued and outstanding share of common stock, no par value, of Shaw (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or their respective subsidiaries) was

cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in Euros equal to the par value of 0.12883 shares of CB&I common stock, which cash was not actually paid, but was instead converted automatically into 0.12883 shares of CB&I common stock (the “Acquisition Consideration”). Pursuant to the Acquisition Agreement, equity awards relating to shares of Shaw’ s common stock were either cancelled and converted into the right to receive the Acquisition Consideration (or the cash value thereof) or were converted into comparable CB&I equity awards on generally the same terms and conditions as prior to the Acquisition Closing Date. On the Acquisition Closing Date, we issued approximately 8,900,000 shares of CB&I common stock and 1,400,000 CB&I equity awards in conjunction with the Acquisition.

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Shaw is a global provider of technology, engineering, procurement, construction, maintenance, fabrication, manufacturing, consulting, remediation, and facilities management services to a diverse client base that includes regulated electric utilities, independent and merchant power producers, government agencies, multinational and national oil companies, and industrial corporations. Shaw provides services through four existing business sectors: Power; Plant Services; Environmental and Infrastructure; and Fabrication and Manufacturing. Combining CB&I and Shaw will create one of the most complete energy focused companies in the world.

In connection with the Shaw Acquisition, during 2012 we incurred approximately \$11,000 and \$7,200 of transaction costs and financing-related costs, respectively, which were recognized in other operating expense (income), net and interest expense, respectively. Also, on December 28, 2012, we issued a series of senior notes totaling \$800,000 in the aggregate (the “Senior Notes”) to fund a portion of the Shaw Acquisition. The Senior Notes were funded into an escrow account on December 28, 2012, and were restricted from use until the Acquisition Closing Date. Accordingly, the escrowed funds were recorded as restricted cash, and the Senior Notes were recorded as long-term debt, on our Balance Sheet at December 31, 2012. The Senior Notes are more fully described in Note 9 to our Financial Statements.

The Acquisition Closing Date balance sheet data for Shaw was not available given the proximity of the Acquisition Closing Date to the filing date of this Form 10-K. Our preliminary allocation of purchase price to the assets acquired and liabilities assumed, as well as pro forma financial information for the combined companies, will be included in our future filings.

Catalytic Distillation Technologies (“CDTECH”)

On December 31, 2010, we acquired the remaining 50% equity interest in CDTECH and a related research and development and catalyst manufacturing facility for approximately \$38,400, net of cash acquired. CDTECH provides license, basic engineering and catalyst supply for catalytic distillation applications, including gasoline desulphurization and alkylation processes and was accounted for by the equity method within Lummus Technology through December 31, 2010. CDTECH operations subsequent to the acquisition have been consolidated and integrated into Lummus Technology.

We had no acquisitions in 2012 or 2011, and no other acquisitions during 2010 were material.

5. GOODWILL AND OTHER INTANGIBLES

Goodwill—At December 31, 2012 and 2011, our goodwill balances were \$926,711 and \$926,393, respectively, attributable to the excess of the purchase price over the fair value of net assets acquired as part of previous acquisitions. The change in goodwill by business sector for 2012 and 2011 was as follows:

	Steel Plate Structures	Project Engineering and Construction	Lummus Technology	Total
Balance at December 31, 2010	\$48,497	\$ 454,237	\$436,121	\$938,855
Foreign currency translation	—	(7,387)	—	(7,387)
Amortization of tax goodwill in excess of book goodwill	(177)	(2,425)	(3,724)	(6,326)
Purchase price allocation adjustments (1)	—	—	1,251	1,251
Balance at December 31, 2011	\$48,320	\$ 444,425	\$433,648	\$926,393
Foreign currency translation	—	5,019	—	5,019
Amortization of tax goodwill in excess of book goodwill	(96)	(1,793)	(2,812)	(4,701)
Balance at December 31, 2012	\$48,224	\$ 447,651	\$430,836	\$926,711

- (1) This change was associated with the acquisition of CDTECH on December 31, 2010. See Note 4 above for additional discussion of the acquisition.

As discussed in Note 2, in the fourth quarter of 2012, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units and no impairment charge was necessary during 2012. There can be no assurance that future goodwill impairment tests will not result in charges to earnings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Other Intangible Assets—The following table provides a summary of our acquired finite-lived intangible assets at December 31, 2012 and 2011, including weighted-average useful lives for each major intangible asset class and in total:

	December 31, 2012		December 31, 2011	
	Gross		Gross	
	Carrying	Accumulated	Carrying	Accumulated
	Amount	Amortization	Amount	Amortization
Finite-lived intangible assets (weighted average life)				
Process technologies (16 years) (1)	\$228,304	\$(71,391)	\$228,363	\$(57,381)
Tradenames (20 years) (2)	10,417	(2,659)	38,346	(25,814)
Backlog (2)	–	–	10,669	(8,782)
Lease agreements (6 years)	7,409	(6,599)	7,279	(5,792)
Non-compete agreements (7 years)	2,929	(2,102)	2,895	(1,664)
Total (15 years)	<u>\$249,059</u>	<u>\$(82,751)</u>	<u>\$287,552</u>	<u>\$(99,433)</u>

- (1) Our technologies primarily relate to process licenses for the gas processing, hydrocarbon refining and petrochemical industries. The technologies were valued based upon their ability to generate earnings in excess of those associated with standard products. The valuation included an analysis of current and potential industry and competitive factors, including market share, barriers to entry, pricing, competitor and customer technologies, research and development budgets, patent protection and potential for product line extensions. The amortization periods were estimated based upon a combination of the expectations of general industry refurbishment rates for the types of technologies we provide, remaining patent protection periods for our patented technologies, and the expected lives of those technologies for which we do not seek patent protection.
- (2) Tradename and backlog intangibles totaling \$27,990 and \$10,669, respectively, became fully amortized in 2012 and were therefore removed from the gross carrying and accumulated amortization balances above.

The decrease in other intangibles during 2012 related to amortization expense partly offset by the impact of foreign currency translation. Amortization expense for 2012, 2011 and 2010 was \$22,613, \$26,302, and \$23,690, respectively. For intangibles existing at December 31, 2012, the amortization for 2013, 2014, 2015, 2016 and 2017 is anticipated to be approximately \$16,500, \$15,900, \$15,400, \$15,400 and \$15,400, respectively.

6. JOINT VENTURE ARRANGEMENTS

As discussed in Note 2, we account for our unconsolidated joint ventures primarily using the equity method of accounting. Further, we consolidate any joint venture that is determined to be a VIE for which we are the primary beneficiary, or which we otherwise effectively control.

Unconsolidated Joint Ventures—The following is a summary description of our material unconsolidated joint ventures, which have been accounted for using the equity method:

Chevron-Lummus Global—We have a 50% equity interest in Chevron-Lummus Global (“CLG”), which provides licenses, basic engineering services and catalyst supply for deep conversion (e.g. hydrocracking), residual hydroprocessing and lubes processing. The business primarily focuses on converting/upgrading heavy/sour crude that is produced in the refinery process to more marketable products. As sufficient capital investments in CLG have been made by the joint venture partners, it does not qualify as a VIE. Additionally, we do not effectively control CLG and therefore do not consolidate the joint venture.

CDTECH—As discussed in Note 4, on December 31, 2010, we acquired the remaining 50% equity interest in CDTECH, and accordingly, we consolidated the entity as of that date. Our 2012 and 2011 Statements of Operations include the results of

operations of CDTECH and our Balance Sheets at December 31, 2012 and 2011 include the assets acquired and liabilities assumed in the acquisition.

We have no other material unconsolidated joint ventures. Dividends received from equity method joint ventures were \$20,286, \$9,605 and \$26,853 during 2012, 2011 and 2010, respectively.

Consolidated Joint Ventures—The following is a summary description of the material joint ventures we consolidate due to their designation as VIEs for which we are the primary beneficiary:

CBI Kentz Joint Venture—In 2011, a joint venture between CB&I (65%) and Kentz (35%) was formed to perform the structural, mechanical, piping, electrical and instrumentation work on, and to provide commissioning support for, three Liquefied Natural Gas (“LNG”) trains, including associated utilities and a domestic gas processing and compression plant for the Gorgon LNG project, located on Barrow Island, Australia. The contract value is approximately \$3.4 billion.

CBI Clough Joint Venture—In 2009, a joint venture between CB&I (65%) and Clough (35%) was formed to perform the EPC work for a gas conditioning plant, nearby wellheads, and associated piping and infrastructure for the Papua New Guinea LNG project, located in the Southern Highlands of Papua New Guinea. The contract value is approximately \$2.1 billion.

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents summarized balance sheet information for the aforementioned VIEs:

	December 31,	
	2012	2011
CBI Kentz Joint Venture		
Current assets	\$82,421	\$26,415
Current liabilities	\$39,276	\$17,417
CBI Clough Joint Venture		
Current assets	\$145,666	\$81,773
Current liabilities	\$79,523	\$22,498

The use of these joint venture arrangements exposes us to a number of risks, including the risk that our partners may be unable or unwilling to provide their share of capital investment to fund the operations of the joint venture or to complete their obligations to us, the joint venture, or ultimately, our customer. This could result in unanticipated costs to achieve contractual performance requirements, liquidated damages or contract disputes, including claims against our partners.

7. SUPPLEMENTAL BALANCE SHEET DETAIL

The components of property and equipment, accrued liabilities and other non-current liabilities at December 31, 2012 and 2011 were as follows:

	December 31,	
	2012	2011
Components of Property and Equipment		
Land and improvements	\$59,090	\$55,406
Buildings and improvements	167,593	141,102
Plant, field equipment and other	378,749	352,392
Total property and equipment	605,432	548,900
Accumulated depreciation	(319,561)	(286,897)
Property and equipment, net	<u>\$285,871</u>	<u>\$262,003</u>
Components of Accrued Liabilities		
Payroll-related obligations	\$168,404	\$125,862
Income taxes payable	29,714	33,458
Self-insurance, retention and other reserves	4,447	4,284
Pension obligations	3,251	3,327
Postretirement medical benefit obligations	2,864	3,808
Other (1)	146,020	107,857
Accrued liabilities	<u>\$354,700</u>	<u>\$278,596</u>
Components of Other Non-Current Liabilities		
Pension obligations	\$104,728	\$62,667
Postretirement medical benefit obligations	47,739	51,250
Self-insurance, retention and other reserves	17,605	19,103
Income tax reserves	5,169	7,374
Other (2)	97,202	103,590
Other non-current liabilities	<u>\$272,443</u>	<u>\$243,984</u>

- (1) Represents various accruals that are each individually less than 5% of total current liabilities, including accruals for non-contract payables, operating lease obligations, country-specific employee benefits, derivatives, and medical and legal obligations.
- (2) Represents various accruals that are each individually less than 5% of total liabilities, including accruals for taxes, operating lease obligations, deferred rent, and country-specific employee benefits.

CHICAGO BRIDGE & IRON COMPANY N.V.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)****8. FACILITY REALIGNMENT LIABILITY**

We recognized charges of \$2,581, \$13,342 and \$10,616 for 2012, 2011 and 2010 respectively, within cost of revenue, associated with the consolidation or relocation of several of our leased U.S. and international engineering offices in support of the requirements of our backlog. The charges were primarily associated with the accelerated recognition of future operating lease expense for unutilized facility capacity in our Project Engineering and Construction and Steel Plate Structures sectors, where we remain contractually obligated to a lessor. The following table presents the total accelerated operating lease charges recognized during 2012 and 2011 and the remaining net operating lease obligation at December 31, 2012 and 2011:

	Years Ended December 31,	
	2012	2011
Beginning Balance	\$ 15,278	\$ 6,105
Charges (1)	2,581	10,081
Cash payments	(5,119)	(1,840)
Foreign exchange and other	12	932
Ending Balance (2)	<u>\$ 12,752</u>	<u>\$ 15,278</u>

- (1) During 2012, charges of \$2,581 were related to facilities in our Steel Plate Structures sector. During 2011, charges of \$2,816 and \$7,265 were related to facilities in our Steel Plate Structures and Project Engineering and Construction sectors, respectively.
- (2) The remaining net operating lease obligation was recorded in accrued liabilities and other non-current liabilities, based on the anticipated timing of payments. For the remaining obligation at December 31, 2012, cash payments are anticipated to be approximately \$7,500, \$1,500, \$3,500, \$200 and \$100 in 2013, 2014, 2015, 2016, and 2017, respectively.

Additionally, we recognized charges in 2011 and 2010 within cost of revenue associated with the write-down of leasehold improvements and other long-term assets in the facilities noted above. These charges were \$3,261 in 2011 (\$2,077 and \$1,184 for our Steel Plate Structures and Project Engineering and Construction sectors, respectively) and \$3,889 in 2010 (all of which related to our Project Engineering and Construction sector). There were no similar charges during 2012. We do not expect these consolidation activities to have a material effect on our future sector or consolidated results of operations or cash flow.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

9. DEBT

Our outstanding debt at December 31, 2012 and 2011 was as follows:

	December 31,	
	2012	2011
Current		
Current maturity of long-term debt	\$–	\$40,000
Current debt	<u>\$–</u>	<u>\$40,000</u>
Long-Term		
Revolving Facility: \$1,100,000 four-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	\$–	\$–
Revolving Facility: \$650,000 five-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	–	–
LC Agreement: \$125,000 letter of credit and term loan agreement (term loan interest at LIBOR plus 1.75%)	–	–
Term Loan: \$200,000 term loan (interest at LIBOR plus an applicable floating margin)	–	40,000
Term Loan: \$1,000,000 term loan (interest at LIBOR plus an applicable floating margin)	–	–
Senior Notes, Series A-D: \$800,000 senior notes (fixed interest ranging from 4.15% to 5.30%)	800,000	–
Less: current maturity of long-term debt	–	(40,000)
Long-term debt	<u>\$800,000</u>	<u>\$–</u>

Revolving Facilities—We have a four-year, \$1,100,000, committed and unsecured revolving credit facility (the “Revolving Facility”) with JPMorgan Chase Bank, N.A. (“JPMorgan”), as administrative agent, and Bank of America, N.A. (“BoFA”), as syndication agent, which expires in July 2014. The Revolving Facility was amended effective December 21, 2012 to allow for the Shaw Acquisition and related financing as further described below. The Revolving Facility, as amended, has a borrowing sublimit of \$550,000 and certain financial covenants, including a temporary maximum leverage ratio of 3.25 beginning at the Acquisition Closing Date, with such maximum declining to its previous level of 2.50 within six quarters of the Acquisition Closing Date, a minimum fixed charge coverage ratio of 1.75 and a minimum net worth level calculated as \$1,010,619 at December 31, 2012. The Revolving Facility also includes customary restrictions regarding subsidiary indebtedness, sales of assets, liens, investments, type of business conducted, and mergers and acquisitions, as well as a trailing twelve-month limitation of \$300,000 for dividend payments and share repurchases (subject to certain financial covenants), among other restrictions. In addition to interest on debt borrowings, we are assessed quarterly commitment fees on the unutilized portion of the facility as well as letter of credit fees on outstanding instruments. The interest, letter of credit fee, and commitment fee percentages are based upon our quarterly leverage ratio. In the event that we were to borrow funds under the facility, interest would be assessed at either prime plus an applicable floating margin or LIBOR plus an applicable floating margin. At December 31, 2012, we had issued \$264,836 of letters of credit under the Revolving Facility, providing \$835,164 of available capacity under this facility. Such letters of credit are generally issued to customers in the ordinary course of business to support advance payments and performance guarantees, in lieu of retention on our contracts, or in certain cases, are issued in support of our insurance program.

On December 21, 2012, we also entered into a five-year, \$650,000, committed and unsecured revolving credit facility (the “Second Revolving Facility”) with BoFA, as administrative agent, and Credit Agricole Corporate and Investment Bank (“Credit Agricole”), as syndication agent, which expires in February 2018. The Second Revolving Facility has a \$487,500 borrowing sublimit and financial and restrictive covenants similar to those noted above for the Revolving Facility. In addition to interest on debt borrowings, we are assessed quarterly commitment fees on the unutilized portion of the facility as well as letter of credit fees on

outstanding instruments. The interest, letter of credit fee, and commitment fee percentages are based upon our quarterly leverage ratio. In the event that we were to borrow funds under the facility, interest would be assessed at either prime plus an applicable floating margin or LIBOR plus an applicable floating margin. The Second Revolving Facility will supplement our Revolving Facility and was used to replace \$186,842 of Shaw' s existing credit facilities on the Acquisition Closing Date. However, at December 31, 2012, we had issued no borrowings or outstanding letters of credit under the Second Revolving Facility, as none were permitted until the Acquisition Closing Date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

LC Agreement—In addition to our revolving facilities, at December 31, 2012, we had a \$125,000 committed and unsecured letter of credit and term loan agreement (the “LC Agreement”) with BofA, as administrative agent, JPMorgan, and various private placement note investors, which was terminated on February 12, 2013. At December 31, 2012, the LC Agreement was fully utilized; however, the letters of credit under the LC Agreement were replaced with capacity under our Revolving Facility upon termination of the LC Agreement. The LC Agreement had financial and restrictive covenants similar to those noted above for the Revolving Facility.

Term Loans—At December 31, 2011, we had \$40,000 remaining under our \$200,000 Term Loan with JPMorgan, as administrative agent, and BofA, as syndication agent. Interest under the Term Loan was paid quarterly in arrears and, at our election, was based upon LIBOR plus an applicable floating margin. However, we had an interest rate swap that provided for an interest rate of approximately 5.57%, inclusive of the applicable floating margin. The remaining Term Loan balance was repaid in November 2012.

On December 21, 2012, we entered into a four-year, \$1,000,000 unsecured term loan (the “Acquisition Term Loan”) with BofA as administrative agent, to fund a portion of the Shaw Acquisition; however, borrowings were not allowed or made until the Acquisition Closing Date, at which time the \$1,000,000 was funded. Interest and principal under the Acquisition Term Loan will be paid quarterly in arrears and, at our election, bears interest at LIBOR plus an applicable floating margin. Annual future maturities for the Acquisition Term Loan are \$75,000, \$100,000, \$100,000, \$150,000 and \$575,000 in 2013, 2014, 2015, 2016 and 2017 respectively. The Acquisition Term Loan has financial and restrictive covenants similar to those noted above for the Revolving Facility.

Senior Notes—On December 28, 2012, we issued a series of Senior Notes totaling \$800,000 in the aggregate, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Credit Agricole, as administrative agents, to fund a portion of the Shaw Acquisition. The Senior Notes were funded into an escrow account on December 28, 2012, and were restricted from use until the Acquisition Closing Date. Accordingly, the escrowed funds were recorded as restricted cash, and the Senior Notes were recorded as long-term debt, on our Balance Sheet at December 31, 2012. The Senior Notes have financial and restrictive covenants similar to those noted above for the Revolving Facility and include Series A through D, which contain the following terms:

Series A—Interest due semi-annually at a fixed rate of 4.15%, with principal of \$150,000 due in December 2017

Series B—Interest due semi-annually at a fixed rate of 4.57%, with principal of \$225,000 due in December 2019

Series C—Interest due semi-annually at a fixed rate of 5.15%, with principal of \$275,000 due in December 2022

Series D—Interest due semi-annually at a fixed rate of 5.30%, with principal of \$150,000 due in December 2024

Shaw Acquisition Commitment Letter—To ensure sufficient financing for the Shaw Acquisition, on July 30, 2012, we entered into a commitment letter (the “Commitment Letter”) with BofA and Credit Agricole (collectively, the “Commitment Parties”), pursuant to which the Commitment Parties committed to provide new senior credit facilities. At December 31, 2012, the aggregate principal amount of the committed senior credit facilities totaled \$750,000. As discussed above, permanent financing consisting of our Acquisition Term Loan and Senior Notes was used to fund a portion of the Shaw Acquisition, replacing the Commitment Letter on the Acquisition Closing Date.

Uncommitted Facilities—We also have various short-term, uncommitted revolving credit facilities (the “Uncommitted Facilities”) across several geographic regions of approximately \$1,691,431. These facilities are generally used to provide letters of credit or bank guarantees to customers to support advance payments and performance guarantees in the ordinary course of business or in lieu of retention on our contracts. At December 31, 2012, we had issued \$691,132 under the Uncommitted Facilities, providing \$1,000,299 of available capacity under these facilities. Additionally, in conjunction with the Shaw Acquisition, the Uncommitted Facilities were used to replace \$99,588 million of Shaw’s existing credit facilities on the Acquisition Closing Date. In addition to providing letters of credit or bank guarantees, we also issue surety bonds in the ordinary course of business to support our contract performance.

Compliance and Other—During 2012, we had no material borrowings under the Revolving Facility, the Second Revolving Facility, the LC Agreement or the Uncommitted Facilities. As of December 31, 2012, we were in compliance with all of our restrictive and financial covenants. Capitalized interest was insignificant in 2012, 2011 and 2010.

10. FINANCIAL INSTRUMENTS

Foreign Currency Exchange Rate Derivatives

Operating Exposures—At December 31, 2012, the notional value of our outstanding forward contracts to hedge certain foreign exchange-related operating exposures was approximately \$125,400. These contracts vary in duration, maturing up to three years from period-end. We designate certain of these hedges as cash flow hedges and accordingly, changes in their fair value are recognized in AOCI until the associated underlying operating exposure impacts our earnings. We exclude forward points, which are recognized as ineffectiveness within cost of revenue and are not material to our earnings, from our hedge assessment analysis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Interest Rate Derivatives

Interest Rate Exposures—During 2012, we continued to utilize a swap arrangement to hedge against interest rate variability associated with our Term Loan. The swap arrangement was designated as a cash flow hedge as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40,000. Accordingly, changes in the fair value of the hedge were recognized in AOCI until the associated underlying exposure impacted our earnings.

Financial Instruments Disclosures

Financial instruments are required to be categorized within a valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. The three levels of the valuation hierarchy are as follows:

Level 1—Fair value is based upon quoted prices in active markets. Our cash and cash equivalents and restricted cash are classified within Level 1 of the valuation hierarchy as they are valued at cost, which approximates fair value.

Level 2—Fair value is based upon internally-developed models that use, as their basis, readily observable market parameters. Our derivative positions are classified within Level 2 of the valuation hierarchy as they are valued using quoted market prices for similar assets and liabilities in active markets. These level 2 derivatives are valued utilizing an income approach, which discounts future cash flow based upon current market expectations and adjusts for credit risk.

Level 3—Fair value is based upon internally-developed models that use, as their basis, significant unobservable market parameters. We did not have any Level 3 classifications at December 31, 2012 or 2011.

The following table presents the fair value of our cash and cash equivalents, restricted cash, foreign currency exchange rate derivatives and interest rate derivatives at December 31, 2012 and 2011, respectively, by valuation hierarchy and balance sheet classification:

	December 31, 2012				December 31, 2011			
	Level 1	Level 2 (1)	Level 3	Total	Level 1	Level 2 (1)	Level 3	Total
Assets								
Cash and cash equivalents	\$643,395	\$—	\$—	\$643,395	\$671,811	\$—	\$—	\$671,811
Restricted cash	800,000	—	—	800,000	—	—	—	—
Other current assets	—	1,731	—	1,731	—	2,983	—	2,983
Other non-current assets	—	5	—	5	—	51	—	51
Total assets at fair value	<u>\$1,443,395</u>	<u>\$1,736</u>	<u>\$—</u>	<u>\$1,445,131</u>	<u>\$671,811</u>	<u>\$3,034</u>	<u>\$—</u>	<u>\$674,845</u>
Liabilities								
Accrued liabilities	\$—	\$(5,072)	\$—	\$(5,072)	\$—	\$(4,414)	\$—	\$(4,414)
Other non-current liabilities	—	(497)	—	(497)	—	(433)	—	(433)
Total liabilities at fair value	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(4,847)</u>	<u>\$—</u>	<u>\$(4,847)</u>

(1) We are exposed to credit risk on our hedging instruments associated with potential counterparty non-performance, and the fair value of our derivatives reflects this credit risk. The total assets at fair value above represent the maximum loss that would be incurred on our outstanding hedges if the applicable counterparties failed to perform according to the hedge contracts. To help mitigate counterparty credit risk, we transact only with counterparties that are rated as investment grade or higher and monitor all such counterparties on a continuous basis.

The carrying values of our accounts receivable and accounts payable approximate their fair values because of the short-term nature of these instruments. At December 31, 2012, the fair value of our \$800,000 Senior Notes, which were issued and funded into an escrow account on December 28, 2012, approximated their carrying value. At December 31, 2011, the fair value of our Term Loan, based upon the current market rates for debt with similar credit risk and maturity, approximated its carrying value as interest was based upon LIBOR plus an applicable floating spread and was paid quarterly in arrears. As noted above, our remaining Term Loan balance was paid in November 2012.

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CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
Derivatives Disclosures

The following table presents the total fair value by underlying risk and balance sheet classification for derivatives designated as cash flow hedges and derivatives not designated as cash flow hedges at December 31, 2012 and 2011:

		Asset Derivatives		Liability Derivatives		
		Fair Value		Fair Value		
	Balance Sheet Classification	December 31, 2012	December 31, 2011	Balance Sheet Classification	December 31, 2012	December 31, 2011
Derivatives designated as cash flow hedges						
Interest rate	Other current and non-current assets	\$ –	\$ –	Accrued and other non-current liabilities	\$ –	\$ (1,274)
Foreign currency	Other current and non-current assets	628	750	Accrued and other non-current liabilities	(862)	(1,191)
		\$ 628	\$ 750		\$ (862)	\$ (2,465)
Derivatives not designated as cash flow hedges						
Interest rate	Other current and non-current assets	\$ –	\$ –	Accrued and other non-current liabilities	\$ –	\$ –
Foreign currency	Other current and non-current assets	1,108	2,284	Accrued and other non-current liabilities	(4,707)	(2,382)
		\$ 1,108	\$ 2,284		\$ (4,707)	\$ (2,382)
Total fair value		\$ 1,736	\$ 3,034		\$ (5,569)	\$ (4,847)

The following table presents the total value, by underlying risk, recognized in other comprehensive income (“OCI”) and reclassified from AOCI to interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) during 2012 and 2011 for derivatives designated as cash flow hedges:

	Amount of Gain (Loss) on Effective Derivative Portion			
	Recognized in OCI		Reclassified from AOCI into Earnings ⁽¹⁾	
	Years Ended December 31,			
	2012	2011	2012	2011
	2012	2011	2012	2011
Derivatives designated as cash flow hedges				
Interest rate	\$—	\$(150)	\$(1,341)	\$(3,243)

Foreign currency	318	(444)	117	720
Total	<u>\$318</u>	<u>\$(594)</u>	<u>\$(1,224)</u>	<u>\$(2,523)</u>

- (1) Unrealized gains of \$403 are anticipated to be reclassified from AOCI into earnings during the next 12 months due to settlement of the associated underlying obligations.

CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents the total value, by underlying risk, recognized in interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) for 2012 and 2011 for derivatives not designated as cash flow hedges:

	Amount of Gain (Loss)	
	Recognized in Earnings	
	Years Ended December 31,	
	2012	2011
Derivatives not designated as cash flow hedges		
Interest rate	\$ –	\$ –
Foreign currency	(6,985)	(3,919)
Total	<u>\$ (6,985)</u>	<u>\$ (3,919)</u>

11. RETIREMENT BENEFITS
Defined Contribution Plans

We sponsor multiple contributory defined contribution plans for eligible employees with various features including voluntary pre-tax salary deferral features, matching contributions, and savings plan contributions in the form of cash or our common stock, to be determined annually. During 2012, 2011 and 2010, we expensed \$53,189, \$43,530 and \$43,451, respectively, for these plans. In addition, we sponsor several other defined contribution plans that cover salaried and hourly employees for which we do not provide contributions. The cost of these plans was not significant to us in 2012, 2011 or 2010.

Defined Benefit Pension and Other Postretirement Plans

We currently sponsor various defined benefit pension plans covering certain employees in our business sectors. We also provide certain health care and life insurance benefits for our retired employees through health care and life insurance benefit programs. Retiree health care benefits are provided under an established formula, which limits costs based upon prior years of service of retired employees. These plans may be changed or terminated by us at any time. The following tables provide combined information for our defined benefit pension and other postretirement plans:

Components of Net Periodic Benefit Cost

	Pension Plans			Other Postretirement Plans		
	2012	2011	2010	2012	2011	2010
Service cost	\$3,862	\$4,020	\$3,236	\$1,124	\$966	\$1,092
Interest cost	26,623	29,296	26,868	2,571	2,918	2,984
Expected return on plan assets	(23,856)	(26,197)	(23,561)	–	–	–
Amortization of prior service (credits) costs	(452)	(489)	96	(269)	(269)	(269)
Recognized net actuarial losses (gains)	2,718	1,152	1,427	(348)	(476)	(369)
Settlement/curtailment (1)	–	–	3,763	(2,841)	–	–
Net periodic benefit expense	<u>\$8,895</u>	<u>\$7,782</u>	<u>\$11,829</u>	<u>\$237</u>	<u>\$3,139</u>	<u>\$3,438</u>

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Change in Benefit Obligation

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Benefit obligation at beginning of year	\$563,194	\$537,948	\$ 55,058	\$ 51,412
Service cost	3,862	4,020	1,124	966
Interest cost	26,623	29,296	2,571	2,918
Actuarial loss (2)	89,165	31,293	302	1,931
Plan participants' contributions	2,868	3,172	1,707	1,711
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Settlement/curtailment (1)	–	–	(6,493)	–
Currency translation	15,530	(15,742)	138	(31)
Benefit obligation at end of year	<u>\$673,686</u>	<u>\$563,194</u>	<u>\$ 50,603</u>	<u>\$ 55,058</u>

Change in Plan Assets

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Fair value at beginning of year	\$510,883	\$494,416	\$–	\$–
Actual return on plan assets	51,521	35,338	–	–
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Employer contributions (3)	14,865	19,201	2,097	2,138
Plan participants' contributions	2,868	3,172	1,707	1,711
Currency translation	13,126	(14,451)	–	–
Fair value at end of year	<u>\$565,707</u>	<u>\$510,883</u>	<u>\$–</u>	<u>\$–</u>
Funded status	<u>\$(107,979)</u>	<u>\$(52,311)</u>	<u>\$(50,603)</u>	<u>\$(55,058)</u>
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost within other non-current assets	\$–	\$13,683	\$–	\$–
Accrued benefit cost within accrued liabilities	(3,251)	(3,327)	(2,864)	(3,808)
Accrued benefit cost within other non-current liabilities	(104,728)	(62,667)	(47,739)	(51,250)
Net funded status recognized	<u>\$(107,979)</u>	<u>\$(52,311)</u>	<u>\$(50,603)</u>	<u>\$(55,058)</u>
Unrecognized net prior service credits	\$(2,402)	\$(2,812)	\$(266)	\$(535)
Unrecognized net actuarial losses (gains)	109,898	48,280	(12,696)	(9,767)
Accumulated other comprehensive loss (income), before taxes (4)	<u>\$107,496</u>	<u>\$45,468</u>	<u>\$(12,962)</u>	<u>\$(10,302)</u>

- (1) The settlement/curtailment amounts were primarily associated with termination of benefits for our U.K. postretirement plan in 2012 and accelerated benefit accruals for our Germany pension plan in 2010.
- (2) The actuarial loss for 2012 and 2011 was primarily associated with a decrease in discount rate assumptions for our international pension plans.
- (3) During 2013, we expect to contribute approximately \$16,800 and \$2,900 to our pension and other postretirement plans, respectively.
- (4) During 2013, we expect to recognize \$728 and \$3,741 of previously unrecognized net prior service pension credits and net actuarial pension losses, respectively.

Accumulated Benefit Obligation—At December 31, 2012 and 2011, the accumulated benefit obligation for all defined benefit pension plans was \$661,291 and \$554,804, respectively. The following table includes summary information for those defined benefit plans with an accumulated benefit obligation in excess of plan assets:

	December 31,	
	2012	2011
Projected benefit obligation	\$673,686	\$185,974
Accumulated benefit obligation	\$661,291	\$185,212
Fair value of plan assets	\$565,707	\$119,988

CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Plan Assumptions—The following table reflects the weighted-average assumptions used to measure our defined benefit pension and other postretirement plans:

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
<i>Weighted-average assumptions used to determine benefit obligations at December 31,</i>				
Discount rate	3.81%	4.82%	4.05 %	4.85 %
Rate of compensation increase (1)	3.90%	3.64%	n/a	n/a
<i>Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,</i>				
Discount rate	4.82%	5.45%	4.85 %	5.74 %
Expected long-term return on plan assets (2)	4.40%	4.61%	n/a	n/a
Rate of compensation increase (1)	3.90%	3.64%	n/a	n/a

(1) The rate of compensation increase relates solely to the defined benefit plans that factor compensation increases into the valuation.

(2) The expected long-term rate of return on plan assets was derived using historical returns by asset category and expectations for future performance.

Benefit Payments—The following table includes the expected defined benefit pension and other postretirement plan payments for the next 10 years:

Year	Pension Plans	Other Postretirement Plans
2013	\$28,345	\$ 2,864
2014	\$29,258	\$ 3,138
2015	\$29,771	\$ 3,303
2016	\$31,045	\$ 3,430
2017	\$37,166	\$ 3,484
2018-2022	\$168,916	\$ 17,349

Plan Assets—Our investment strategy for defined benefit plan assets seeks to optimize the proper risk-return relationship considered appropriate for each respective plan's investment goals, using a global portfolio of various asset classes diversified by market segment, economic sector and issuer. The primary goal is to optimize the asset mix to fund future benefit obligations, while managing various risk factors and each plan's investment return objectives.

Our defined benefit pension plan assets in the U.S. are invested in a well-diversified portfolio of equities (including U.S. large, mid and small-capitalization and international equities) and fixed income securities (including corporate and government bonds). Non-U.S. defined benefit pension plan assets are similarly invested in well-diversified portfolios of equity, fixed income and other securities. At December 31, 2012, our target weighted-average asset allocations by asset category were: equity securities (20%-30%), fixed income securities (60%-70%), and other investments (0%-10%).

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following tables present the fair value of our plan assets by investment category and valuation hierarchy level as of December 31, 2012 and 2011:

	December 31, 2012			
		Internal Models		
	Quoted Market	With Significant	Internal Models	Total Carrying
	Prices In Active	Observable Market	With Significant	Value On The
	Markets (Level 1)	Parameters (Level	Unobservable Market	Consolidated
Asset Category		2)	Parameters (Level 3)	Balance Sheet
Equity Securities:				
Global Equities	\$ 5,772	\$ –	\$ –	\$ 5,772
International Funds (a)	–	158,302	–	158,302
Emerging Markets Growth Funds	–	12,636	–	12,636
U.S. Large-Cap Growth Funds	–	3,012	–	3,012
U.S. Mid-Cap Growth Funds	–	711	–	711
U.S. Small-Cap Growth Funds	–	400	–	400
U.S. Small-Cap Value Funds	–	414	–	414
Fixed Income Securities:				
Euro Government Bonds (b)	–	183,993	–	183,993
Euro Corporate Bonds (c)	–	90,620	–	90,620
U.K. Government Index-Linked Bonds (d)	–	23,543	–	23,543
U.K. Corporate Bonds (e)	–	17,299	–	17,299
Other International Bonds (f)	–	56,194	–	56,194
U.S. Corporate and Government Bonds	–	2,315	–	2,315
Guaranteed Investment Contracts	–	918	–	918
Other Investments:				
Private Equity Funds	–	–	–	–
Commodities	–	9,578	–	9,578
Total Assets at Fair Value	\$ 5,772	\$ 559,935	\$ –	\$ 565,707

Asset Category	December 31, 2011			
		Internal Models	Internal Models	Total Carrying
	Quoted Market	With Significant	With Significant	Value On The
	Prices In Active	Observable Market	Unobservable Market	Consolidated
	<u>Markets (Level 1)</u>	<u>Parameters (Level 2)</u>	<u>Parameters (Level 3)</u>	<u>Balance Sheet</u>
Equity Securities:				
Global Equities	\$ 6,189	\$ –	\$ –	\$ 6,189
International Funds (a)	–	119,666	–	119,666
Emerging Markets Growth Funds	–	10,717	–	10,717
U.S. Large-Cap Growth Funds	–	2,862	–	2,862
U.S. Mid-Cap Growth Funds	–	630	–	630

U.S. Small-Cap Growth Funds	–	396	–	396
U.S. Small-Cap Value Funds	–	382	–	382
Fixed Income Securities:				
Euro Government Bonds (b)	–	166,713	–	166,713
Euro Corporate Bonds (c)	–	84,726	–	84,726
U.K. Government Index-Linked Bonds (d)	–	22,918	–	22,918
U.K. Corporate Bonds (e)	–	13,564	–	13,564
Other International Bonds (f)	–	59,612	–	59,612
U.S. Corporate and Government Bonds	–	1,696	–	1,696
Guaranteed Investment Contracts	–	974	–	974
Other Investments:				
Private Equity Funds	–	–	10,632	10,632
Commodities	–	9,206	–	9,206
Total Assets at Fair Value	<u>\$ 6,189</u>	<u>\$ 494,062</u>	<u>\$ 10,632</u>	<u>\$ 510,883</u>

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following provides descriptions for plan asset categories with significant balances in the tables above:

- (a) Investments in various funds that track international indices.
- (b) Investments in European Union government securities with credit ratings of primarily AAA.
- (c) Investments in European fixed interest securities with credit ratings of primarily BBB and above.
- (d) Investments predominantly in U.K. Treasury securities with credit ratings of primarily AAA.
- (e) Investments predominantly in U.K. fixed interest securities with credit ratings of primarily BBB and above.
- (f) Investments predominantly in various international fixed income obligations that are individually insignificant.

Our pension assets are categorized within the valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. Assets that are valued using quoted prices are classified within level 1 of the valuation hierarchy, assets that are valued using internally-developed models that use, as their basis, readily observable market parameters, are classified within level 2 of the valuation hierarchy and assets that are valued based upon models with significant unobservable market parameters are classified within level 3 of the valuation hierarchy.

Level 3 assets include private equity hedge funds for which the principal investment objective is to invest in a portfolio that delivers returns with low volatility and near zero betas to traditional asset classes, when measured over an economic cycle. The following table presents the activity in these funds for 2012 and 2011:

	Years Ended	
	December 31,	
	2012	2011
Beginning Balance	\$ 10,632	\$10,776
Actual return on plan assets	–	(11)
Purchases, sales and settlements	10,632)	28
Translation loss	–	(161)
Ending Balance	<u>\$–</u>	<u>\$10,632</u>

Health Care Cost Inflation—During 2012, we maintained multiple medical plans for certain groups of retirees and their dependents in the U.S. and the U.K., subject to vesting requirements. Under our program in the U.S., certain eligible current and future retirees are covered by a defined fixed dollar benefit, under which our costs for each participant are fixed. Additionally, there is a closed group of U.S. retirees for which we assume some or all of the cost of coverage. For this group, health care cost trend rates are projected at annual rates ranging from 7.5% in 2013 down to 5.0% in 2017 and beyond. Under the U.S. program, since 2011, new employees are not eligible for post-retirement medical benefits. As previously noted, during 2012, benefits under our U.K. plan were terminated.

Increasing (decreasing) the assumed health care cost trends by one percentage point for our U.S. program is estimated to increase (decrease) the total of the service and interest cost components of net postretirement health care cost for 2012 and the accumulated postretirement benefit obligation at December 31, 2012, as follows:

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost	\$ 66	\$ (59)
Effect on postretirement benefit obligation	\$ 1,406	\$ (1,262)

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Multi-employer Pension Plans—We contribute to certain union sponsored multi-employer defined benefit pension plans, primarily in the U.S. and Canada. Benefits under these plans are generally based upon years of service and compensation levels. Under U.S. legislation regarding such pension plans, the risks of participation are different than single-employer pension plans as (1) assets contributed to the plan by a company may be used to provide benefits to participants of other companies, (2) if a participating company discontinues contributions to a plan, other participating companies may have to cover any unfunded liability that may exist, and (3) a company is required to continue funding its proportionate share of a plan's unfunded vested benefits in the event of withdrawal (as defined by the legislation) from a plan or plan termination. The following table provides additional information regarding our significant multi-employer defined benefit pension plans, including the funding level of each plan (or zone status, as defined by the Pension Protection Act), whether actions to improve the funding level of the plan have been implemented, where required (a funding improvement plan ("FIP") or rehabilitation plan ("RP")), our contributions to each significant plan and total contributions for 2012, 2011 and 2010, among other disclosures:

Pension Fund	EIN/Plan Number	Pension Protection Act (% Funded) ⁽¹⁾		FIP/ RP Plan ⁽¹⁾	Total Company Contributions ⁽²⁾			Expiration Date of Collective-Bargaining Agreement
		2012	2011		2012	2011	2010	
Boilermaker-Blacksmith National Pension Trust	48-6168020-001	65%-80%	65%-80%	Yes	\$6,910	\$5,748	\$3,238	10/13
Twin City Carpenters and Joiners Pension Fund	41-6043137-001	65%-80%	65%-80%	Yes	1,665	1,714	1,312	04/13
Minnesota Laborers Pension Plan (3)	41-6159599-001	Not Available	>80%	No	745	866	654	04/13
Twin City Iron Workers Pension Plan	41-6084127-001	65%-80%	65%-80%	Yes	657	699	475	04/13
Boilermakers' National Pension Plan (Canada)	366708	N/A	N/A	N/A	9,748	7,154	6,634	04/15
Edmonton Pipe Industry Pension Plan (Canada)	546028	N/A	N/A	N/A	5,623	1,469	338	04/15
Alberta Ironworkers Pension Fund (Canada)	555656	N/A	N/A	N/A	1,480	1,156	459	04/15
All Other (4)					565	644	572	
					<u>\$27,393</u>	<u>\$19,450</u>	<u>\$13,682</u>	

- ⁽¹⁾ Pension Protection Act Zone Status and FIP/RP plans are applicable to our U.S.-registered plans only, as these terms are not defined within Canadian pension legislation. In the U.S., plans funded less than 65% are in the red zone, plans funded at least 65%, but less than 80% are in the yellow zone, and plans funded at least 80% are in the green zone. The requirement for FIP or RP plans in the U.S. is based on the funding level or zone status of the applicable plan.
- ⁽²⁾ For 2012, our contributions as a percentage of total plan contributions were not available for any of our plans. For 2011, our contributions to the Boilermakers' National Pension Plan (Canada) and the Alberta Ironworkers Pension Fund (Canada) exceeded 5% of total plan contributions. For 2010, only our contributions to the Boilermakers' National Pension Plan (Canada) exceeded 5% of total plan contributions. The level of our contributions to each plan noted above varies from period to period based upon the level of work being performed that is covered under the applicable collective-bargaining agreement.
- ⁽³⁾ The funding level (zone status) for the 2012 plan year was not available for this plan. However, based on total plan assets and accumulated benefit obligations, the Minnesota Laborers Pension Plan was greater than 80% funded (green zone status) as of January 1, 2012.

(4) Our remaining contributions are to various U.S. and Canadian plans, which are immaterial individually and in the aggregate.

We also contribute to our multi-employer plans for annuity benefits covered under the defined contribution portion of the plans as well as health benefits. We made contributions to our multi-employer plans of \$13,271, \$12,170 and \$8,796 during 2012, 2011, and 2010, respectively, for these additional benefits.

CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

12. COMMITMENTS AND CONTINGENCIES

Leases—Certain facilities and equipment, including project-related field equipment, are rented under operating leases that expire at various dates through 2022. Rent expense for operating leases was \$76,880, \$73,835 and \$60,529 in 2012, 2011 and 2010, respectively. Future minimum payments under non-cancelable operating leases having initial terms of one year or more are as follows:

Year	Amount
2013	\$67,826
2014	41,980
2015	32,328
2016	24,588
2017	20,811
Thereafter	57,466
Total (1)	<u>\$244,999</u>

(1) Approximately \$24,000 of minimum lease payments above are contractually recoverable through our cost-reimbursable projects.

Certain lease agreements contain escalation provisions based upon specific future inflation indices which could impact the future minimum payments presented above. The costs related to leases with an initial term of less than one year have been reflected in rent expense but have been excluded from the future minimum payments presented above.

Legal Proceedings—We have been and may from time to time be named as a defendant in legal actions claiming damages in connection with engineering and construction projects, technology licenses and other matters. These are typically claims that arise in the normal course of business, including employment-related claims and contractual disputes or claims for personal injury or property damage which occur in connection with services performed relating to project or construction sites. Contractual disputes normally involve claims relating to the timely completion of projects, performance of equipment or technologies, design or other engineering services or project construction services provided by us. We do not believe that any of our pending contractual, employment-related personal injury or property damage claims and disputes will have a material adverse effect on our future results of operations, financial position or cash flow.

Asbestos Litigation—We are a defendant in lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed at various locations. We have never been a manufacturer, distributor or supplier of asbestos products. Over the past several decades and through December 31, 2012, we have been named a defendant in lawsuits alleging exposure to asbestos involving approximately 5,200 plaintiffs and, of those claims, approximately 1,300 claims were pending and 3,900 have been closed through dismissals or settlements. Over the past several decades and through December 31, 2012, the claims alleging exposure to asbestos that have been resolved have been dismissed or settled for an average settlement amount of approximately one thousand dollars per claim. We review each case on its own merits and make accruals based upon the probability of loss and our estimates of the amount of liability and related expenses, if any. We do not believe that any unresolved asserted claims will have a material adverse effect on our future results of operations, financial position or cash flow, and, at December 31, 2012, we had approximately \$1,900 accrued for liability and related expenses. With respect to unasserted asbestos claims, we cannot identify a population of potential claimants with sufficient certainty to determine the probability of a loss and to make a reasonable estimate of liability, if any. While we continue to pursue recovery for recognized and unrecognized contingent losses through insurance, indemnification arrangements or other sources, we are unable to quantify the amount, if any, that we may expect to recover because of the variability in coverage amounts, limitations and deductibles, or the viability of carriers, with respect to our insurance policies for the years in question.

Environmental Matters—Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards, among others, relate to

air and water pollutants and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties from whom we have purchased or to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred.

CHICAGO BRIDGE & IRON COMPANY N.V.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

We believe that we are in compliance, in all material respects, with all environmental laws and regulations. We do not believe that any environmental matters will have a material adverse effect on our future results of operations, financial position or cash flow. We do not anticipate that we will incur material capital expenditures for environmental controls or for the investigation or remediation of environmental conditions during 2013 or 2014.

Litigation Against CB&I and Shaw—In connection with the Shaw Acquisition, purported shareholders of Shaw filed shareholder class action lawsuits against Shaw, CB&I, and the directors of Shaw. On December 13, 2012, the class action lawsuits were settled for an amount that was not material to our results of operations, financial position or cash flow.

Letters of Credit/Bank Guarantees/Surety Bonds—In the ordinary course of business, we may obtain surety bonds and letters of credit, which we provide to our customers to secure advance payment or our performance under our contracts, or in lieu of retention being withheld on our contracts. In the event of our non-performance under a contract and an advance being made by a bank pursuant to a draw on a letter of credit, the advance would become a borrowing under a credit facility and thus our direct obligation. Where a surety incurs such a loss, an indemnity agreement between the parties and us may require payment from our excess cash or a borrowing under our credit facilities. When a contract is completed, the contingent obligation terminates and the bonds or letters of credit are returned. At December 31, 2012, we had provided \$1,305,852 of surety bonds and letters of credit to support our contracting activities in the ordinary course of business. This amount fluctuates based upon the mix and level of contracting activity.

Insurance—We have elected to retain portions of future losses, if any, through the use of deductibles and self-insured retentions for our exposures related to third-party liability and workers' compensation. Liabilities in excess of these amounts are the responsibilities of an insurance carrier. To the extent we are self-insured for these exposures, reserves (see Note 7) have been provided based upon our best estimates, with input from our legal and insurance advisors. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the near term. We believe that reasonably possible losses, if any, for these matters, to the extent not otherwise disclosed and net of recorded reserves, will not have a material adverse effect on our future results of operations, financial position or cash flow. At December 31, 2012, we had outstanding surety bonds and letters of credit of \$25,854 relating to our insurance programs.

Income Taxes—We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not, that additional taxes will be due in excess of amounts reflected in income tax returns filed worldwide. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within tax expense and interest expense, respectively.

13. SHAREHOLDERS' EQUITY

Stock Held in Trust—From time to time, we grant restricted shares to key employees under our Long-Term Incentive Plan (see Note 14). Prior to 2010, restricted shares granted were transferred to a rabbi trust (the "Trust"), and the shares remaining in the Trust are held until the vesting restrictions lapse, at which time the shares are released from the Trust and distributed to the applicable employees. Beginning in 2010, restricted shares were no longer transferred to the Trust upon grant, but instead are distributed directly to the applicable employees upon vesting.

Treasury Stock—Under Dutch law and our Articles of Association, we may hold no more than 10% of our issued share capital at any time.

AOCI—At December 31, 2012 and 2011, the components of AOCI, net of tax, were as follows:

December 31,	
2012	2011

Currency translation adjustment	\$(21,843)	\$(26,720)
Unrealized fair value of cash flow hedges	296	(797)
Unrecognized net prior service pension credits	1,874	2,413
Unrecognized net actuarial pension losses (1)	<u>(81,359)</u>	<u>(36,048)</u>
Total	<u><u>\$(101,032)</u></u>	<u><u>\$(61,152)</u></u>

(1) The increase in unrecognized net actuarial pension losses was primarily due to the impact of lower discount rates utilized in the determination of our projected benefit obligation for our international pension plans.

Other—Changes in common stock, additional paid-in capital, stock held in trust and treasury stock during 2012 and 2011 primarily relate to activity associated with our stock-based compensation plans and share repurchases.

CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

14. STOCK PLANS

General—Under our employee stock purchase plan (“ESPP”), employees may make quarterly purchases of shares at a discount through regular payroll deductions for up to 8% of their compensation. The shares are purchased at 85% of the closing price per share on the first trading day following the end of the calendar quarter. Compensation expense related to our ESPP, representing the difference between the fair value on the date of purchase and the price paid, was \$1,474, \$1,329 and \$1,356 for 2012, 2011 and 2010, respectively. At December 31, 2012, 1,300,753 authorized shares remained available for purchase under the ESPP.

Under our Long-Term Incentive Plan (the “Incentive Plan”), we can issue shares to employees and directors in the form of stock options, restricted shares or performance shares. This plan is administered by the Organization and Compensation Committee of our Board of Supervisory Directors, which selects those employees eligible to receive awards and determines the number of shares or options subject to each award, as well as the terms, conditions, performance measures, and other provisions of the award. Compensation expense related to our Incentive Plan was \$39,526, \$33,969 and \$29,930 for 2012, 2011 and 2010, respectively. At December 31, 2012, 5,103,859 authorized shares remained available under the Incentive Plan for future stock option, restricted share or performance share grants.

Total stock-based compensation expense for our ESPP and the Incentive Plan was \$41,000, \$35,298 and \$31,286 during 2012, 2011 and 2010, respectively. At December 31, 2012, there was \$35,810 of unrecognized compensation cost related to share-based grants, which is expected to be recognized over a weighted-average period of 1.5 years.

We receive a tax deduction during the period in which certain options are exercised, generally for the difference in the option exercise price and the price of the shares at the date of exercise (“intrinsic value”). Additionally, we receive a tax deduction upon the vesting of restricted shares and performance shares for the price of the shares at the date of vesting. The total recognized tax benefit based on our compensation expense was \$13,309, \$11,331 and \$10,196 for 2012, 2011 and 2010, respectively. The amount of tax deductions in excess of accumulated tax benefits recognized is reflected as a financing cash flow.

Stock Options—Stock options are generally granted at the market value on the date of grant and expire after 10 years. Options granted to employees typically vest over a period ranging from three to seven years. Total initial fair value for these awards was determined based upon the calculated Black-Scholes fair value of each stock option at the date of grant applied to the total number of options that were anticipated to fully vest. This fair value is recognized as compensation expense on a straight-line basis over the estimated vesting period, subject to retirement eligibility expense acceleration, where applicable. There were no stock options granted during 2012. The weighted-average fair value per share of options granted during 2011 and 2010 was \$20.53 and \$14.16, respectively. The aggregate intrinsic value of options exercised during 2012, 2011 and 2010 was \$9,551, \$13,789 and \$8,692, respectively. From the exercise of stock options in 2012, we received net cash proceeds of \$3,180 and realized an actual income tax benefit of \$2,892.

The following table represents stock option activity for 2012:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding options at beginning of year	1,267,160	\$ 17.72		
Granted	—	\$ —		
Exercised	(297,697)	\$ 10.68		
Forfeited / Expired	(1,926)	\$ 30.84		
Outstanding options at end of year (1)	967,537	\$ 19.86	5.2	\$25,686
Exercisable options at end of year	756,825	\$ 17.42	5.0	\$21,935

- (1) We estimate that 952,131 of these options will ultimately vest. These options have a weighted-average exercise price per share of \$19.71, a weighted-average remaining contractual life of 5.2 years and a current aggregate intrinsic value of \$25,412.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Using the Black-Scholes option-pricing model, the fair value of each option granted during 2011 and 2010 was estimated on the grant date based upon the following weighted-average assumptions:

	2011	2010
Risk-free interest rate	2.85 %	3.24 %
Expected dividend yield	0.59 %	0.00 %
Expected volatility	69.65%	68.71%
Expected life in years	6	6

The risk-free interest rate was based on the U.S. Treasury yield curve on the grant date, expected dividend yield was based on dividend levels at the grant date, expected volatility was based on the historical volatility of our stock, and the expected life of options granted represents the period of time that they are expected to be outstanding. We also use historical information to estimate option exercises and forfeitures.

Restricted Shares—Our Incentive Plan allows for the issuance of restricted share awards that may not be sold or otherwise transferred until certain restrictions have lapsed, which is generally over a four-year graded vesting period. Total initial fair value for our restricted share awards was determined based upon the market price of our stock at the date of grant applied to the total number of shares that we anticipate will fully vest. This fair value is recognized as compensation expense on a straight-line basis over the vesting period, subject to retirement eligibility expense acceleration, where applicable. Restricted shares granted to directors vest, and are recognized as compensation expense, over one year.

The following table presents restricted share activity for 2012:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Nonvested restricted shares		
Balance at beginning of year	1,562,688	\$ 21.54
Granted	354,258	\$ 44.20
Vested	(699,491)	\$ 20.57
Forfeited	(22,940)	\$ 29.88
Balance at end of year	<u>1,194,515</u>	\$ 28.67
Directors' shares subject to restrictions		
Balance at beginning of year	22,302	\$ 39.23
Granted	26,976	\$ 44.48
Vested	(22,302)	\$ 39.23
Balance at end of year	<u>26,976</u>	\$ 44.48

During 2011, 465,821 restricted shares (including 22,302 directors' shares subject to restrictions) were granted with a weighted-average grant-date fair value per share of \$36.10. During 2010, 620,299 restricted shares (including 41,566 directors' shares subject to restrictions) were granted with a weighted-average grant-date fair value per share of \$22.04. The total fair value of restricted shares that vested during 2012, 2011, and 2010 was \$32,212, \$25,208 and \$17,568, respectively.

Performance Shares—Our Incentive Plan allows for the issuance of performance share awards that are subject to achievement of specific Company performance goals and generally vest over three years. Total initial fair value for these awards is determined based upon the market price of our stock at the date of grant applied to the total number of shares that we anticipate will fully vest. This fair

value is expensed ratably over the vesting term, subject to retirement eligibility expense acceleration, where applicable. As a result of performance conditions being met during 2012, we recognized \$20,503 of compensation expense. During 2012, 300,813 performance shares were granted with a weighted-average grant-date fair value per share of \$44.42. During 2011, 286,140 performance shares were granted with a weighted-average grant-date fair value per share of \$36.15. During 2010, 447,069 performance shares were granted with a weighted-average grant-date fair value per share of \$22.10. During 2012, we distributed 1,193,874 performance shares upon vesting and achievement of certain performance goals. The total fair value of performance shares that vested during 2012 was \$53,032.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

15. INCOME TAXES

Income Tax Expense—The following table presents the sources of income before taxes and income tax expense, by tax jurisdiction for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Sources of Income Before Taxes			
U.S.	\$126,438	\$115,693	\$74,342
Non-U.S.	317,628	236,270	217,187
Total	<u>\$444,066</u>	<u>\$351,963</u>	<u>\$291,529</u>
Sources of Income Tax Expense			
Current income taxes			
U.S.—Federal (1)	\$(28,327)	\$(12,411)	\$(13,651)
U.S.—State	(5,532)	(3,255)	(5,799)
Non-U.S.	(51,645)	(67,903)	(60,533)
Total current income taxes	<u>(85,504)</u>	<u>(83,569)</u>	<u>(79,983)</u>
Deferred income taxes			
U.S.—Federal	(22,634)	(19,667)	893
U.S.—State	(953)	(4,276)	(1,532)
Non-U.S.	(17,912)	10,747	656
Total deferred income taxes	<u>(41,499)</u>	<u>(13,196)</u>	<u>17</u>
Total income tax expense	<u>\$(127,003)</u>	<u>\$(96,765)</u>	<u>\$(79,966)</u>

(1) Tax benefits of \$17,963, \$14,618 and \$6,326 associated with share-based compensation were recorded in additional paid-in capital in 2012, 2011 and 2010, respectively.

The following is a reconciliation of income taxes at The Netherlands' statutory rate to income tax expense for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Income tax expense at statutory rate (25.0% for 2012 and 2011 and 25.5% for 2010)	\$(111,016)	\$(87,992)	\$(74,340)
U.S. state income taxes	(3,659)	(5,252)	(5,688)
Non-deductible meals and entertainment	(2,750)	(2,088)	(1,967)
Valuation allowance established	(11,375)	(11,351)	(6,404)
Valuation allowance utilized	20,983	14,182	12,567
Tax exempt interest, net	2,973	2,765	3,530
Statutory tax rate differential	(7,717)	2,773	10,363
Branch and withholding taxes (net of tax benefit)	(16,940)	(14,873)	(23,166)
Noncontrolling interests	6,719	1,631	1,968
Acquisition related costs	(2,757)	—	—
Manufacturer's production exclusion/R&D credit	1,451	39	1,781
Contingent liability accrual	2,205	5,053	4,028
Other, net	<u>(5,120)</u>	<u>(1,652)</u>	<u>(2,638)</u>

Income tax expense	<u>\$ (127,003)</u>		<u>\$ (96,765)</u>		<u>\$ (79,966)</u>
Effective tax rate	<u>28.6</u>	%	<u>27.5</u>	%	<u>27.4</u> %

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CHICAGO BRIDGE & IRON COMPANY N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Deferred Taxes—The principal temporary differences included in deferred income taxes reported on the December 31, 2012 and 2011 Balance Sheets were as follows:

	December 31,	
	2012	2011
Current Deferred Taxes		
Tax benefit of non-U.S. operating losses and credits, net	\$41,811	\$21,951
Contract revenue and cost	45,926	83,030
Employee compensation and benefit plan reserves	14,028	15,707
Legal reserves	1,293	2,636
Other	(4,958)	2,240
Current deferred tax asset	\$98,100	\$125,564
Less: valuation allowance	(13,799)	(21,680)
Net current deferred tax asset	<u>\$84,301</u>	<u>\$103,884</u>
Non-Current Deferred Taxes		
Tax benefit of U.S. State operating losses and credits, net	\$220	\$288
Tax benefit of non-U.S. operating losses and credits, net	141,030	163,814
Tax benefit of non-U.S. credits and long term receivables	3,621	7,598
Employee compensation and benefit plan reserves	23,738	23,891
Investment in foreign subsidiaries	28,639	18,886
Insurance and legal reserves	5,531	4,498
Depreciation and amortization	(117,844)	(108,145)
Other	5,914	1,018
Non-current deferred tax asset	\$90,849	\$111,848
Less: valuation allowance	(106,048)	(119,810)
Net non-current deferred tax liability	<u>\$(15,199)</u>	<u>\$(7,962)</u>
Net total deferred tax asset	<u>\$69,102</u>	<u>\$95,922</u>

As of December 31, 2012, neither Netherlands income taxes from dividends and other profit remittances, nor other worldwide withholding taxes due on profit distributions have been accrued on the estimated \$1,300,000 of undistributed earnings of our U.S., Netherlands, and subsidiary companies thereof. Distribution of earnings from our European Union subsidiaries to their Netherlands parents are not subject to taxation. With respect to our non-European Union Netherlands subsidiaries and our U.S. companies and their subsidiaries, to the extent that taxes apply, we intend to permanently reinvest the undistributed earnings of these subsidiaries in their respective businesses, and therefore, have not provided for deferred taxes on such unremitted foreign earnings. The determination of any unrecognized deferred tax liability related to permanently reinvested earnings is not practical. Further, we did not record any Netherlands deferred income taxes on undistributed earnings of our other subsidiaries and affiliates at December 31, 2012 since, if any such undistributed earnings were distributed, under current Dutch tax law The Netherlands Participation Exemption should become available to significantly reduce or eliminate any resulting Netherlands income tax liability.

As of December 31, 2012, we had total Non-U.S. net operating losses (“NOLs”) of \$702,598, including \$419,508 in the U.K. and \$283,090 in other jurisdictions. We believe it is more likely than not that \$324,498 of U.K. NOLs and \$118,307 of other Non-U.S. NOLs will not be utilized and have placed a valuation allowance against these NOLs. Accordingly, as of December 31, 2012, our net deferred tax asset (“DTA”) associated with U.K. NOLs and other Non-U.S. NOLs was \$21,852 and \$39,880, respectively. The U.K. NOL DTA was recorded primarily in 2007 and 2008 and relates to losses incurred during those years on two large fixed-price projects

that were completed in the first quarter of 2010. We have had no material release of valuation allowance since it was initially recorded. On a periodic and ongoing basis we evaluate our recorded U.K. NOL and assess the appropriateness of our valuation allowance. Our assessment includes, among other things, the value and quality of backlog, an evaluation of existing and anticipated market conditions, analysis of historical results and projections of future income, and strategic plans and alternatives for our U.K. operations. We consider the impact of these and other factors, including the indefinite-lived nature of the U.K. NOLs, and determine whether an adjustment to our valuation allowance is required. Based on this analysis, we believe it is more likely than not that we will generate sufficient future taxable income to realize our U.K. NOL DTA. In order to realize the U.K. NOL DTA, our U.K. operations will need to generate future taxable income of approximately \$95,000. Based on this same analysis and as described above, we do not believe it is more likely than not that we will utilize U.K. NOLs in excess of the amounts recorded. However, better than anticipated future operating results or a significant increase in backlog could impact our assessment and result in future changes in U.K. valuation allowance. Approximately \$31,900 of our other Non-U.S. NOLs relate to tax losses resulting from differences between recorded revenue and revenue recognized for tax purposes. These differences are temporary and there is an offsetting deferred tax liability included in “contract revenue and cost” in the table above. Excluding NOLs having an indefinite carryforward, principally in the U.K., the Non-U.S. NOLs will expire from 2013 to 2032. As of December 31, 2012, we also have approximately \$37,170 of deferred tax assets, excluded from the table above, related to U.S. foreign tax credits against which a full valuation allowance has been recorded.

CHICAGO BRIDGE & IRON COMPANY N.V.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

As of December 31, 2012, we had U.S.-State NOLs of \$4,407, net of apportionment. We believe it is more likely than not that \$1,597 of the U.S.-State NOLs, net of apportionment, will not be utilized and accordingly, a valuation allowance has been placed against these U.S.-State NOLs. The U.S.-State NOLs will expire from 2013 to 2032.

Unrecognized Income Tax Benefits—As of December 31, 2012, our unrecognized income tax benefits totaled \$5,169 and we do not anticipate significant changes in this balance in the next twelve months. If these income tax benefits are ultimately recognized, \$2,030 would affect the effective tax rate. The following is a reconciliation of our unrecognized income tax benefits for the years ended December 31, 2012 and 2011:

	Years Ended December 31,	
	2012	2011
Unrecognized tax benefits at the beginning of the year	\$7,374	\$12,881
Increase as a result of:		
Tax positions taken during the current period	1,530	4,235
Decreases as a result of:		
Tax positions taken during prior periods	–	(700)
Lapse of applicable statute of limitations	–	(9,042)
Settlements with taxing authorities	(3,735)	–
Unrecognized income tax benefits at the end of the year	<u>\$5,169</u>	<u>\$7,374</u>

We have operations, and are subject to taxation, in various jurisdictions, including significant operations in the U.S., The Netherlands, Canada, the U.K., Australia, South America and the Middle East. Tax years remaining subject to examination by worldwide tax jurisdictions vary by country and legal entity, but are generally open for tax years ending after 2004. To the extent penalties and associated interest are assessed on any underpayment of income tax, such amounts are accrued and classified as a component of income tax expense and interest expense, respectively. For 2012 and 2010, interest was not significant. However, in 2011, the net decrease in unrecognized tax benefits noted above resulted in a net reversal of associated accrued interest of approximately \$3,900. For 2012, 2011, and 2010, penalties were not significant.

16. SEGMENT AND RELATED INFORMATION

Segment Information—Our reporting segments are comprised of three business sectors: Steel Plate Structures, Project Engineering and Construction and Lummus Technology. Through these business sectors, we offer services both independently and on an integrated basis:

Steel Plate Structures—Steel Plate Structures provides engineering, procurement, fabrication and construction services, including mechanical erection services, for the hydrocarbon, water and nuclear industries. Projects include above ground storage tanks, elevated storage tanks, LNG tanks, pressure vessels, and other specialty structures, such as nuclear containment vessels.

Project Engineering and Construction—Project Engineering and Construction provides engineering, procurement, fabrication and construction services for upstream and downstream energy infrastructure facilities. Projects include LNG liquefaction and regasification terminals, gas processing plants, refinery units, petrochemical complexes and a wide range of other energy-related projects.

Lummus Technology—Lummus Technology provides licenses, services, catalysts and proprietary equipment for the hydrocarbon refining, petrochemical and gas processing industries.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Our Chief Executive Officer evaluates the performance of these business sectors based upon revenue and income from operations. Each sector's income from operations reflects corporate costs, allocated based primarily upon revenue. Intersegment revenue is not material. The following tables present total revenue, depreciation and amortization, equity earnings, income from operations, capital expenditures and assets by reporting segment:

	Years Ended December 31,		
	2012	2011	2010
Revenue			
Steel Plate Structures	\$1,957,681	\$1,812,180	\$1,442,145
Project Engineering and Construction	3,040,229	2,289,788	1,904,850
Lummus Technology	487,296	448,574	295,323
Total revenue	<u>\$5,485,206</u>	<u>\$4,550,542</u>	<u>\$3,642,318</u>
Depreciation And Amortization			
Steel Plate Structures	\$27,062	\$28,775	\$29,513
Project Engineering and Construction	16,722	18,548	23,259
Lummus Technology	22,637	22,861	20,113
Total depreciation and amortization	<u>\$66,421</u>	<u>\$70,184</u>	<u>\$72,885</u>
Equity Earnings			
Steel Plate Structures	\$–	\$–	\$–
Project Engineering and Construction	–	572	1,873
Lummus Technology	17,931	16,315	17,591
Total equity earnings	<u>\$17,931</u>	<u>\$16,887</u>	<u>\$19,464</u>
Income From Operations			
Steel Plate Structures	\$192,593	\$167,283	\$134,430
Project Engineering and Construction	136,689	91,576	82,574
Lummus Technology	126,361	96,338	86,256
Total income from operations	<u>\$455,643</u>	<u>\$355,197</u>	<u>\$303,260</u>
Capital Expenditures			
Steel Plate Structures	\$36,963	\$22,311	\$15,379
Project Engineering and Construction	6,395	10,587	7,316
Lummus Technology	28,921	8,047	1,394
Total capital expenditures	<u>\$72,279</u>	<u>\$40,945</u>	<u>\$24,089</u>
	December 31,		
	2012	2011	2010
Assets			
Steel Plate Structures	\$1,214,743	\$1,086,337	\$732,558
Project Engineering and Construction	1,795,503	1,183,964	1,208,732
Lummus Technology	1,319,429	1,009,048	968,244
Total assets	<u>\$4,329,675</u>	<u>\$3,279,349</u>	<u>\$2,909,534</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Geographic Information—The following table presents total revenue by country for those countries with revenue in excess of 10% of consolidated revenue during a given year based upon the location of the applicable projects:

	Years Ended December 31,		
	2012	2011	2010
Revenue by Country			
United States	\$1,114,148	\$831,534	\$867,893
Colombia	917,553	694,565	217,644
Australia	666,688	351,081	179,582
Canada	665,907	509,038	398,259
Papua New Guinea	606,532	461,148	168,421
Other ⁽¹⁾	<u>1,514,378</u>	<u>1,703,176</u>	<u>1,810,519</u>
Total revenue	<u>\$5,485,206</u>	<u>\$4,550,542</u>	<u>\$3,642,318</u>

⁽¹⁾ Revenue earned in other countries, including The Netherlands (our country of domicile), was not individually greater than 10% of our consolidated revenue in 2012, 2011 or 2010.

Our long-lived assets are primarily property and equipment. At December 31, 2012, 2011 and 2010, approximately 65% of these net assets were located in the U.S., while our remaining assets were strategically located throughout the world. Our long-lived assets attributable to operations in The Netherlands were not significant at December 31, 2012, 2011, or 2010.

Significant Customers—For 2012 and 2011, revenue for one of our Project Engineering and Construction customers was approximately \$914,970 (approximately 17% of our total 2012 revenue) and approximately \$690,923 (approximately 15% of our total 2011 revenue), respectively. For 2010, we had no customers that accounted for more than 10% of our total revenue.

17. SUBSEQUENT EVENT

On February 13, 2013, we completed the Shaw Acquisition for a purchase price of approximately \$3,340,900, comprised of approximately \$2,851,200 in cash consideration and approximately \$489,700 in equity consideration. The cash consideration was funded using approximately \$1,051,200 from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using debt financing as further described in Note 9. The Acquisition Consideration is more fully described in Note 4.

18. QUARTERLY OPERATING RESULTS (UNAUDITED)

The following table presents selected unaudited consolidated financial information on a quarterly basis for 2012 and 2011:

Quarter Ended 2012

	March 31	June 30	Sept. 30	Dec. 31
	<i>(In thousands, except per share data)</i>			
Revenue	\$1,201,267	\$1,299,529	\$1,446,942	\$1,537,468
Gross profit	\$153,264	\$158,885	\$188,890	\$197,668
Net income	\$60,974	\$72,844	\$86,253	\$96,992
Net income attributable to CB&I	\$59,487	\$72,320	\$80,231	\$89,617
Net income attributable to CB&I per share—basic	\$0.61	\$0.75	\$0.83	\$0.93
Net income attributable to CB&I per share—diluted	\$0.60	\$0.74	\$0.82	\$0.91

Quarter Ended 2011

	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
	<i>(In thousands, except per share data)</i>			
Revenue	\$954,271	\$1,085,705	\$1,255,344	\$1,255,222
Gross profit	\$136,716	\$140,093	\$146,812	\$146,615
Net income	\$51,564	\$61,703	\$71,403	\$70,528
Net income attributable to CB&I	\$50,506	\$61,894	\$72,164	\$70,468
Net income attributable to CB&I per share—basic	\$0.51	\$0.63	\$0.74	\$0.72
Net income attributable to CB&I per share—diluted	\$0.50	\$0.62	\$0.72	\$0.70

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Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Management' s Report on Internal Control Over Financial Reporting

Management' s Report on Internal Control Over Financial Reporting, which can be found in Item 8, is incorporated herein by reference.

Evaluation of Disclosure Controls and Procedures

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

Attestation Report of the Independent Registered Public Accounting Firm

Our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as indicated in their report, which can be found in Item 8 and is incorporated herein by reference.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the three-month period ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. Management' s Report on Internal Controls as of December 31, 2012 is included in Item 8.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

We have adopted a code of ethics that applies to the CEO, the CFO and the Corporate Controller, as well as our directors and all employees. Our code of ethics can be found at our Internet website "www.cbi.com" and is incorporated herein by reference.

We submitted a Section 12(a) CEO certification to the New York Stock Exchange in 2012. Also during 2012, we filed with the Securities Exchange Commission certifications, pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as Exhibits 31.1 and 31.2 to this Form 10-K.

Information appearing under "Committees of the Supervisory Board" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's 2013 Proxy Statement is incorporated herein by reference. Additionally, information regarding our supervisory directors, executive officers and nominees for supervisory director appears under "Item 1 Election of Three Members of the Supervisory Board to Serve until 2016" and "Common Stock Ownership By Certain Persons and Management" in the Company's 2013 Proxy Statement and is incorporated herein by reference.

Item 11. *Executive Compensation*

Information appearing under "Executive Compensation," "Committees of the Supervisory Board," "Determining the Form and Amount of Compensation Elements to Meet Our Compensation Objectives," "Executive Officer Compensation Tables," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested," "Nonqualified Deferred Compensation," "Potential Payments Upon Termination or Change of Control" and "Director Compensation" in the 2013 Proxy Statement is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Information appearing under "Common Stock Ownership By Certain Persons and Management" in the 2013 Proxy Statement is incorporated herein by reference. In addition, disclosure regarding equity compensation plan information in "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" of Part II of this report is herein incorporated by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

Information appearing under "Certain Transactions" in the 2013 Proxy Statement is incorporated herein by reference.

Item 14. *Principal Accounting Fees and Services*

Information appearing under "Committees of the Supervisory Board - Audit Fees" in the 2013 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Financial Statements

The following Consolidated Financial Statements and Reports of Independent Registered Public Accounting Firm included under Item 8 of Part II of this report are herein incorporated by reference.

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Operations–For the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Comprehensive Income–For the years ended December 31, 2012, 2011 and 2010

Consolidated Balance Sheets–As of December 31, 2012 and 2011

Consolidated Statements of Cash Flows–For the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Shareholders' Equity–For the years ended December 31, 2012, 2011 and 2010

Notes to Consolidated Financial Statements

Financial Statement Schedules

“Schedule II. Supplemental Information on Valuation and Qualifying Accounts and Reserves” for 2012, 2011 and 2010 can be found on page 70 of this report.

Schedules, other than the one above, have been omitted because the schedules are either not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto previously included under Item 8 of Part II of this report.

Quarterly financial data for the years ended December 31, 2012 and 2011 is shown in the Notes to Consolidated Financial Statements previously included under Item 8 of Part II of this report.

Exhibits

The Exhibit Index on page 71 and Exhibits being filed are submitted as a separate section of this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Chicago Bridge & Iron Company N.V.

/s/ Philip K. Asherman

Philip K. Asherman
(Authorized Signer)

Date: February 27, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 27, 2013.

<u>Signature</u>	<u>Title</u>
<u>/s/ Philip K. Asherman</u> Philip K. Asherman	President and Chief Executive Officer (Principal Executive Officer) Supervisory Director
<u>/s/ Ronald A. Ballschmiede</u> Ronald A. Ballschmiede	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Westley S. Stockton</u> Westley S. Stockton	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ L. Richard Flury</u> L. Richard Flury	Supervisory Director and Non-Executive Chairman
<u>/s/ James R. Bolch</u> James R. Bolch	Supervisory Director
<u>/s/ J. Charles Jennett</u> J. Charles Jennett	Supervisory Director
<u>/s/ W. Craig Kissel</u> W. Craig Kissel	Supervisory Director
<u>/s/ Larry D. McVay</u> Larry D. McVay	Supervisory Director
<u>/s/ Gary L. Neale</u> Gary L. Neale	Supervisory Director
<u>/s/ Michael L. Underwood</u> Michael L. Underwood	Supervisory Director
<u>/s/ Marsha C. Williams</u>	Supervisory Director

Marsha C. Williams

Registrant' s Agent for Service in the United States

/s/ Richard E. Chandler, Jr.

Richard E. Chandler, Jr.

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**Schedule II. Supplemental Information on Valuation and Qualifying
Accounts and Reserves
For Each of the Three Years Ended December 31, 2012**

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>	<u>Column F</u>
	Balance	Additions	Additions		Balance
	At	Associated with	Charged to		at
			Costs and	Deductions	
<u>Descriptions</u>	<u>January 1</u>	<u>Acquisitions</u>	<u>Expenses</u>	<u>(1)</u>	<u>December 31</u>
	(in thousands)				
Allowance for doubtful accounts					
2012	\$ 1,761	\$ –	\$ 399	\$(846)	\$ 1,314
2011	\$ 1,849	\$ –	\$ 946	\$(1,034)	\$ 1,761
2010	\$ 3,858	\$ –	\$ 1,660	\$(3,669)	\$ 1,849

- ⁽¹⁾ Deductions generally represent utilization of previously established reserves or the reversal of unnecessary reserves due to subsequent collections.

EXHIBIT INDEX

2.1 ⁽¹²⁾	Share Sale and Purchase Agreement dated as of August 24, 2007 by and among ABB Holdings Inc., ABB Holdings B.V., ABB Asea Brown Boveri Ltd., Chicago Bridge & Iron Company, Chicago Bridge & Iron Company B.V. and Chicago Bridge & Iron Company N.V.
2.2 ⁽²³⁾	Transaction Agreement, dated as of July 30, 2012, by and among The Shaw Group, Inc., Chicago Bridge & Iron Company N.V. and Crystal Acquisition Subsidiary Inc.
3 ⁽¹⁰⁾	Amended Articles of Association of the Company (English translation)
4 ⁽²⁾	Specimen Stock Certificate
10.1 ⁽²⁾	Form of Indemnification Agreement between the Company and its Supervisory and Managing Directors
10.2 ⁽³⁾	The Company' s Deferred Compensation Plan (a) Amendment of Section 4.4 of the CB&I Deferred Compensation Plan ⁽⁷⁾
10.3 ⁽³⁾	The Company' s Excess Benefit Plan (a) Amendments of Sections 2.13 and 4.3 of the CB&I Excess Benefit Plan ⁽⁸⁾
10.4 ⁽²⁾	Form of the Company' s Supplemental Executive Death Benefits Plan
10.5 ⁽²⁾	Separation Agreement
10.6 ⁽²⁾	Form of Amended and Restated Tax Disaffiliation Agreement
10.7 ⁽²⁾	Employee Benefits Agreement
10.8 ⁽²⁾	Conforming Agreement
10.9 ⁽⁴⁾	The Company' s Supervisory Board of Directors Fee Payment Plan
10.10 ⁽⁴⁾	The Company' s Supervisory Board of Directors Stock Purchase Plan
10.11 ⁽¹⁴⁾	The Chicago Bridge & Iron 2008 Long-Term Incentive Plan As Amended May 8, 2008 (a) 2009 Amendment to the Chicago Bridge & Iron 2008 Long-Term Incentive Plan ⁽¹⁶⁾
10.12 ⁽⁵⁾	The Company' s Incentive Compensation Program

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- 10.13 ⁽¹⁾ Chicago Bridge & Iron Savings Plan as amended and restated as of January 1, 2013
- 10.14 ⁽¹¹⁾ Series A Credit and Term Loan Agreement dated as of November 6, 2006 among Chicago Bridge & Iron Company N.V., the Co-Obligors, the Lenders party thereto, Bank of America N.A. as Administrative Agent and JPMorgan Chase Bank, National Association, as Letter of Credit Issuer
- (a) Exhibits and Schedules to Series A Credit and Term Loan Agreement ⁽¹⁹⁾
- (b) Joinder to Series A Credit and Term Loan Agreement ⁽²⁰⁾
- 10.15 ⁽¹¹⁾ Series B Credit and Term Loan Agreement dated as of November 6, 2006 among Chicago Bridge & Iron Company N.V., the Co-Obligors, the Lenders party thereto, Bank of America N.A. as Administrative Agent and JPMorgan Chase Bank, National Association, as Letter of Credit Issuer
- (a) Exhibits and Schedules to Series B Credit and Term Loan Agreement ⁽¹⁹⁾
- (b) Joinder to Series B Credit and Term Loan Agreement ⁽²⁰⁾

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- 10.16⁽¹¹⁾ Series C Credit and Term Loan Agreement dated as of November 6, 2006 among Chicago Bridge & Iron Company N.V., the Co-Obligors, the Lenders party thereto, Bank of America N.A. as Administrative Agent and JPMorgan Chase Bank, National Association, as Letter of Credit Issuer
- (a) Exhibits and Schedules to Series C Credit and Term Loan Agreement ⁽¹⁹⁾
- (b) Joinder to Series C Credit and Term Loan Agreement ⁽²⁰⁾
- 10.17⁽¹³⁾ 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
- 10.18⁽¹⁵⁾ Second Amendment to the Agreements, dated as of August 5, 2008, 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
- 10.19⁽²⁴⁾ Third Amendment to the Agreement, dated as of December 21, 2012, Re: \$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
- 10.20⁽¹³⁾ 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
- (a) Amendment No. 1, dated as of August 5, 2008, to the Term Loan Agreement ⁽¹⁵⁾
- (b) Exhibits and Schedules to the Term Loan Agreement ⁽¹⁹⁾
- (c) Joinder to the Term Loan Agreement ⁽²⁰⁾
- (d) Amendment No. 2, dated as of October 14, 2011 to the Term Loan Agreement ⁽²²⁾
- 10.21 ⁽⁶⁾ Chicago Bridge & Iron 2001 Employee Stock Purchase Plan
- (a) 2009 Amendment to Chicago Bridge & Iron 2001 Employee Stock Purchase Plan ⁽¹⁷⁾
- 10.22 ⁽¹⁸⁾ Sales Agency Agreement, dated August 18, 2009, between Chicago Bridge & Iron N.V. and Calyon Securities (USA) Inc.
- (a) Amendment to the Sales Agency Agreement ⁽²¹⁾
- 10.23 ⁽²⁰⁾ Third Amended and Restated Credit Agreement dated July 23, 2010
- (a) Exhibits and Schedules to the Third Amended and Restated Credit Agreement ⁽²⁰⁾
- (b) Joinder to the Third Amended and Restated Credit Agreement ⁽²⁰⁾
- (c) Amendment No. 1, dated as of October 14, 2011, to the Third Amended and Restated Credit Agreement ⁽²²⁾
- (d) Amendment No. 2, dated as of December 21, 2012, to the Third Amended and Restated Credit Agreement ⁽²⁴⁾

- 10.24 ⁽²³⁾ Commitment Letter, dated as of July 30, 2012, by and among Chicago Bridge & Iron Company N.V., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Crédit Agricole Corporate and Investment Bank.
- 10.25 ⁽²⁴⁾ Revolving Credit Agreement, dated as of December 21, 2012, by and among Chicago Bridge & Iron Company N.V., Chicago Bridge & Iron Company (Delaware), the Other Subsidiary Borrowers, Bank of America, N.A., as Administrative Agent and Swing Line Lender, Crédit Agricole Corporate and Investment Bank as Syndication Agent, and the lenders and other financial institutions party thereto

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- 10.26 ⁽²⁴⁾ Term Loan Agreement, dated December 21, 2012, by and among Chicago Bridge & Iron Company N.V., Chicago Bridge & Iron Company (Delaware), Bank of America, N.A., as Administrative Agent, Crédit Agricole Corporate and Investment Bank as Syndication Agent, and the lenders and other financial institutions party thereto
- 10.27 ⁽²⁵⁾ Note Purchase and Guarantee Agreement dated December 27, 2012
- 10.28 ⁽²⁶⁾ The Shaw Group Inc. 401(k) Plan
- 10.29 ⁽²⁸⁾ The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.30 ⁽²⁹⁾ Form of Employee Incentive Stock Option Award under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.31 ⁽²⁹⁾ Form of Employee Nonqualified Stock Option Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.32 ⁽²⁹⁾ Form of Canadian Employee Incentive Stock Option Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.33 ⁽³⁰⁾ Form of Nonemployee Director Nonqualified Stock Option Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.34 ⁽³⁰⁾ Form of Nonemployee Director Restricted Stock Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.35 ⁽³³⁾ Form of Employee Restricted Stock Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.36 ⁽³³⁾ Form of Employee Performance Cash Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.37 ⁽³³⁾ Form of Employee Cash Settled Restricted Stock Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.38 ⁽³³⁾ Form of Section 16 Officer Restricted Stock Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.39 ⁽³³⁾ Form of Section 16 Officer Performance Cash Unit Award Agreement under The Shaw Group Inc. 2008 Omnibus Incentive Plan
- 10.40 ⁽²⁷⁾ Investment Agreement, dated as of October 4, 2006, by and among Toshiba, Toshiba Nuclear Energy Holdings Corporation (US) Inc., a Delaware corporation (the “US Company”), The Shaw Group Inc. (the “Company”) and Nuclear Energy Holdings, L.L.C. (“NEH”)
- 10.41 ⁽²⁷⁾ Investment Agreement, dated as of October 4, 2006, by and among Toshiba, Toshiba Nuclear Energy Holdings (UK) Limited, a company registered in England with registered number 5929672 (the “UK Company”), the Company and NEH
- 10.42 ⁽²⁷⁾ Put Option Agreement, dated as of October 13, 2006, between NEH and Toshiba related to shares in the US acquisition company
- 10.43 ⁽²⁷⁾ Put Option Agreement, dated as of October 13, 2006, between NEH and Toshiba related to shares in the UK acquisition company
- 10.44 ⁽²⁷⁾ Shareholders Agreement, dated as of October 4, 2006, by and among Toshiba, Toshiba Nuclear Energy Holdings (US) Inc. the US Company, NEH, TSB Nuclear Energy Investment US Inc., a Delaware corporation and a wholly owned subsidiary of Toshiba and Ishikawajima-Harima Heavy Industries Co., Ltd., a corporation organized under the laws of Japan (“IHI”)

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10.45 ⁽²⁷⁾	Shareholders Agreement, dated as of October 4, 2006, by and among Toshiba, Toshiba Nuclear Energy Holdings (UK) Inc., the UK Company, NEH, IHI and TSB Nuclear Energy Investment UK Limited, a company registered in England with registered number 5929658
10.46 ⁽²⁷⁾	Bond Trust Deed, dated October 13, 2006, between NEH and The Bank of New York, as trustee
10.47 ⁽²⁷⁾	Parent Pledge Agreement, dated October 13, 2006, between the Company and The Bank of New York
10.48 ⁽²⁷⁾	Issuer Pledge Agreement, dated October 13, 2006, between NEH and The Bank of New York
10.49 ⁽²⁷⁾	Deed of Charge, dated October 13, 2006, among NEH, The Bank of New York, as trustee, and Morgan Stanley Capital Services Inc., as swap counterparty
10.50 ⁽²⁷⁾	Transferable Irrevocable Direct Pay Letter of Credit (Principal Letter of Credit) effective October 13, 2006 of Bank of America in favor of NEH
10.51 ⁽²⁷⁾	Transferable Irrevocable Direct Pay Letter of Credit (Interest Letter of Credit) effective October 13, 2006 of Bank of America in favor of NEH
10.52 ⁽²⁷⁾	Reimbursement Agreement dated as of October 13, 2006, between the Company and Toshiba
10.53 ⁽³¹⁾	Credit Agreement between Nuclear Innovation North America LLC, Nina Investments Holdings LLC, Nuclear Innovation North America Investments Llc, Nina Texas 3 LLC and Nina Texas 4 LLC Dated November 29, 2010
10.54 ⁽³¹⁾	First Lien Intercreditor Agreement Dated As Of November 29, 2010, Among Nuclear Innovation North America LLC, Nina Investments Holdings LLC, Nuclear Innovation North America Investments LLC, Nina Texas 3 Llc and Nina Texas 4 LLC, The Other Grantors Party Hereto, Toshiba America Nuclear Energy Corporation, as Toshiba Collateral Agent, and The Shaw Group Inc., As Shaw Collateral Agent
10.55 ⁽³²⁾	Agreement of Purchase and Sale dated May 21, 2012, by and between The Shaw Group Inc. and Technip, S.A.
16.1 ⁽⁹⁾	Letter Regarding Change in Certifying Auditor
21.1 ⁽¹⁾	List of Significant Subsidiaries
23.1 ⁽¹⁾	Consent and Report of the Independent Registered Public Accounting Firm
31.1 ⁽¹⁾	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 ⁽¹⁾	Certification Pursuant to Rule 13A-14 of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 ⁽¹⁾	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 ⁽¹⁾	Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1 ⁽¹⁾	Certain risk factors set forth in the “Risk Factors” section of the Shaw Annual Report on Form 10-K (File No. 001-12227) relating to the business and operations of The Shaw Group Inc.
101.INS ^{(1),(34)}	XBRL Instance Document.
101.SCH ^{(1),(34)}	XBRL Taxonomy Extension Schema Document.
101.CAL ^{(1),(34)}	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF ^{(1),(34)}	XBRL Taxonomy Extension Definition Linkbase Document.

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101.LAB ^{(1),(34)} XBRL Taxonomy Extension Label Linkbase Document.

101.PRE ^{(1),(34)} XBRL Taxonomy Extension Presentation Linkbase Document.

(1) Filed herewith

(2) Incorporated by reference from the Company' s Registration Statement on Form S-1 (File No. 333-18065)

(3) Incorporated by reference from the Company' s 1997 Form 10-K filed March 31, 1998

(4) Incorporated by reference from the Company' s 1998 Form 10-Q filed November 12, 1998

(5) Incorporated by reference from the Company' s 1999 Form 10-Q filed May 14, 1999

(6) Incorporated by reference from Exhibit B of the Company' s 2001 Definitive Proxy Statement filed April 10, 2001

(7) Incorporated by reference from the Company' s 2003 Form 10-K filed March 15, 2004

(8) Incorporated by reference from the Company' s 2004 Form 10-Q filed August 9, 2004

(9) Incorporated by reference from the Company' s 2005 Form 8-K filed April 5, 2005

(10) Incorporated by reference from the Company' s 2005 Form 10-Q filed August 8, 2005

(11) Incorporated by reference from the Company' s 2006 Form 10-Q filed November 9, 2006

(12) Incorporated by reference from the Company' s 2007 Form 8-K filed August 30, 2007

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- (13) Incorporated by reference from the Company' s 2007 Form 8-K filed November 21, 2007
- (14) Incorporated by reference from Annex B of the Company' s 2008 Definitive Proxy Statement filed April 8, 2008
- (15) Incorporated by reference from the Company' s 2008 Form 10-Q filed August 6, 2008
- (16) Incorporated by reference from Annex B of the Company' s 2009 Definitive Proxy Statement filed March 25, 2009
- (17) Incorporated by reference from Annex D of the Company' s 2009 Definitive Proxy Statement filed March 25, 2009
- (18) Incorporated by reference from the Company' s 2009 Form 8-K filed August 18, 2009
- (19) Incorporated by reference from the Company' s 2009 Form 10-K dated February 23, 2010
- (20) Incorporated by reference from the Company' s 2010 Form 10-Q filed July 27, 2010
- (21) Incorporated by reference from the Company' s 2011 Form 10-Q filed July 22, 2011
- (22) Incorporated by reference from the Company' s 2011 Form 10-Q filed October 26, 2011
- (23) Incorporated by reference from the Company' s 2012 Form 8-K filed August 1, 2012
- (24) Incorporated by reference from the Company' s 2012 Form 8-K filed December 28, 2012
- (25) Incorporated by reference from the Company' s 2012 Form 8-K filed January 4, 2013
- (26) Incorporated by reference from The Shaw Group Inc.' s Form S-8 filed May 4, 2004
- (27) Incorporated by reference from The Shaw Group Inc.' s Form 8-K filed October 18, 2006
- (28) Incorporated by reference from The Shaw Group Inc.' s Form 10-Q filed April 9, 2009
- (29) Incorporated by reference from The Shaw Group Inc.' s Form 10-Q filed January 6, 2010
- (30) Incorporated by reference from The Shaw Group Inc.' s Form 10-Q filed April 7, 2010
- (31) Incorporated by reference from The Shaw Group Inc.' s Form 10-Q filed January 6, 2011

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- (32) Incorporated by reference from The Shaw Group Inc.' s Form 8-K filed May 22, 2012
- (33) Incorporated by reference from The Shaw Group Inc.' s Form 10-K filed October 19, 2012
- (34) Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language):
 - (i) the Consolidated Statements of Operations for the years ended December 31, 2012, 2011 and 2010, (ii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010, (iii) the Consolidated Balance Sheets as of December 31, 2012 and 2011, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010, (v) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2012, 2011 and 2010, and (vi) the Notes to Consolidated Financial Statements.

CHICAGO BRIDGE & IRON SAVINGS PLAN

As amended and restated as of January 1, 2013

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CHICAGO BRIDGE & IRON SAVINGS PLAN

ARTICLE I

Adoption

1.01 Adoption, Amendment and Restatement. The Chicago Bridge & Iron Savings Plan was originally established by the Company's corporate predecessor effective June 16, 1964. Chicago Bridge & Iron Company, a Delaware corporation, became the sponsor of the Plan effective March 18, 1997. The Company merged the CBI Hourly Employees' Saving Plan into this Plan and amended and restated the Plan effective January 1, 1997. The Company further merged the Howe-Baker Engineers, Inc. Employees' Profit-Sharing 401(k) Plan, the Matrix Engineering, Inc. Savings Plan, the A&B Builders, Inc. Savings Plan, and the Callidus Technologies 401(k) Savings Plan, into this Plan effective December 31, 2000. The Company previously amended and restated the Plan effective January 1, 2008. The Company now amends and restates the Plan effective January 1, 2013 (except as otherwise provided in this document) to read as set forth in this document. The Plan is intended to be a qualified profit sharing plan described in Section 401(a) of the Code with a qualified cash or deferred arrangement described in Section 401(k) of the Code.

ARTICLE II

Definitions

The following terms, whenever used in the following capitalized form, shall have the meanings set forth below, unless the context clearly indicates otherwise:

2.01 “Account” means an Active Account or an Inactive Account, each comprising a record of a Participant’ s undivided share in the Trust plus income and gains thereon, and less expenses, losses and distributions therefrom: The Plan Administrator may maintain (or cause the Trustee to maintain) such subaccounts within any Account as the Plan Administrator deems necessary or desirable for purposes of this Plan. If assets and liabilities of a Transferor Plan or portion thereof are transferred to this Plan pursuant to Section 11.02, the Plan Administrator may establish additional Inactive Accounts for such assets and liabilities, or may allocate such assets and liabilities to an existing Active or Inactive Account, all as the Plan Administrator in its discretion determines is necessary or desirable for the purposes of this Plan.

2.02 “Account Balance” means a Participant’ s total interest in the Trust composed of the aggregate balance of all such Participant’ s Accounts. The value of an Account Balance at any time during any Plan Year shall be its value as adjusted on the coinciding or immediately preceding Valuation Date.

2.03 “Active Account” means any one or more of the following six (6) separate Accounts to which Elective Deferrals, Company Matching Contributions, Company Contributions and Rollover Contributions, if any, may currently be allocated:

(a) “Employee 401(k) Account” credited with pre-tax Elective Deferrals made in accordance with Section 4.01(a).

(b) “Company Matching Account” credited with Matching Contributions made in accordance with Section 4.02. Effective January 1, 2001, Company Matching Accounts for pre-2001 Matching Contributions are Inactive Accounts, and new Company Matching Accounts were established as of January 1, 2001.

(c) “Company Contribution Account” credited with Company Contributions, if any, made in accordance with Section 4.03. To the extent necessary to comply with Section 411(c) (relating to vesting), the Plan Administrator shall maintain separate subaccounts within a Participant’ s Company Contribution Account for (i) Company Contributions for Plan Years beginning before January 1, 2007 (and earnings thereon); and (2) Company Contributions for Plan Years beginning after December 31, 2006 (and earnings thereon).

(d) “Prior Plan and Rollovers Account” credited with Rollover Contributions, if any, made in accordance with Section 4.04, other than Rollover Contributions derived from Roth accounts under any other qualified cash or deferred arrangement.

(e) “Roth Contribution Account” credited with Roth Contributions (including Catch-Up Deferrals designated as Roth Contributions), if any, that are made on behalf of the Participant pursuant to a Participant’s election under Section 4.01(b).

(f) “Roth Rollover Account” credited with Rollover Contributions, if any, made in accordance with Section 4.04 that are derived from Roth accounts under another qualified cash or deferred arrangement.

2.04 “Active Participant” for a Plan Year means a Participant who is employed by an Employer as an Eligible Employee for any portion of the Plan Year; provided, however that

(a) for purposes of making Elective Deferrals under Section 4.01 (including Roth Contributions under Section 4.01(b)), an Active Participant for the Plan Year is a Participant who has Compensation in that Plan Year;

(b) for purposes of Company Contributions under Section 4.03, an Active Participant for the Plan Year is a Participant who:

- (i) is an Employee on the last day of the Plan Year, and
- (ii) has completed 1,000 or more Hours of Service during the Plan Year; or
- (iii) had a Termination of Employment during the Plan Year by reason of Retirement, Disability, death, or a Reduction-in-Force Termination;

(c) for purposes of any minimum contributions required under Article XII, an Active Participant for the Plan Year is a Participant who:

- (i) is an Employee on the last day of the Plan Year; or
- (ii) had a Termination of Employment during the Plan Year by reason of Retirement, Disability, death or a Reduction-in-Force Termination.

2.05 “Authorized Leave of Absence” means an absence with or without pay, authorized by an Employer on a non-discriminatory basis, for Disability, accident, jury duty, military duty, or other reasons.

2.06 “Beneficiary” means any person affirmatively designated by a Participant pursuant to Section 8.05 to receive death benefits under the Plan (a “Designated Beneficiary”) or if there is no Designated Beneficiary or the designation is ineffective under Section 8.05, the person or persons entitled to receive death benefits under the Plan by default under Section 8.05.

2.07 “Board” means the Board of Directors of the Company.

2.08 “Code” means the Internal Revenue Code of 1986, as amended, or any succeeding Internal Revenue Code. References to sections of the Code shall include any such sections as amended, modified or renumbered.

2.09 “Company” means (a) before March 18, 1997, Chi Bridge Holdings, Inc., a Delaware corporation, and (b) on and after March 18, 1997, Chicago Bridge & Iron Company, a Delaware corporation, a wholly-owned subsidiary of Chicago Bridge & Iron Company N.V., a Netherlands corporation; or any successor corporation, by merger, consolidation, purchase or otherwise, which elects to adopt the Plan and the Trust.

2.10 “Company Contributions” means the contributions made from time to time by an Employer to the Trustee in accordance with Section 4.03.

2.11 “Company Stock” means the publicly traded common shares of the Company’s parent corporation, Chicago Bridge & Iron Company N.V., a Netherlands corporation.

2.12 “Company Stock Fund” means an Investment Fund designated for investment in Company Stock. Up to one hundred percent (100%) of the assets of the Company Stock Fund may be invested in Company Stock.

2.13 “Compensation” means the amounts below:

(a) Compensation. Except as provided in subsection (b), Compensation means the total cash salary and wages paid by the Employer through the U.S. payroll system of an Employer to a Participant while an Eligible Employee, or paid by the Employer through its payroll system for U.S. Expatriate Employees (as defined in Section 2.19) to a Participant while an Eligible Employee or a U.S. Expatriate Employee, (i) including short-term disability payments made directly from the assets of the Employer, overtime, and cash bonuses under any annual or other short-term incentive pay or bonus plan, (ii) excluding long-term incentives, stock options, restricted stock, similar non-cash benefits, contributions or benefits under any employee benefit plan and special allowances provided to U.S. Expatriate Employees for the purpose of equalizing their salary and wages, (iii) increased by the amount of any Elective Deferrals under this Plan and any other elective contributions or deferrals made by an Employer on behalf of an Employee that are excluded from the Participant’s income by Section 125, Section 132(f), Section 402(e)(3), Section 402(h)(1)(B), Section 403(b), Section 408(p)(2)(A)(i) or Section 457 of the Code, and (iv) excluding all compensation in excess of the Compensation Limit. Compensation for a Plan Year shall also include compensation paid by the later of two and one-half (2-1/2) months after a Participant’s Termination of Employment or the end of the Plan Year that includes the Participant’s Termination of Employment, if:

(1) the payment is regular compensation for services during the Participant’s regular working hours, or compensation for services outside the Participant’s regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a Termination of Employment, the payments would have been paid to the Participant while the Participant continued in employment with the Employer; or

(2) the payment is for unused accrued bona fide sick, vacation, or other leave that the Participant would have been able to use if employment had continued.

Any payments not described above shall not be considered Compensation if paid after Termination of Employment, even if they are paid by the later of two and one-half (2-1/2) months after the date of Termination of Employment or the end of the Plan Year that includes the date of Termination of Employment.

Back pay, within the meaning of Treasury Regulation Section 1.401(c)-2(g)(8), shall be treated as Compensation for the Plan Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

(b) Statutory Compensation. For purposes of applying the limitations of Article V (including the identification of Highly Compensated Employees), and applying the requirements of Article XII (including the identification of Key Employees), subject to the exceptions below, Statutory Compensation means compensation as defined for purposes of Section 415(c)(3) and Treasury Regulations Sections 1.415-2(d)(11)(i) thereunder, including wages within the meaning of Section 3401(a) of the Code and all other payments of compensation to an employee by his employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under sections 6041(d), 6051(a)(3), and 6052 of the Code, determined without regard to any rules under section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2)).

Notwithstanding the foregoing:

(1) For purposes of the identification of Highly Compensated Employees under Section 2.27 for Plan Years beginning before January 1, 1998, Statutory Compensation means compensation as defined for purposes of Section 415(c)(3) of the Code and Treasury Regulations Sections 1.415-2(d)(2), (3) and (10) thereunder, (i) including wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer or any Related Company to the extent that the amounts are included in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits and reimbursements or other expense allowances under a nonaccountable plan), but (ii) excluding contributions of the Employer or a Related Company to (unless includible in the gross income of the Employee for the taxable year when contributed), or distributions from, a plan of deferred compensation (other than an unfunded nonqualified plan), amounts realized from the exercise of a non-qualified stock option or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (as determined under Section 83 of the Code), amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option, and other amounts which receive special tax benefits.

(2) In applying Statutory Compensation for purposes of determining whether an Employee is a Highly Compensated Employee under Section 2.27 or a Key Employee under Section 12.02(d), for purposes of determining the Actual Deferral Percentage under Section 5.02 and the Actual Contribution Percentage under Section 5.03, and for purposes of determining for Plan Years beginning on or after January 1, 1998 the limitations under Section 5.06 and Minimum Employer Contributions under Section 12.03(a), Statutory Compensation under this subsection shall be increased by the amount of Elective Deferrals under this Plan and any other elective contributions or deferrals made by an Employer or Related Company on behalf of an Employee that excluded from the Participant's income by Section 125, Section 132(f), Section 402(e)(3), Section 402(h)(1)(B), Section 403(b), Section 408(p)(2)(A)(i) or Section 457 of the Code.

(3) Except for purposes of determining Highly Compensated Employees under Section 2.27, Key Employees under Section 12.02(d), and the limitations under Section 5.06, Statutory Compensation will not exceed the Compensation Limit.

2.14 "Compensation Limit" means two hundred fifty-five thousand dollars (\$255,000) (for 2013), as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any determination period beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the annual Compensation Limit is an amount equal to the otherwise applicable annual Compensation Limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is twelve (12).

2.15 "Disability" or "Disabled" means a Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous or indefinite period of at least twelve (12) months, and which is substantiated by proof of disability satisfactory to the Plan Administrator (which proof shall include a written statement of licensed physician or other appropriate medical care provider appointed or approved by the Employer).

2.16 "Dollar Limit" has the meaning defined for such term in Section 5.01.

2.17 "Effective Date" means January 1, 2013, the effective date of this amendment and restatement. The original effective date of the Plan was June 16, 1964.

2.18 “Elective Deferrals” means the contributions made by an Employer to the Trustee on behalf of an Active Participant attributable to reductions in the Participant’s Compensation pursuant to a Salary Reduction Agreement in accordance with Section 4.01.

2.19 “Eligible Employee” means (i) any Employee who is employed by an Employer and paid through the U.S. payroll system of the Employer, including an Employee transferred from the United States to work outside the United States but retained on the U.S. payroll system of the Employer, and (ii) any Employee who is employed by a non-U.S. Employer whose salary and wages are not paid through the U.S. payroll system but who is considered to be a U.S. expatriate employee under such Employer’s employment and personnel policies (a “U.S. Expatriate Employee”), but excluding:

(a) Union Employees. Any Employee who is a member of a collective bargaining unit of employees represented by a collective bargaining agent with which an Employer or a Related Company has a bargaining agreement, unless that agreement requires inclusion of the Employee in this Plan.

(b) Nonresident Aliens. Any Employee who (i) (A) is neither a citizen nor resident of the United States or (B) is first employed by an Employer or Related Company outside the United States other than as a U.S. Expatriate Employee, and (ii) receives no earned income (within the meaning at Section 911(d)(2) of the Code) from the Employer or a Related Company from sources within the United States (within the meaning of Section 861(a)(3) of the Code).

(c) Leased Employees. Any individual who is (or who would be at the expiration of the 1-year period described in clause (2) below) classified by a recipient Employer at the relevant time as a Leased Employee (defined below), even if such person is subsequently determined to be, or to have been, a common-law employee of that Employer. For this purpose “Leased Employee” means a person who is not an employee of a recipient and who provides services to the recipient if:

- (1) such services are provided pursuant to an agreement between the recipient and any other person,
- (2) such person has performed such services for the recipient (or for the recipient and related persons) on a substantially full-time basis for a period of a least one (1) year, and
- (3) such services are performed under the primary direction and control of the recipient.

Notwithstanding the above, an Employee of an Employer (or Related Company) who performs services for a recipient that is another Employer (or Related Company) shall not be excluded as a Leased Employee.

(d) Independent Contractors. Any individual who is classified by the Employer at the relevant time as an independent contractor, even if such person is subsequently determined to be, or to have been, a common-law employee of an Employer.

(e) Field Employees. Any Employee of an Employer or a Related Company, who is paid on an hourly basis from the “field payroll”, and whose duties consist of transient construction or related services performed on-site in the field and not at a permanent office, manufacturing or warehouse facility of the Employer or a Related Company.

(f) Other Workers. The following Employees are not Eligible Employees: temporary employees, co-ops, interns, benefit ineligible employees and employees who are in the United States on an F1 Visa. Notwithstanding any other Plan provision, an ineligible Employee listed in this subsection (f) who subsequently becomes an Eligible Employee shall be credited with Hours of Service performed during his service as an ineligible Employee.

(g) Payroll Determinative. For purposes of this Plan, an Employee shall be treated as the Employee of (and only of) the Employer (or Related Company) through whose payroll his or her salary or wages are paid.

2.20 “Employee” means any common law employee of an Employer or a Related Company, and any leased employee (within the meaning of Section 414(n)(2) of the Code) of an Employer or any Related Company.

2.21 “Employer” or “Employers” means the Company and any Related Company which has adopted the Plan pursuant to Section 13.01.

2.22 “Employer Stock” means Company Stock, and stock of a Participant’s former employer accumulated in an account for the Participant under a Transferor Plan that is maintained as an Inactive Account under this Plan.

2.23 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.24 “Forfeiture” means the portion of a Participant’s Account Balance that is forfeited as provided in Sections 4.11, 5.01, 5.02(c), or 13.04.

2.25 “Former Plan” means this Plan (formerly known as the CBI 401(k) Pay Deferral Plan), as in effect immediately before the Effective Date of this amendment and restatement and including, to the extent relevant for administering this Plan, the Hourly Plan.

2.26 “Hardship” means an immediate and heavy financial need of the Participant on account of:

(a) Medical Expenses. Expenses for medical care described in Section 213(d) of the Code previously incurred by the Participant, the Participant's Spouse, any dependents of the Participant (as defined in Section 152 of the Code), or the Participant's Beneficiary or amounts necessary for these persons to obtain medical care described in Section 213(d) of the Code.

(b) Home Purchase. Costs directly related to the purchase of a principal residence for the Participant (excluding mortgage payments).

(c) Educational Expenses. Payment of tuition, related educational fees and room and board expenses for the next twelve (12) months of post-secondary education for the Participant, the Participant's Spouse, the Participant's children, any dependents of the Participant (as defined in Section 152 of the Code), or the Participant's Beneficiary.

(d) Prevention of Eviction or Foreclosure. Payments necessary to prevent the eviction of the Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence.

(e) Home Damage Repair. Repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Section 165 of the Code (determined without regard to whether the loss exceeds ten percent (10%) of adjusted gross income), to the extent creating an immediate and heavy financial need on the basis of all the relevant facts and circumstances.

(f) Funeral. Payments for burial or funeral expenses for the Participant's deceased parents, spouse, children, dependents (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code), or the Participant's deceased Beneficiary.

(g) Other Deemed Hardship Events Designated by the Internal Revenue Service. Such other events, if any, that are designated by the Internal Revenue Service as constituting deemed immediate and heavy financial needs in regulations, revenue rulings, notices, or other documents of general applicability.

2.27 "Highly Compensated Employee" means, for any Plan Year, any individual who is an Employee described in subsection (a) or (b) below, or who is a former Employee described in subsection (c) below:

(a) An Employee who at any time during the current Plan Year or the preceding Plan Year is a more than five percent (5%) owner (or is considered as owning more than five percent (5%) within the meaning of Section 318 of the Code) of the Employer or a Related Company ("5% Owner").

(b) An Employee who received Statutory Compensation during the preceding Plan Year in excess of one hundred fifteen thousand dollars (\$115,000) (as adjusted in accordance with regulations and rulings under Section 414(q) of the Code), and is in the group consisting of the top twenty percent (20%) of the total number of persons employed by the Employer and Related Companies when ranked on the basis of Statutory Compensation paid during the preceding Plan Year, provided, however, that, for purposes of determining the total number of persons employed by the Employer and Related Companies, the following Employees shall be excluded:

- (i) Employees who have not completed an aggregate of six (6) months of service during the preceding Plan Year,
- (ii) Employees who work less than seventeen and one-half (17-1/2) hours per week for fifty percent (50%) or more of the total weeks worked by such employees during the preceding Plan Year,
- (iii) Employees who normally work during not more than six (6) months during any year,
- (iv) Employees who have not attained age twenty-one (21) by the end of the preceding Plan Year,
- (v) Employees who are nonresident aliens and who receive no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employer or Related Companies which constitutes income during the preceding Plan Year from sources within the United States (within the meaning of Section 861(a)(3) of the Code), and
- (vi) Except to the extent provided in regulations prescribed by the Secretary of the Treasury, Employees who are members of a collective bargaining unit represented by a collective bargaining agent with which an Employer or Related Company has or has had a bargaining agreement.

(c) A former Employee of an Employer or any Related Company if such former Employee was a Highly Compensated Employee at the time he or she had a Termination of Employment, or at any time after he or she attains age fifty-five (55). For purposes of this subsection, (i) an Employee who performs no services for the Employer or a Related Company during a Plan Year (for example, an Employee who is on an Authorized Leave of Absence throughout the Plan Year) shall be treated as having had a Termination of Employment in the Plan Year in which he last performed services for the Employer or a Related Company and (ii) an Employee who performs services for the Employer or a Related Company during a Plan Year shall nevertheless be deemed to have had a Termination of Employment (solely for purposes of determining whether such Employee is a Highly Compensated Employee for any period after he or she has an actual Termination of Employment) if (1) in a Plan Year prior to his or her attainment of age fifty-five (55), the Employee receives Statutory Compensation in an amount less than fifty percent (50%) of his or her average annual Statutory Compensation for the three (3) consecutive calendar years preceding such Plan Year during which his or her Statutory Compensation was the greatest (or the total period of the Employee's service with the Employer and Related Companies, if less), and (2) after such Plan Year in which the Employee is deemed to have had a Termination of Employment and before the Plan Year in which the Employee has an actual Termination of Employment, the Employee's services for and Compensation from the Employer and Related Companies do not increase significantly.

2.28 “Hour of Service” means each hour for which an Employee is paid, or entitled to payment, by an Employer or a Related Company:

(a) for the performance of duties;

(b) on account of a period of time during which no duties were performed; provided, however, that (i) no more than five hundred one (501) Hours of Service shall be credited for any single continuous period during which an Employee performs no duties, and (ii) no Hours of Service shall be credited for payments made or due under a plan maintained solely for the purpose of complying with applicable workers’ compensation, unemployment compensation or disability insurance laws, or for reimbursement of medical expenses; and

(c) for which back pay, irrespective of mitigation of damages, is awarded or agreed to by the Employer or Related Company; provided, however, that (i) no more than five hundred one (501) Hours of Service shall be credited for any single continuous period of time during which the Employee did not or would not have performed duties, and (ii) Hours of Service credited under (a) or (b) shall not also be credited under (c).

The determination of Hours of Service for reasons other than the performance of duties shall be determined in accordance with the provisions of Labor Department Regulations Section 2530.200b-2(b), and Hours of Service shall be credited to computation periods in accordance with the provisions of Labor Department Regulations Section 2530.200b-2(c).

2.29 “Hourly Plan” means the CBI Hourly Employees’ Savings Plan as in effect immediately prior to merging into the Plan.

2.30 “Inactive Account” means an separate Account maintained under this Plan (including any account transferred from a Transferor Plan) to which no further Elective Deferrals, Matching Contributions, Company Contributions, Travelers Contributions or Rollover Contributions are currently allocated, but which the Plan Administrator in its discretion maintains as a separate Account to reflect any special vesting schedule applicable to the Account, any special distribution options required or permitted for such Account, and any other special benefits, rights or features pertaining to such Account. Schedule 1 sets forth the Accounts, including Inactive Accounts (and their vesting schedules, special distribution options, and other salient benefits, rights and features) maintained under this Plan from time to time.

2.31 “Investment Committee” means the committee appointed by the Company pursuant to Section 6.06 to act on behalf of the Company with respect to the investment of Plan assets.

2.32 “Investment Fund” means each pooled or commingled investment fund or investment arrangement designated or authorized by the Investment Committee pursuant to Section 6.07 from among (i) regulated investment companies registered under the Investment Company Act of 1940; (ii) common trust funds or collective investment funds qualified under Sections 401 and 501 of the Code; (iii) a discount brokerage account provided by a brokerage firm that is a member of NASD/SIPC designated or authorized by the Investment Committee to provide individually directed accounts for purposes of this Plan; (iv) any other funding vehicle (including, but not limited to, a limited partnership); (v) the Company Stock Fund; (vi) any other fund for the holding of other Employer Stock maintained in connection with an Inactive Account transferred from a Transferor Plan, and (vii) for former participants in the Hourly Plan, guaranteed investment contracts issued by Principal Mutual Life Insurance Company. Solely for the purpose of segregating notes representing loans to a Participant under Section 7.02, the Trustee and Plan Administrator shall hold such notes as a separate Investment Fund pursuant to Section 7.02(f).

2.33 “Investment Manager” means a person who has acknowledged in writing that he, she or it is a fiduciary with respect to this Plan and who (i) is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Act”), or (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of Section 203(A) of such Act but is registered as an investment adviser under the laws of the state in which such person maintains his, her or its principal office and place of business, and who, at the time such person last filed with such state the most recent the registration form required to maintain such person’s registration under the laws of such state also filed a copy of such form with the Secretary of Labor, or (iii) is a bank as defined in the Act, or (iv) is an insurance company qualified to perform investment management or investment advisory services under the laws of more than one state.

2.34 “Matching Contributions” means the contributions made from time to time by an Employer to the Trustee in accordance with Section 4.02.

2.35 “Maternity or Paternity Leave” means an absence from work (i) by reason of pregnancy of the individual; (ii) by reason of a birth of a child of the individual; (iii) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual; or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Participant shall give the Plan Administrator such timely information as the Plan Administrator may reasonably require to establish that the absence from work is for one of the foregoing reasons and to establish the number of days for which there was such an absence.

2.36 “Normal Retirement Date” means the date on which the Participant attains age 65.

2.37 “Participant” means a current or former Eligible Employee participating in the Plan as provided in Article III.

2.38 “Period of Severance” means the period of time from the earliest of (i) an Employee’ s Termination of Employment, or (ii) the first anniversary of an Employee’ s first absence from work for any reason other than a Termination of Employment, until the date the Employee is credited with an Hour of Service upon reemployment by or return to service with an Employer or a Related Company. However if one of the reasons for an Employee’ s Termination of Employment or other absence was Maternity or Paternity Leave, the Period of Severance shall not include the first year that would otherwise be included in that Period of Severance.

2.39 “Plan” means this Chicago Bridge & Iron Savings Plan as set forth in this document and as from time to time amended; including, for periods prior to the Effective Date, the Former Plan.

2.40 “Plan Administrator” means the person appointed by the Company in accordance with Section 9.01 to serve as the plan administrator within the meaning of Section 414(g) of the Code and as the administrator within the meaning of Section 3(16)(A) of ERISA.

2.41 “Plan Year” means the calendar year.

2.42 “QMAC” means the qualified matching contribution made from time to time by an Employer to the Trustee in accordance with Section 4.05.

2.43 “Qualified Military Leave” means an absence due to service in the uniformed services (as defined in chapter 43 of the United States Code) by any Employee provided the Employee returns to employment with the Company or Employer with re-employment rights provided by law.

2.44 “QNEC” means the qualified non-elective contribution made from time to time by an Employer to the Trustee in accordance with Section 4.05.

2.45 “Reduction-in-Force Termination” means any permanent Termination of Employment of an Employee initiated by the Company or any Related Company, including any Termination of Employment caused by the sale by the Company or a Related Company of an ownership interest in a Related Company or the assets of a business or business segment, causing the sold Related Company, business or business segment to cease being (or being part of) a Related Company, but excluding:

- (a) any Termination of Employment by Retirement, or by early retirement under any retirement arrangement of an Employer applying to that Employee, elected by the Employee before being given notice of any impending Termination of Employment, or pursuant to an election under any special program of retirement incentive offered by the Company or Employer prior to any notice of impending Termination of Employment;

- (b) any Termination of Employment by reason of Disability or death;

- (c) any Authorized Leave of Absence;

(d) any Termination of Employment for or after “Cause,” as “Cause” is defined in the Chicago Bridge & Iron Salaried Employee Severance Pay Plan as from time to time in effect (the “Severance Plan”), whether or not the Severance Plan applies to the Employee;

(e) any voluntary resignation by the Employee; or

(f) any event that is not a Termination of Employment as defined in Section 2.55.

2.46 “Related Company” means a corporation, trade, or business however organized (including any limited liability company) during the time that it and an Employer are (i) members of a controlled group of corporations as defined in Section 414(b) of the Code; (ii) under common control as defined in Section 414(c) of the Code, (iii) members of an affiliated service group as defined in Section 414(m) of the Code, or (iv) members of a group the members of which are required to be aggregated pursuant to regulations under Section 414(o) of the Code; provided, however, that for purposes of determining applying Section 5.06, the standard of control under Sections 414(b) and 414(c) of the Code (and thus also Company and Related Plans) shall be determined as provided in Section 5.06(d).

2.47 “Related Plan” means any other defined contribution plan or any defined benefit plan (as defined in Sections 414(i), (j) and (k) of the Code) maintained by an Employer or a Related Company and intended to qualify under Section 401(a) of the Code, respectively called a “Related Defined Contribution Plan” and “Related Defined Benefit Plan.”

2.48 “Required Distribution Date” means April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age seventy and one-half (70-1/2), or (ii) the calendar year in which the Participant has a Termination of Employment; provided, however, that this clause (ii) shall not apply (A) if the Participant is a five percent (5%) owner (as determined under Code Section 416(i)) of the Employer or a Related Company at any time during the Plan Year ending with or within the calendar year in which he or she attains age seventy and one-half (70-1/2), or (B) to a Participant who attained age seventy and one-half (70-1/2) before January 1, 1999.

2.49 “Restricted Account” means an Inactive Account that is subject to the survivor annuity requirements of Section 417 of the Code.

2.50 “Retirement” means a Termination of Employment on or after the date a Participant (i) has attained age fifty-five (55) and has completed ten (10) years of Service, (ii) has completed thirty (30) years of Service, or (iii) has attained his or her Normal Retirement Date.

2.51 “Rollover Contribution” means a contribution made from time to time by an Eligible Employee to the Trustee in accordance with Section 4.04 of the Plan (i) from a qualified trust as described in Section 402(c) of the Code, an annuity contract described in Section 403(b) of the Code or an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; or (ii) from an individual retirement account or individual retirement annuity (“IRA”) as described in Section 408(d)(3) of the Code if the sole source of contributions to such IRA was one or more rollover contributions from a qualified trust described in Section 402(c) of the Code. A Rollover Contribution shall include any direct transfer of an eligible rollover distribution described in Section 401(a)(31) of the Code from a qualified trust, annuity contract, eligible governmental plan or IRA described in the preceding sentence. A Rollover Contribution shall include any direct transfer to the Participant’s Roth Rollover Account from another Roth elective deferral account under an applicable plan described in Section 402A(e)(1) of the Code, but only to the extent the Rollover Contribution is permitted under the rules of Section 402A(c) of the Code.

2.52 “Roth Contribution” means that portion of a Participant’s Elective Deferrals that the Participant designates as a Roth Contribution in the Participant’s Salary Reduction Agreement and that is contributed to the Plan on an after-tax basis in accordance with Section 4.01(b).

2.53 “Salary Reduction Agreement” means the properly completed and executed form provided by the Plan Administrator which has been filed by the Participant with the Plan Administrator as provided in Section 4.01.

2.54 “Service” means the aggregate of all periods of employment of an Employee by an Employer or Related Company (including periods of Authorized Leave of Absence) measured from the date an Employee first performs an Hour of Service upon employment or reemployment to the date of the Employee’s Termination of Employment, but excluding any Period of Severance other than an Authorized Leave of Absence; provided, however, that (i) an Employee shall not be credited with more than twelve (12) months of Service with respect to any single period of Authorized Leave of Absence; and (ii) if an Employee who has a Termination of Employment is reemployed by an Employer or a Related Company and performs an Hour of Service before he or she incurs a one (1)-year Period of Severance, such Termination of Employment shall be disregarded and his or her Service shall be treated as continuous through the date he or she resumes employment as an Employee. An Employee shall receive credit for one-twelfth (1/12) of a year of Service for each full or partial calendar month of Service. Service once credited under this Section shall not be disregarded by reason of any subsequent Period of Severance; except that if a Participant has five (5) consecutive one-year Periods of Severance, Service after such five (5)-year period shall not be taken into account for purposes of Section 4.10 in determining the nonforfeitable percentage of his or her Account Balance derived from Employer contributions which accrued before such five (5)-year period. For purposes of determining whether or to what extent a Participant’s Accounts transferred from a Transferor Plan are vested and nonforfeitable under Section 4.10, Service of a Participant who was a participant in a Transferor Plan shall include service with the predecessor employer credited for vesting purposes under the Transferor Plan.

For purposes of determining whether or to what extent Accounts of a Participant who was employed by CRI/Criterion, Inc., a Delaware corporation (“CRI”), or an employer that is a Related Company to CRI, immediately before the acquisition by an Employer of the capital stock of Chemical Research and Licensing Company, a Texas corporation, are vested and nonforfeitable under Section 4.10, Service shall include service with CRI or such Related Company prior to such acquisition.

2.55 “Termination of Employment” occurs when for any reason (other than a layoff for lack of work with recall rights) an individual is no longer an Employee of an Employer or any Related Company, except that:

(a) If an individual incurs a layoff for lack of work with recall rights, a Termination of Employment shall occur on the first anniversary of the date of layoff, unless the individual has in the interim been recalled to employment with the Employer or a Related Company.

(b) A Participant’s Elective Deferrals, QNECs, QMACs, and earnings attributable to these contributions shall be distributed on account of the Participant’s severance from employment satisfying the requirements of Section 401(k)(10) of the Code and Treasury Regulations and rulings thereunder, all as in effect at the time of such severance from employment, as determined in the sole discretion of the Plan Administrator. However, such a distribution shall be subject to the other provisions of the Plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

2.56 “Transferor Plan” means an employee benefit plan that is qualified under Section 401(a) of the Code and that transfers part or all of its assets and liabilities to, or merges or consolidates into, this Plan in a trust-to-trust transfer described in Section 414(l) of the Code.

2.57 “True-Up Contributions” has the meaning defined for such term in Section 4.02(d).

2.58 “Trust” means the trust established under the Trust Agreement by which contributions shall be received, held, invested and distributed to or for the benefit of Participants and Beneficiaries.

2.59 “Trust Agreement” means the trust agreement dated December 31, 1996, by and between the Company and T. Rowe Price Trust Company, a Maryland limited trust company, as Trustee, and any amendments thereto or successor or supplemental agreements.

2.60 “Trust Fund” means any property, real or personal, received by the Trustee, plus all income and gains and less losses, expenses and distributions chargeable thereto.

2.61 “Trustee” means the corporation, bank, trust company, individual or individuals who accept appointment as trustee to execute the duties of the Trustee set forth in the Trust Agreement.

2.62 “Valuation Date” means the last business day of each calendar year and such additional dates as the Plan Administrator shall deem appropriate. The Plan Administrator may designate different additional Valuation Dates for different Investment Funds and for different purposes under the Plan.

ARTICLE III

Participation

3.01 Participation.

(a) Each Eligible Employee who was a Participant in the Former Plan immediately before the Effective Date shall continue as a Participant in the Plan from and after the Effective Date.

(b) Except as provided in subsections (c) and (d), each other Eligible Employee shall become a Participant on the first day on which he or she is an Eligible Employee.

(c) An Eligible Employee who is a shop employee at the Clive Shop and whose participation in this Plan is governed by a collective bargaining agreement that provides for an Eligibility Period of Service (defined below) shall become a Participant on the date he or she completes an Eligibility Period of Service, if he or she is then employed by an Employer as an Eligible Employee. If he or she is not then employed by an Employer as an Eligible Employee on such date he or she shall become a Participant on the first day thereafter that he or she is employed by an Employer as an Eligible Employee, unless he or she had a Period of Severance of at least five (5) consecutive years before again becoming an Eligible Employee; in which case he or she will not become a Participant until the date he or she completes a new Eligibility Period of Service under this subsection after the Period of Severance. For purposes of this subsection an "Eligibility Period of Service" is a one-year period beginning on the date the Employee first completes an Hour of Service (determined without regard to whether the Employee is an Eligible Employee on the first or last day of such period or the number of Hours of Service in such Period).

(d) An Eligible Employee who was an employee of ABB Lummus Global Inc. when such company was acquired shall become a Participant (i) for purposes of making Elective Deferrals (and receiving an allocation of Matching Contributions) on January 1, 2008; and (ii) for all other purposes of this Plan on the first day on which he or she is an Eligible Employee. An Eligible Employee who was an employee of ABB Lummus Global Inc. shall be deemed to be an Active Employee, as defined in Section 2.04(iii), for purposes of receiving a Company Contributions under Section 4.03 for the Plan Year ending December 31, 2007.

3.02 Duration of Participation. An Eligible Employee who becomes a Participant shall continue to be a Participant until the later of (i) his or her Termination of Employment, or (ii) the distribution of his or her entire vested Account Balance from the Plan.

3.03 Participation Upon Re-Employment. A Participant who has a Termination of Employment, and thereafter resumes employment with an Employer as an Eligible Employee shall again become a Participant immediately upon becoming an Eligible Employee. An Eligible Employee described in Section 3.01(c) who has a Termination of Employment before becoming a Participant and thereafter resumes employment with an Employer as an Eligible Employee shall again become a Participant in accordance with Section 3.01.

3.04 Participation Forms. A Participant shall not be eligible to make Elective Deferrals (or to receive an allocation of Matching Contributions) until the effective date of his or her Salary Reduction Agreement as determined under Section 4.01(d). A Participant shall execute and deliver to the Plan Administrator a Beneficiary designation and an investment election, on such form or forms provided or permitted by the Plan Administrator, and in such manner, as the Plan Administrator may prescribe.

ARTICLE IV
Contributions and Vesting

4.01 Elective Deferrals.

(a) General. Each Active Participant may elect to make Elective Deferrals from his or her Compensation, and may designate the portion, if any, of the Elective Deferrals to be contributed as Roth Contributions, at least annually during any Plan Year and at such other times as the Plan Administrator may prescribe by executing and filing an appropriately completed Salary Reduction Agreement with the Plan Administrator on such form or forms provided or permitted by the Plan Administrator and in such manner as the Plan Administrator may prescribe. The Salary Reduction Agreement shall specify the percentage of Compensation to be contributed to the Plan as Elective Deferrals and the portion, if any, of the Elective Deferrals to be contributed as Roth Contributions. A Participant's percentage for Elective Deferrals shall not be more than the seventy-five percent (75%) of Compensation. The maximum percentage for Elective Deferrals may be changed by the Plan Administrator from time to time and shall be uniformly applicable to all Participants and effective from and after the date prescribed. Except for that portion, if any, of the Elective Deferrals that the Participant has designated as Roth Contributions in accordance with subsection (b) below, such contribution shall be on a pre-tax basis, and the Employer shall reduce each Participant's Compensation by, and contribute to the Trust as Elective Deferrals on behalf of such Participant, the amount (if any) by which the Compensation available to the Participant (after applicable deductions) has been reduced under such Participant's Salary Reduction Agreement. A Participant's Salary Reduction Agreement shall continue in effect, subject to subsection (f) below, notwithstanding any change in his or her Compensation, until he or she changes or revokes his or her Salary Reduction Agreement.

Notwithstanding the above, a Participant who is a shop employee at the Clive Shop and whose participation in this Plan is governed by a collective bargaining agreement may elect to make Elective Deferrals from his or her Compensation in accordance with the provisions of the currently effective collective bargaining agreement.

(b) Roth Contributions. If the Participant affirmatively designates a portion of his or her Elective Deferrals as Roth Contributions, such amount will be deducted from his or her Compensation on an after-tax basis, subject to withholding of applicable federal, state and local income taxes on such Roth Contributions from the Participant's Compensation other than such Roth Contributions. Except as provided in the preceding sentence or otherwise expressly specified in this Plan, Roth Contributions shall be treated as Elective Deferrals (or Catch-Up Deferrals, as applicable), for all purposes of this Plan. In the absence of an affirmative designation, none of the Participant's Elective Deferrals under this Plan shall be contributed as Roth Contributions.

(c) Changes of Salary Reduction Agreements. A Participant may change his or her rate of Elective Deferrals, or the designation of any portion of Elective Deferrals as Roth Contributions, by executing and filing a new Salary Reduction Agreement with the Plan Administrator on such form provided or permitted by the Plan Administrator and in such manner as the Plan Administrator may prescribe.

(d) Effective Date of Salary Reduction Agreement. A Salary Reduction Agreement or a change thereof shall apply solely to Compensation not yet paid or payable as of the date such new or changed Salary Reduction Agreement is filed with the Plan Administrator. Subject to the foregoing requirement, a Salary Reduction Agreement or change thereof shall take effect on the first day of the payroll period as of which the start or change of the Participant's Elective Deferrals, or the designation of any portion of Elective Deferrals as Roth Contributions, is administratively practicable (determined under procedures established by the Plan Administrator) after the Participant has executed and filed an initial or changed Salary Reduction Agreement with the Plan Administrator as provided in subsection (a) or (c) of this Section 4.01.

(e) Revocations of Salary Reduction Agreements. A Participant may revoke a Salary Reduction Agreement with respect to Compensation not paid or payable as of the date of such revocation by executing and filing a revocation of such Salary Reduction Agreement on such form provided or permitted by the Plan Administrator and in such manner as the Plan Administrator may prescribe. Revocation of a Salary Reduction Agreement shall take effect on the first day of the payroll period as of which implementing the revocation is administratively practicable (determined under procedures established by the Plan Administrator) after the Participant has executed and filed such revocation with the Plan Administrator. A Participant's Salary Reduction Agreement shall become ineffective upon his or her ceasing to be an Active Participant. But the Participant may make a new Salary Reduction Agreement in accordance with subsection (a) upon again becoming an Active Participant.

(f) Other Reductions and Limitations. Elective Deferrals shall not exceed the lowest maximum amount permitted by Article V. Notwithstanding anything in a Salary Reduction Agreement, the Plan Administrator may reduce the Elective Deferrals and amend the Salary Reduction Agreement of any Participant to prevent a reasonably anticipated violation of the limitations of Section 5.06, and may reduce the Elective Deferrals and Salary Reduction Agreement of any Participant who is a Highly Compensated Employee to prevent a reasonably anticipated violation of the limitations of Sections 5.01 or 5.02. Any reduction of Elective Deferrals under this subsection (f) shall be applied pro rata to Elective Deferrals that are not Roth Contributions and to Elective Deferrals that are Roth Contributions. If a Participant receives a Hardship distribution pursuant to Section 7.01, his or her Salary Reduction Agreement shall be suspended in accordance with Section 7.01(c)(5). The Plan Administrator may, in its discretion, impose such additional rules, regulations and limitations on the amount of Elective Deferrals that may be elected, including limitations on the amount of Elective Deferrals that an Active Participant may elect for each payroll period to a pro-rata portion of the Dollar Limit, and limitations on the amount of Elective Deferrals that a Highly Compensated Employee may elect, to ensure that the limitations of Article V are not exceeded.

(g) Time for Contributing Elective Deferrals. For each payroll period during a Plan Year, each Employer shall pay the Elective Deferrals of Participants who are its Employees over to the Trustee as of, or as soon as reasonably possible after, the date such amount would otherwise have been paid to the Participant in cash; but not earlier (except as required by bona fide administrative considerations) than the date that the Participant performs the services with respect to which the contribution is made (or the date such amount would otherwise have been paid to the Participant in cash, if earlier), and not later than the fifteenth (15th) business day of the month following the month in which such amount would otherwise have been paid to the Participant in cash.

(h) Allocation of Elective Deferrals. Elective Deferrals that are not Roth Contributions shall be allocated to the Employee 401(k) Account of each Participant on whose behalf such Elective Deferrals were made. Elective Deferrals that are Roth Contributions shall be allocated to the Roth Contribution Account of each Participant on whose behalf such Roth Contributions were made.

4.02 Matching Contributions.

(a) General. Subject to Sections 11.01, 11.02 and 11.04, for each Plan Year, each Employer that has adopted or is deemed to have adopted this Plan pursuant to section 13.01 for purposes of Matching Contributions, shall contribute on behalf of each Participant employed by the Employer on whose behalf Elective Deferrals (whether or not designated as Roth Contributions) are made, an amount equal to one hundred percent (100%) of so much of the Participant's Elective Deferrals for the Plan Year as do not exceed three percent (3%) of the Participant's Compensation for the Plan Year, or such larger or smaller percentages as that Employer may determine uniformly for the Participants who are its Employees. An Employer may change such percentages from time to time during the Plan Year, provided that the Employer may not retroactively decrease the percentages of its Matching Contributions or the percentage of Elective Deferrals subject to Matching Contributions.

Notwithstanding the above, a Participant who is a shop employee at the Clive Shop and whose participation in this Plan is governed by a collective bargaining agreement may receive Matching Contributions in accordance with the provisions of the currently effective collective bargaining agreement.

(b) Time for Contributing Matching Contributions. Matching contributions shall be determined and made, on the basis of Elective Deferrals, for each payroll period, subject to the subsection (d), below. However the Employer may pay its Matching Contributions over to the Trustee at any time not later than the due date for the filing of the federal income tax return (including any extensions) of the Employer for the tax year during which occurs the last day of the Plan Year containing the last day of such payroll period.

(c) Allocation of Matching Contributions. Matching Contributions shall be allocated to the Company Matching Account of each Participant on whose behalf such Matching Contributions were made; provided, however, that effective January 1, 2001, a Participant's Company Matching Account as of December 31, 2000 shall become an Inactive Account for pre-2001 Matching Contributions (including accumulated and future earnings thereon), as indicated in Schedule 1, and a new Company Matching Account shall be established for each such Participant as of January 1, 2001.

(d) True-Up Contributions. As of the last day of each Plan Year, the applicable Matching Contributions formula under subsection (a) shall be applied to the total of the Participant's Elective Deferrals for the Plan Year then ending, and each Employer shall contribute (within the time specified by subsection (b)), on behalf of each Participant on whose behalf Elective Deferrals are made, the amount, if any (the "True-Up Contribution"), by which the total Matching Contributions so required exceed the actual Matching Contributions previously determined on the basis of payroll periods for such Active Participant during the course of the Plan Year. If an Employer has changed its determination of percentages for its Matching Contribution formula during the Plan Year, the amount of the True-Up Contribution shall be determined separately for each portion of a Plan Year during which a given Matching Contribution formula was in effect.

4.03 Company Contributions.

(a) General. Subject to Sections 11.01, 11.02 and 11.04, for each Plan Year for which the Company elects in its sole discretion for Employers to make a Company Contribution, each Employer that has adopted or is deemed to have adopted this Plan pursuant to Section 13.01 for purposes of Company Contributions shall make a Company Contribution for each Active Participant. The Amount of the Company Contribution shall be a percentage, determined by the Company in its discretion and uniformly applicable to all such Active Participants that is not less than five percent (5%) of the Compensation of each Active Participant for the portion of the Plan Year during which the Participant is an Active Participant. If an Employer has changed its determination of the percentage of its Company Contribution during the Plan Year, the amount of the Company Contribution shall be determined separately for each portion of a Plan Year during which a given percentage was in effect.

Notwithstanding the above, a Participant who is a shop employee at the Clive Shop and whose participation in this Plan is governed by a collective bargaining agreement may receive Company Contributions in accordance with the provisions of the currently effective collective bargaining agreement.

(b) Time for Company Contributions. For each Plan Year, each Employer shall pay its Company Contributions over to the Trustee not later than the due date for the filing of the federal income tax return (including any extensions) of the Employer for the tax year during which the last day of such Plan Year occurs.

(c) Allocation of Company Contributions. Company Contributions shall be allocated to the Company Contribution Account of each Active Participant eligible for such allocation under subsection (a) in the same ratio that the eligible Compensation of such Active Participant bears to the total eligible Compensation of all Active Participants.

4.04 Rollover Contributions into the Plan. At the request of any Eligible Employee, the Plan Administrator shall direct the Trustee to accept a Rollover Contribution on behalf of the Eligible Employee. Unless the Rollover Contribution is a direct transfer from another Roth elective deferral account under an applicable retirement plan described in Section 402A(c)(1) of the Code, the Rollover Contribution shall be held in the Prior Plan and Rollovers Account for the Eligible Employee. A Rollover Contribution that is a direct transfer from another Roth elective deferral account under an applicable retirement plan described in Section 402A(e)(1) of the Code shall be held in the Participant's Roth Rollover Account. If the Rollover Contribution includes amounts that would not be includible in gross income (except as provided by Sections 402(c), 403(a)(4), 403(b)(8) and 457(e)(16) of the Code and except by reason of being a direct transfer from another Roth elective deferral account) if not transferred as an Rollover Contribution, the Plan Administrator shall separately account for the portion of the Rollover Contribution which is so includible in gross income and the portion of such Rollover Contribution which is not so includible. Each Rollover Contribution shall be made in cash, in notes representing a loan to the Participant from a qualified trust under provisions of such qualified trust similar to Section 7.02, or in property (which may be stock or securities issued by the former employer) acceptable to the Trustee in its sole discretion for purposes of this Plan. Prior to accepting a Rollover Contribution, the Plan Administrator may require that the Eligible Employee who wants to make the Rollover Contribution shall provide evidence reasonably satisfactory to the Plan Administrator that such contribution qualifies as a Rollover Contribution. Acceptance of a Rollover Contribution shall not in any manner guarantee the result of such contribution under any tax laws; and neither the Company, the Investment Committee, any Employer, the Plan Administrator, the Trustee nor any Investment Manager, shall be responsible for such tax results. If the Plan Administrator determines after any Rollover Contribution that such contribution did not in fact qualify as a Rollover Contribution, the amount of the Rollover Contribution, increased by income and gains and reduced (but not below zero) by losses and expenses, shall be returned to the Eligible Employee.

4.05 Special Contributions: QNECs and QMACs.

(a) QNECs and QMACs. For each Plan Year, the Company may elect to have the Company and the other Employers make a special contribution in such amount (if any) as the Company may determine as QNECs and/or QMACs. In any Plan Year in which the Company elects to have such a QNEC or QMAC made, each Employer shall contribute a fractional portion of the QNEC or QMAC in such amount as the Company shall determine to be appropriate in the circumstances.

(b) Time for QNECs or QMACs. Each Employer shall pay its QNECs or QMACs for a Plan Year over to the Trustee not later than the last day of the following Plan Year; provided, however, that if the Employer intends to deduct such QNEC or QMAC in the tax year in which the last day of the Plan Year for which such QNEC or QMAC was made occurs, the Employer shall pay its QNEC or QMAC over to the Trustee on or before the due date for the filing of the federal income tax return (including any extensions) of the Employer for such tax year.

(c) Allocation of QNECs or QMACs. As of the last day of each Plan Year, any QNECs or QMACs made to the Plan for the Plan Year shall be allocated to the Employee 401(k) Account of each Designated Participant (as defined below) who is an Active Participant, as determined by the Company in its discretion, in whichever one or more of the following methods as the Company shall determine:

(i) Compensation-Based QNEC.

(A) Compensation-based QNECs may be allocated to the Employee 401(k) Account of each Designated Participant who has Compensation not in excess of an amount specified by the Company in the ratio that such Participant's Compensation for the Plan Year bears to the total Compensation of all such Participants for the Plan Year.

(B) A Section 415-based QNEC may be allocated to the Employee 401(k) Account of each Designated Participant in an amount that maximizes each such Participant's annual additions under Code Section 415(c) of the code.

(ii) Per Capita-Based QNEC. A per capita-based QNEC may be allocated to the Employee 401(k) Account of each Designated Participant in an amount equal to the total per capita-based QNEC divided by the total number of such Participants for the Plan Year.

(iii) Section 401(k)-Based QMAC. A Section 401(k)-based QMAC may be allocated to the Employee 401(k) Account of each Designated Participant in the ratio that the amount of Elective Deferrals made to the Plan for such Plan Year on behalf of such Participant bears to the total amount of Elective Deferrals made to the Plan for such Plan Year on behalf of all such Participants, based on Elective Deferrals up to a specified percentage or dollar amount of Compensation, as determined by the Plan Administration.

(d) Limitation on Allocation of QNECs and QMACs. Notwithstanding subsection (c) above, QNECs and QMACs shall not be allocated to the Employee 401(k) Account of any Designated Participant in an amount in excess of (i) the Participant's Statutory Compensation, multiplied by (ii) the greater of (A) five percent (5%), or (B) the Plan's Representative Contribution Rate. For this purpose the Plan's Representative Contribution Rate is the lowest Applicable Contribution Rate of any eligible Participant who is not a Highly Compensated Employee ("NHCE") within a group of NHCEs that consists of half of all eligible NHCEs for the Plan Year (or, if greater, the lowest Applicable Contribution Rate of any eligible employee who is employed on the last day of the Plan Year. For this purpose the Applicable Contribution Rate for an eligible NHCE is the sum of the QMACs and QNECs for the eligible NHCE for the Plan Year, divided by the eligible NHCE's Statutory Compensation for the same period. Notwithstanding the foregoing provisions of this subsection (d), QNECs and QMACs that are made in connection with an Employer's obligations under the Davis-Beacon Act, the Public Service Contract Act of 1965, or similar legislation may be allocated to the Employee 401(k) Account of a NHCE to the extent that such contributions do not exceed ten percent (10%) of such NHCE's Statutory Compensation.

The limitations of this subsection (d) shall be applied separately to QNECs and QMACs; but QNECs taken into account in applying the limitations of Section 5.03 (including the related determination of the Representative Contribution Rate) shall not be taken into account in applying the limitations of Section 5.02 (including the related determination of the Representative Contribution Rate); and similarly QMACs taken into account in applying the limitations of Section 5.02 (including the related determination of the Representative Contribution Rate) shall not be taken into account in applying the limitations of Section 5.03 (including the related determination of the Representative Contribution Rate).

(e) Definition of Designated Participant. With respect to any QNEC or QMAC, a Designated Participant is a Participant who is not a Highly Compensated Employee for the Plan Year and who is designated by the Plan Administrator on the basis of any one or more of the following:

- (i) such Participant' s level of Compensation;
- (ii) such Participant' s employment on the last day of the Plan Year;
- (iii) such Participant' s completion of a year of vesting Service;
- (iv) such Participant' s making of a Salary Reduction Agreement Election; or
- (v) such Participant' s job classification that satisfies the nondiscriminatory classification test.

4.06 Crediting of Contributions. Contributions to be allocated to a Participant' s Account shall be credited to such Account (and available for Participant direction of investment pursuant to Section 6.08(a) and loans, withdrawals and benefits pursuant to Articles VII and VIII) on or as soon as reasonably practicable (under procedures established or approved by the Plan Administrator) after the contributions (and a reconciliation of the contributions to Participants' Accounts) are actually received by the Trustee from time to time during or after the Plan Year. However, for purposes of determining the Account Balance to which a Participant is entitled, contributions made or to be made for a particular Plan Year but credited under this Section after the last day of such Plan Year shall nevertheless be deemed made and allocated on such last day of such Plan Year.

4.07 Determination and Amount of Employer Contributions. Subject to the Company's determination of the rate (if any) of Company Contributions pursuant to Section 4.03, the Plan Administrator shall determine the amount of any contribution to be made by the Company and each Employer hereunder. In making such determination, the Plan Administrator shall be entitled to rely upon the estimates of Compensation made by the accounting officers of each respective Employer with respect to the Employees of that Employer. Such determination shall be binding on all Participants, all Employers, and the Trustee. Under no circumstances shall any Participant or Beneficiary have any right to examine the books and records of any Employer.

4.08 Condition on Company Contributions. All contributions of Elective Deferrals, Matching Contributions, Company Contributions, QNECs or QMACs by the Company or any other Employer under this Plan are hereby expressly conditioned upon their being deductible for federal income tax purposes under Section 404 of the Code; and notwithstanding anything else in the Plan shall not exceed the amount so deductible.

4.09 Form of Company Contributions. Contributions of the Company or any other Employer under this Plan shall be in the form of cash if they are (i) Elective Deferrals, or (ii) Company Contributions to the extent not in excess of five percent (5%) of the Compensation of Participants entitled to an allocation of such Company Contributions. All other contributions of the Company or any other Employer under this Plan (including that portion of any Company Contributions in excess of five percent (5%) of the Compensation of Participants entitled to an allocation of such Company Contributions) may in the discretion of the Company be made in cash, in Company Stock that is a qualifying employer security (as defined in Section 407(d)(5) of ERISA), or in other property acceptable to the Trustee in its sole discretion.

4.10 Vesting.

(a) Vesting Upon Normal Retirement Date, Death or Disability. A Participant's Account Balance shall be fully vested and nonforfeitable if and when the Participant attains his or her Normal Retirement Date, dies or becomes Disabled on or before the date he or she has a Termination of Employment, or incurs a Termination of Employment by reason of a Reduction-In-Force Termination.

(b) Fully Vested Accounts. A Participant's Account Balance shall be fully vested and nonforfeitable at all times to the extent represented by the balance of his or her Employee 401(k) Account, Roth Contribution Account, Rollover Account and Roth Rollover Account.

(c) Other Termination. Except as provided in subsection (a):

(1) The vested and nonforfeitable portion of a Participant's Account Balance attributable to the subaccount in his or her Company Contribution Account for Company Contributions for Plan Years beginning before January 1, 2007, shall be the percentage of such Account determined in accordance with the vesting schedule specified below:

Years of	<u>Vesting Service</u>	Vested
		<u>Percentage</u>
Less than five years		0 %
Five years or more		100 %

(2) The vested and nonforfeitable portion of a Participant's Account Balance attributable to the subaccount in his or her Company Contribution Account for Company Contributions for Plan Years beginning after December 31, 2006 shall be the percentage of such Account determined in accordance with the vesting schedule specified below:

Years of	<u>Vesting Service</u>	Vested
		<u>Percentage</u>
Less than three years		0 %
Three years or more		100 %

(3) The vested and nonforfeitable portion of a Participant's Account Balance attributable to his or her Company Matching Account (excluding his or her Inactive Account for pre-2001 Matching Contributions) shall be the percentage of such Account determined in accordance with the vesting schedule specified below:

Years of	<u>Vesting Service</u>	Vested
		<u>Percentage</u>
Less than three years		0 %
Three years or more		100 %

(d) Inactive Accounts. A Participant's Account Balance shall be fully vested and nonforfeitable at all times to the extent represented by an Inactive Account (including the Participant's Inactive Account for pre-2001 Matching Contributions, if any), other than an Inactive Account that comprises contributions (including matching contributions) made by an employer under a Transferor Plan. The nonforfeitable percentage of an Inactive Account that comprises contributions (including matching contributions) made by an employer under a Transferor Plan shall be determined under the vesting schedule specified in the applicable Transferor Plan for accounts containing such contributions, as shown on Schedule 1, taking into account (without duplication) all of the Participant's years of service including service with the predecessor employer credited for vesting purposes under the Transferor Plan.

(e) Forfeitures. If a Participant has a Termination of Employment, then that portion of the Participant's Account Balance which is not vested as of his or her Termination of Employment shall become a Forfeiture as soon as administratively practicable after the earliest of (i) the date on which the balance of the Participant's Accounts is distributed, (ii) the last day of the Plan Year in which the Participant incurs a one year Period of Severance, or (iii) the date of Termination of Employment; provided, however, if the Participant has no vested interest in any Accounts, such portion shall become a Forfeiture on the date of Termination of Employment.

(f) Return to Employment. If a Participant or a former Participant resumes service with an Employer as an Employee before incurring a Period of Severance lasting five (5) or more years, the amount forfeited under subsection (e) (without adjustment for interest, gains or losses) shall be reinstated to the Participant's or former Participant's Account(s) from which the Forfeiture arose, as soon as administratively practicable after the Participant resumes service with an Employer as an Employee, first out of Forfeitures for the Plan Year in which reemployment occurs, and to the extent that Forfeitures for such Plan Year are not sufficient, out of the Trust Fund as an administrative expense of the Trust. If a former Participant does not resume employment with an Employer before the end of a Period of Severance lasting at least five (5) years, the amounts forfeited under subsection (e) shall not be reinstated.

(g) Application of Forfeitures. Forfeitures arising pursuant to Sections 4.11(e), 5.01, 5.02(c), or 13.04 during a Plan Year shall be applied first to restore any Forfeitures that are reinstated during the Plan Year pursuant to Sections 4.11(f) or 13.04; second, to correct in such Plan Year any errors in the adjustment of Participants' Accounts pursuant to Section 6.11, third, to the payment of expenses of administering the Plan and the Trust pursuant to Section 6.03, and fourth, toward the payment of Company Contributions. Forfeitures that are applied toward payment of Company Contributions shall be considered to be Company Contributions, shall reduce the amount of Company Contributions otherwise required to be made to the Trust, and shall be allocated in accordance with Section 4.03(c).

4.11 Catch-Up Deferrals. Effective for Plan Years beginning on or after January 1, 2002, each Participant who is an "Eligible Active Participant" (as defined in subsection (a)) may elect to make Catch-Up Deferrals from his or her Compensation, and may elect to designate all or any portion of such Catch-Up Deferrals as Roth Contributions, by written election on a Salary Reduction Form filed with the Plan Administrator in such manner as the Plan Administrator may prescribe. The Employer shall reduce each Eligible Active Participant's Compensation by, and contribute to the Trust as Catch-Up Deferrals on behalf of such Participant, the amount (if any) of the Participant's Catch-Up Deferrals. For purposes of this Section 4.11:

(a) An "Eligible Active Participant" is a Participant who:

- (i) will have attained age fifty (50) on or before the last day of the Plan Year; and
- (ii) has made Elective Deferrals for the Plan Year that are the maximum Elective Deferrals allowed under the Plan, taking into account the provisions of Article V.

(b) For each Plan Year, the amount of the Catch-Up Deferrals made on behalf of a Participant who is an Eligible Active Participant shall be equal to the dollar amount or percentage (in increments of one percent (1%)) of the Participant's Compensation specified by the Participant for Catch-Up Deferrals on his or her Salary Reduction Form, provided that such Catch-Up Deferrals may not exceed the lesser of the following for a Plan Year:

(i) five thousand five hundred dollars (\$5,500) for 2013, as adjusted for cost-of-living increases by the Secretary of the Treasury or his delegate pursuant to the provisions of Section 414(v)(2)(C) of the Code; or

(ii) The excess of (i) the Participant's Statutory Compensation for the Plan Year as determined under Section 2.13(b) (as applied for purposes of Sections 5.02 and 5.03), over (ii) the Participant's Elective Deferrals for the Plan Year.

(c) A Participant's initial Catch-Up Deferral election shall be effective for Compensation payable on or after the date on which such election is made and shall remain in effect until changed or revoked. Thereafter, changes in the percentage (solely in increments or decrements of one percent (1%)) or dollar amount of Compensation to be deferred or revocation of any such election, or changes in the designation of any portion of Catch-Up Deferrals as Roth Contributions, may be made by written election on a Salary Reduction Form filed with the Plan Administrator in such manner as the Plan Administrator may prescribe.

(d) The Catch-Up Deferrals for the Plan Year (other than Catch-Up Deferrals designated as Roth Contributions) shall be credited to the Participants' Employee 401(k) Accounts, and Catch-Up Deferrals for the Plan Year designated as Roth Contributions shall be credited to the Participants' Roth Contribution Accounts, in the amounts of their respective Catch-Up Deferral elections for such Plan Year and the designation, if any, of any portion of such Catch-Up Deferrals as Roth Contributions. Catch-Up Deferrals shall be fully vested and nonforfeitable.

(e) Catch-Up Deferrals shall not be subject to any of the limitations under Article V.

(f) The Plan Administrator may specify rules from time to time governing Catch-Up Deferrals, including, but not limited to, rules regarding (i) the timing, method, and implementation dates of Catch-Up Deferral elections, (ii) the return or recharacterization of Catch-Up Deferrals as Elective Deferrals, and (iii) the recharacterization of Elective Deferrals of an Eligible Active Participant as Catch-Up Deferrals, to the extent the Elective Deferrals of the Eligible Active Participant would otherwise exceed the limitations of Article V and the total Catch-Up Deferrals of the Participant (after recharacterization) do not exceed the limits of subsection (b) above. Such rules shall be in compliance with any applicable guidance issued by the Secretary of the Treasury, and, to the extent deemed advisable by the Plan Administrator in order to comply with such guidance, such rules may override any of the preceding provisions of this Section 4.11.

(g) Catch-Up Deferrals will be treated as Elective Deferrals for all purposes of this Plan; other than Section 4.02 (relating to Matching Contributions) and Article V (relating to Limitations on Contributions); provided, however, that Catch-Up Deferrals recharacterized under subsection (f) as Elective Deferrals will be eligible for Matching Contributions to the extent provided for Elective Deferrals in Section 4.02

4.12 Military Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code section 414(u).

(a) Death Benefits Under USERRA. Effective January 1, 2007, if a Participant dies while performing Qualified Military Service, the survivors of the Participant are entitled to any additional benefits provided under the Plan as if the Participant had resumed and then terminated employment on account of death pursuant to Code section 401(a)(37), Notice 2010-5 and any superseding guidance.

(b) Differential Military Pay. Effective for Plan Years beginning after December 31, 2008, pursuant to Code section 414(u)(12), Notice 2010-5 and any superseding guidance, a Participant receiving differential wage payments (as defined in Code section 3401(h)(2)) shall be treated as an Employee of the Employer making the payment and the differential wage payments shall be treated as Compensation under the Plan.

(i) For purposes of Code sections 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), a Participant shall be treated as having terminated from employment during any period the Participant is performing services described in Code section 3401(h)(2)(A).

(ii) If a Participant elects to receive a distribution by reason of Subsection (b)(1), the Participant may not make an Elective Deferral during the 6-month period beginning on the date of distribution.

ARTICLE V
Limitations on Contributions

5.01 Excess Deferrals. Notwithstanding Section 4.01 or anything in a Participant's Salary Reduction Agreement, the sum for any calendar year of (i) Elective Deferrals of any Participant under this Plan, (ii) any elective deferrals excluded from the Participant's gross income made under a Related Plan, and (iii) the amount of elective deferrals under any other plan if the Participant notifies the Plan Administrator in writing by March 1 of the following calendar year that such other plan exists under which elective deferrals were excluded from the Participant's gross income and the amount of such elective deferrals (excluding in every case Catch-Up Deferrals made under Section 4.11 of this Plan or corresponding provisions authorized by Section 414(v) of the Code of any Related Plan or other plan), shall not exceed the applicable Dollar Limit. The "Dollar Limit" is seventeen thousand five hundred dollars (\$17,500) for 2013, as adjusted for Plan Years thereafter for cost-of-living increases by the Secretary of the Treasury or his or her delegate pursuant to Sections 402(g)(4) and 415(d) of the Code. If the sum of such amounts exceeds the Dollar Limit for a calendar year, the Plan Administrator shall, not later than the April 15 following the close of such calendar year, distribute to the Participant all or such portion of the Participant's Elective Deferrals in excess of the Dollar Limit (by first distributing unmatched Elective Deferrals that are not Roth Contributions, then by distributing unmatched Elective Deferrals that are Roth Contributions, then by distributing matched Elective Deferrals that are not Roth Contributions, and finally by distributing matched Elective Deferrals that are Roth Contributions) for such calendar year in an amount equal to the greater of (i) the amount the Plan Administrator determines is necessary to eliminate the excess of the sum of the amount described in clauses (i) and (ii) above over the, including net income and minus any loss allocable to such amount determined in accordance with Section 5.05, or (ii) the amount requested in writing by the Participant on or before the March 1 following the close of such calendar year. Any Matching Contributions (including any net income and minus any loss allocable thereto determined in accordance with Section 5.05) made with respect to such distributed Elective Deferrals matched Plan Administrator shall be forfeited and allocated in accordance with Section 4.10(f).

5.02 Excess Contributions: The ADP Test. Notwithstanding Section 4.01 or anything in a Participant's Salary Reduction Agreement, a Participant's Elective Deferrals shall not exceed the amounts permitted under the non-discrimination rules of Section 401(k) of the Code as set forth in this Section.

(a) Imposition of Limit. Elective Deferrals made with respect to a Highly Compensated Employee for a Plan Year shall not exceed such amount as the Plan Administrator determines is necessary to cause the Average ADP (as defined in subsection (d) below) of Active Participants who are Highly Compensated Employees to not exceed the greater of the following limits (the "Required ADP Test"):

(1) General Limit. The Average ADP of the Highly Compensated Employees for such Plan Year shall not be more than the Average ADP of all other Active Participants for such Plan Year multiplied by 1.25; or

(2) Alternative Limit. The excess of the Average ADP of Highly Compensated Employees for such Plan Year over the Average ADP of all other Active Participants for such Plan Year shall not be more than two (2) percentage points, and the Average ADP of the Highly Compensated Employees for such Plan Year shall be not more than the Average ADP of all other Active Participants for such Plan Year multiplied by two (2).

If the Plan Administrator so elects by amendment to this Plan, it may apply the limits set forth in paragraphs (1) and (2) of this subsection (a) by using the Average ADP of Active Participants (other than Highly Compensated Employees) for the Plan Year preceding the Plan Year for which the determination is made rather than for the current Plan Year; provided that such election may not be changed except as provided by the Secretary of the Treasury.

(b) Manner of Reduction to Satisfy Limit. To the extent the Plan Administrator determines is necessary to pass the Required ADP Test, Elective Deferrals (and Matching Contributions allocated with respect to Elective Deferrals that are reduced) shall be reduced for Highly Compensated Employees in the following steps:

Step 1: The Plan Administrator shall first determine the dollar amount of the reductions which would have to be made to the Elective Deferrals of each Highly Compensated Employee who is an Active Participant for the Plan Year in order for the Average ADP of the Highly Compensated Employees for the Plan Year to satisfy the Required ADP Test. Such amount shall be calculated by first determining the dollar amount by which the Elective Deferrals of Highly Compensated Employees who have the highest Actual Deferral Percentage (as defined in subsection (d)) would have to be reduced until the first to occur of: (i) such Employees' Actual Deferral Percentage would equal the Actual Deferral Percentage of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest Actual Deferral Percentage; or (ii) the Average ADP of all of the Highly Compensated Employees, as recalculated after the reductions made under this Step 1, satisfies the Required ADP Test. Then, unless the recalculated Average ADP of the Highly Compensated Employees satisfies the Required ADP Test, the reduction process shall be repeated by determining the dollar amount of reductions which would have to be made to the Elective Deferrals of the Highly Compensated Employees who, after the prior reductions made in this step 1, would have the highest Actual Deferral Percentage until the first to occur of: (iii) such Employees' Actual Deferral Percentage, after the current and all prior reductions under this Step 1, would equal the Actual Deferral Percentage of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest Actual Deferral Percentage; or (iv) the Average ADP of all of the Highly Compensated Employees, as recalculated after the current and all prior reductions made under this Step 1, satisfies the Required ADP Test. This process is repeated until the Average ADP of all of the Highly Compensated Employees, after all reductions, satisfies the Required ADP Test.

Step 2. Next, the Plan Administrator shall determine the total dollar amount of reductions to the Elective Deferrals calculated under Step 1 (“Total Excess Contributions”).

Step 3. Finally, the Plan Administrator shall reduce the Elective Deferrals of the Highly Compensated Employees with the highest dollar amount of Elective Deferrals by the lesser of the dollar amount which: (i) causes each such Highly Compensated Employee’s Elective Deferrals to equal the dollar amount of the Elective Deferrals of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest dollar amount of Elective Deferrals; or (ii) reduces the Highly Compensated Employees’ Elective Deferrals by the Total Excess Contributions. Then, unless the total amount of reductions made to Highly Compensated Employees’ Elective Deferrals under this Step 3 equals the amount of the Total Excess Contributions, the reduction process shall be repeated by reducing the Elective Deferrals of the group of Highly Compensated Employees with the highest dollar amount of Elective Deferrals, after the prior reductions made in this Step 3, by the lesser of the dollar amount which: (iii) causes each such Highly Compensated Employees’ Elective Deferrals, after the current and all prior reductions under this Step 3 to equal the dollar amount of the Elective Deferrals of the Highly Compensated Employees with the next highest dollar amount of Elective Deferrals; or (iv) causes total reductions to equal the Total Excess Contributions. This process is repeated with each successive group of Highly Compensated Employees with the highest dollar amount, after all reductions, of the Elective Deferrals until the total reductions made under this Step 3 is equal to the Total Excess Contributions.

(c) Distribution of Excess Contributions. The Plan Administrator shall, not later than the last day of the Plan Year next following the Plan Year in which such amounts are contributed, distribute the Total Excess Contributions (including any income earned and minus any loss allocable to such amounts determined in accordance with Section 5.6) to the Highly Compensated Employees on whose behalf such Elective Deferrals were made. Any required distribution will be made first from Elective Deferrals that are not Roth Contributions and then if necessary from Elective Deferrals that are Roth Contributions. Matching Contributions (including any income earned and minus any loss allocable thereto determined in accordance with Section 5.6) made with respect to such distributed Elective Deferrals shall be forfeited and allocated in accordance with Section 4.10(f).

(d) Average ADP; Actual Deferral Percentage. The “Average ADP” for a specified group of Active Participants for a Plan Year shall be the average of the Actual Deferral Percentages (as defined below) of the members of such group. The “Actual Deferral Percentage” of an Active Participant is the ratio of the amount of Elective Deferrals actually paid over to the Plan on behalf of such Active Participant for such Plan Year divided by the Active Participant’s Statutory Compensation for the Plan Year, or, at the discretion of the Plan Administrator to the extent not prohibited by regulations prescribed by the Secretary of the Treasury or his or her delegate, the sum of (i) Elective Deferrals (to the extent not included in the Actual Contribution Percentage under Section 5.03(d)), and (ii) any portion on all of the QNECS and QMACS actually paid over to the Plan on behalf of such Active Participant for the Plan Year, divided by the Active Participant’s Compensation for the Plan Year.

(e) Aggregation Rules. The Actual Deferral Percentage for any Active Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferrals allocated under this Plan and is also eligible to have elective deferrals (within the meaning of Section 401(m)(4)(B) of the Code), qualified matching contributions (within the meaning of Treas. Reg. § 1.401(k)-6) or qualified nonelective contributions (within the meaning of Treas. Reg. § 1.401(k)-6), allocated pursuant to a cash or deferred arrangement under one or more Related Plans shall be determined as if such elective deferrals, qualified matching contributions and qualified nonelective contributions were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement.

In the event that this Plan satisfies the requirements of Section 401(k), 401(a)(4) or 410(b) of the Code only if aggregated with one or more Related Plans, or if one or more Related Plans satisfy the requirements of such sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the Actual Contribution Percentages of Participants as if this Plan and all such Related Plans were a single plan; provided, however, that the Plan and one or more Related Plans may be aggregated in order to satisfy the non-discrimination requirements of Section 401(k) of the Code only if such plans have the same plan year and employ consistent testing methods.

5.03 Excess Aggregate Contributions: The ACP Test. Notwithstanding Section 4.2, Matching Contributions shall not exceed the amounts permitted under the non-discrimination rules of Section 401(m) of the Code as set forth in this Section.

(a) Imposition of Limit. Matching Contributions made on behalf of Highly Compensated Employees for a Plan Year shall not exceed such amount as the Plan Administrator determines is necessary to cause the Average ACP (as defined in subsection (d) below) of Active Participants who are Highly Compensated Employees not to exceed the greater of the following limits (the "Required ACP Test"):

(1) General Limit. The Average ACP of the Highly Compensated Employees for such Plan Year shall not be more than the Average ACP of all other Active Participants for such Plan Year Multiplied by 1.25; or

(2) Alternative Limit. The excess of the Average ACP for Highly Compensated Employees for such Plan Year over the Average ACP of all other Active Participants for such Plan Year shall not be more than two (2) percentage points, and the Average ACP of the Highly Compensated Employees for such Plan Year shall not be more than the Average ACP of all other Active Participants for such Plan Year multiplied by two (2).

If the Plan Administrator so elects, it may apply the limits set forth in paragraphs (1) and (2) of this subsection (a) by using the Average ACP of all other Active Participants (other than Highly Compensated Employees) for the Plan Year preceding the Plan Year for which the determination is made rather than for the current Plan Year; provided that such election may not be changed except as provided by the Secretary of the Treasury.

(b) Manner of Reduction to Satisfy Limit. To the extent that the Plan Administrator, after giving effect to any reduction in the amount of Matching Contributions pursuant to Section 5.02(c), determines it is necessary to pass the Required ACP Test, Matching Employer Contributions shall be reduced for Highly Compensated Employees in the following steps:

Step 1: The Plan Administrator shall first determine the dollar amount of the reductions which would have to be made to the Matching Contributions of each Highly Compensated Employee who is an Active Participant for the Plan Year in order for the Average ACP of the Highly Compensated Employees to satisfy the Required ACP Test. Such amount shall be calculated by first determining the dollar amount by which the Matching Contributions of the Highly Compensated Employees who have the highest Actual Contribution Percentage (as defined in subsection (d)) would have to be reduced until the first to occur of: (i) such Employees' Actual Contribution Percentage would equal the Actual Contribution Percentage of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest Actual Contribution Percentage; or (ii) the Average ACP of all of the Highly Compensated Employees, as recalculated after the reductions made under this Step 1, satisfies the Required ACP Test. Then, unless the recalculated Average ACP of the Highly Compensated Employees satisfies the Required ACP Test, the reduction process shall be repeated by determining the dollar amount of reductions which would have to be made to the Matching Contributions of the Highly Compensated Employees who, after the prior reductions made in this Step 1 would have the highest Actual Contribution Percentage until the first to occur of: (iii) such Employees Actual Contribution Percentage, after all the current and prior reductions under this Step 1 would equal the Actual Contribution Percentage of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest Actual Contribution Percentage; or (iv) the Average ACP of all of the Highly Compensated Employees, as recalculated after the current and all prior reductions under this Step 1, satisfies the Required ACP Test. This process is repeated until the Average ACP of all of the Highly Compensated Employees, as recalculated after all reductions made under this Step 1, satisfies the Required ACP Test.

Step 2. Next, the Plan Administrator shall determine the total dollar amount of reductions to the Matching Employer Contributions calculated under Step 1 ("Total Excess Aggregate Contributions").

Step 3. Finally, the Plan Administrator shall reduce the Matching Employer Contributions of the Highly Compensated Employees with the highest dollar amount of Matching Employer Contributions by the lesser of the dollar amount which: (i) causes each such Highly Compensated Employee's Matching Contributions to equal the dollar amount of the Matching Employer Contributions of the Highly Compensated Employee or group of Highly Compensated Employees with the next highest dollar amount of Matching Contributions; or (ii) reduces the Highly Compensated Employees' Matching Contributions by the Total Excess Aggregate Contributions. Then, unless the total amount of reductions made to Highly Compensated Employees' Matching Employer Contributions under this Step 3 equals the amount of Total Excess Aggregate Contributions, the reduction process shall be repeated by reducing the Matching Contributions of the group of Highly Compensated Employees with the highest dollar amount of Matching Employer Contributions, after the prior reductions made in this Step 3, by the lesser of the dollar amount which: (iii) causes each such Highly Compensated Employee's Matching Contributions, after the current and cell prior reductions under this Step 3, to equal the dollar amount of the Matching Contributions of Highly Compensated Employees with the next highest dollar amount of Matching Contributions; or (iv) causes total reductions to equal the Total Excess Aggregate Contributions. This process is repeated with each successive group of Highly Compensated Employees with the highest dollar amount, after all reductions, of the Matching Contributions until the total reductions made under this Step 3 is equal to the Total Excess Aggregate Contributions.

(c) Distribution of Excess Contributions. The Plan Administrator shall, not later than the last day of the Plan Year next following the Plan Year in which such amounts are contributed, distribute the Total Excess Aggregate Contributions (including any income earned and minus any loss allocable to such amounts determined in accordance with Section 5.05), to the Highly Compensated Employees on whose behalf such Matching Contributions were made.

(d) Average ACP; Actual Contribution Percentage. The "Average ACP" for a specified group of Active Participants for a Plan Year shall be the average of the Actual Contribution Percentages (as defined below) of the members of such group. The "Actual Contribution Percentage" of an Active Participant is the ratio of the amount of Matching Employer Contributions actually paid over to the Plan on behalf of such Active Participant for such Plan Year divided by the Active Participant's Statutory Compensation for the Plan Year, or at the discretion of the Plan Administrator to the extent not prohibited by regulations prescribed by the Secretary of Treasury or his or her delegate, the sum of (i) Matching Contributions (and QMACs to the extent not included in the Actual Deferral Percentage under Section 5.02(d)), and (ii) any portion or all of the Elective Deferrals or QNECs (to the extent not included in the Actual Deferral Percentage under Section 5.02(d)) actually paid over to the Plan on behalf of such Active Participant for the Plan Year, divided by the Active Participant's Statutory Compensation during the Plan Year.

(e) Aggregation Rules. The Actual Contribution Percentage for any Active Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Matching Contributions allocated under this Plan and is also eligible to make employee nondeductible contributions or to have matching contributions (within the meaning of Section 401(m)(4)(A) of the Code) allocated under one or more Related Plans shall be determined as if the total of such Matching Employer Contributions, employee nondeductible contributions, and matching contributions were made under a single arrangement.

In the event that this Plan satisfies the requirements of Section 401(m), 401(a)(4) or 410(b) of the Code only if aggregated with one or more Related Plans, or if one or more Related Plans satisfy the requirements of such sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the Actual Contribution Percentages of Participants as if this Plan and all such Related Plans were a single plan; provided, however, that the Plan and one or more Related Plans may be aggregated in order to satisfy the non-discrimination requirements of Section 401(m) of the Code only if such plans have the same plan year and employ consistent testing methods.

5.04 Order of Application of Limitations. Section 5.01 shall be first applied to contributions under the Plan; second, Section 5.02 shall be applied to contributions under the Plan; and last, Section 5.03 shall be applied to contributions under the Plan. Section 5.06 shall be applied to contributions under the Plan without regard to Sections 5.01, 5.02 or 5.03.

5.05 Allocation of Income or Loss. Any income or loss for the applicable Plan Year attributable to contributions distributed pursuant to Sections 5.01, 5.02 or 5.03 shall be distributed or forfeited, as applicable. The Plan Administrator shall determine such distributable income or loss by computing income or loss attributable to distributed contributions for the completed Plan Year using any reasonable method permitted under Treas. Reg. §§ 1.401(k)-2(b)(2)(iv), 1.401(m)-2(b)(2)(iv), and 1.402(g)-1(e)(5), as applicable; provided that the method does not violate Section 401(a)(4) of the Code, is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participants' Accounts. No income (or loss) shall be distributed for the period between the end of the applicable Plan Year and the date of the distribution.

5.06 Section 415 Limitation on Contributions.

(a) Limitations on Contributions. Notwithstanding any provisions of this Plan to the contrary, a Participant's Annual Additions (as defined in subsection (b)(1) below) for any Plan Year shall not exceed his or her Maximum Annual Additions (as defined in subsection (b)(2) below) for the Plan Year. If a Participant's Annual Additions exceed his or her Maximum Annual Additions, the Participant's Annual Additions for the Plan Year shall be reduced according to subsection (c) below by the amount necessary to eliminate such excess (the "Annual Excess").

(b) Definitions.

(1) "Annual Additions" of a Participant for a Plan Year means the sum of the following:

(A) Elective Deferrals, Matching Contributions, Company Contributions, QNECs, QMACs, and Minimum Top Heavy Employer Contributions (if any, as determined under Article XII) and any Forfeitures thereof, allocated for the Plan Year.

(B) All employer contributions, non-deductible employee contributions and forfeitures for such Plan Year allocated to such Participant' s accounts for such Plan Year under any Related Defined Contribution Plan,

(C) contributions allocated to any individual medical account (as defined in Code Section 401(h)) established for the Participant which is part of a Related Defined Benefit Plan as provided in Code Section 415(l) and any amount attributable to post-retirement medical benefits allocated to an account established under Code Section 419A(d)(1) for the Participant; provided, however, that the limitation in Section (b)(2)(A) below shall not apply to any amounts treated as an Annual Addition under this subsection (b)(1)(C).

A Participant' s Annual Additions shall include amounts described in this subsection (b)(1) that are determined to be excess contributions as defined in Section 401(k)(8)(B) of the Code, excess aggregate contributions as defined in Section 401(m)(6)(B) of the Code, and excess deferrals as described in Section 402(g) of the Code, regardless of whether such amounts are distributed or forfeited. Rollover Contributions and trust-to-trust transfers shall not be included as part of a Participant' s Annual Additions. The Annual Additions for any Plan Year beginning before January 1, 1987 shall not be recomputed to treat all non-deductible employee contributions as Annual Additions.

(2) "Maximum Annual Additions" of a Participant for a Plan Year means the lesser of (A) or (B) below:

(A) Percentage Limitation. 100% of the Participant' s Statutory Compensation during the Plan Year; or

(B) Dollar Limitation. Fifty-one thousand \$51,000 (in 2013, as adjusted for cost-of-living increases in accordance with regulations prescribed by the Secretary of the Treasury or his or her delegate pursuant to the provisions of Section 415(d) of the Code).

(c) Elimination of Annual Excess. If a Participant has an Annual Excess for a Plan Year, such excess shall not be allocated to the Participant' s Accounts but shall be eliminated as follows:

(1) Unmatched Elective Deferrals Participant Contributions. The Participant's unmatched Elective Deferrals (first unmatched Elective Deferrals that are not Roth Contributions and then unmatched Elective Deferrals that are Roth Contributions) for the Plan Year shall be reduced to the extent necessary to eliminate the Annual Excess.

(2) Matched Elective Deferrals and Related Matching Contributions. If any Annual Excess remains, the Participant's matched Elective Deferrals (first unmatched Elective Deferrals that are not Roth Contributions and then unmatched Elective Deferrals that are Roth Contributions) and the related Matching Contributions for the Plan Year shall be reduced in proportionate amounts to the extent necessary to eliminate the Annual Excess.

(3) Company Contributions. If any Annual Excess remains, the Company Contributions for the Plan Year shall be reduced to the extent necessary to eliminate the Annual Excess.

(4) QNECs or QMACs. If any Annual Excess remains, the Participant's QNECs or QMACs for the Plan Year shall be reduced to the extent necessary to eliminate the Annual Excess.

(d) Standard of Control. For purposes of this Section 5.06, the standard of control for determining a Related Company under Sections 414(b) and 414(c) of the Code (and thus also Related Plans) shall be deemed to be "more than 50%" rather than "at least 80%."

ARTICLE VI
Trustee and Trust Fund

6.01 Trust Agreement. The Company and the Trustee have entered into a Trust Agreement which provides for the investment of the assets of the Plan and administration of the Trust Fund. The Trust Agreement, as from time to time amended, shall continue in force and shall be deemed to form a part of the Plan and any and all rights or benefits which may accrue to any person under the Plan are subject to all the terms and provisions of the Trust Agreement.

6.02 Selection of Trustee. The Company shall select and may remove the Trustee and the Trustee may resign in accordance with the Trust Agreement. The resignation or removal of a Trustee and the appointment of a successor Trustee and the approval of his, her or its accounts shall be accomplished in the manner provided in the Trust Agreement.

6.03 Plan and Trust Expenses. All expenses incurred by the Trustee or the Plan Administrator in the administration of the Plan and the Trust (including compensation of the Trustee, accountants, attorneys and other persons who render advice or services to the Plan or Trust, if any) shall be paid by the Trust except to the extent paid by the Company. Expenses uniquely attributable to the Accounts of a particular Participant (and not paid by the Company), including but not limited to expenses of a discount brokerage account, shall, to the extent permitted by law, be charged to such Account and shall not be treated as a general Trust expense chargeable to the Accounts of all Participants. Expenses uniquely attributable to a particular Investment Fund (and not paid by the Company) shall be charged to such Investment Fund and shall not be treated as a general expense chargeable to the Accounts of all Participants.

6.04 Trust Fund. The Trust under this Plan shall be a separate entity aside and apart from Employers or their assets. All Elective Deferrals, Matching Contributions, Company Contributions and Rollover Contributions to the Plan shall be paid into the Trust, and all benefits payable under the Plan shall be paid from the Trust. An Employer shall have no rights or claims of any nature in or to the assets of the Trust Fund except (1) the right of the Company to require the Trustee to hold, use, apply and pay such assets held by the Trustee, in accordance with the directions of the Plan Administrator, for the exclusive benefit of the Participants and their Beneficiaries, and (2) the Employers' rights of reversion as provided in Sections 5.06 and 6.11. The Trust, and the corpus and income thereof, shall in no event and in no manner whatsoever be subject to the rights or claims of any creditor of any Employer.

6.05 Separate Accounts. The Plan Administrator shall maintain separate Accounts for each Participant as described in Section 2.01 hereof. Contributions shall be credited to Participant's Accounts in accordance with Section 4.07. Withdrawals and distributions shall be charged to a Participant's Accounts on the Valuation Date coinciding with or next preceding the date such withdrawal or distribution is made from the Participant's Accounts. Earnings, gains and losses shall be credited or charged to a Participant's Accounts on the Valuation Date coinciding with or next following the date such amounts are actually credited or charged by the Investment Fund in which such Participant's Accounts are invested. Expenses shall be charged to a Participant's Accounts on the Valuation Date coinciding with or next preceding the date such expenses are actually paid by the Investment Fund in which such Participant's Accounts are invested.

6.06 Investment Committee. The Company shall appoint an Investment Committee composed of one (1) or more persons who are officers, directors or employees of the Company or a Related Company to select Investment Funds, to appoint and remove any Investment Manager, to engage consultants, to formulate an investment policy, to monitor the performance of Investment Funds and Investment Managers, and to perform such other functions with respect to the investment of the assets of the Plan as the Company may direct. Each member of the Committee shall serve until death, resignation, removal, or until he or she ceases to be an officer, director or employee of any of the Company and any Related Company. Any member of the Committee may resign upon fifteen (15) days written notice to the Company. The Company may remove any member of the Committee upon fifteen (15) days written notice to such member and all other members of the Committee. If a vacancy occurs in the membership of the Committee the Company may (and if there would otherwise be no members of the Committee, shall) appoint a successor member of the Committee who shall have the same powers and duties as those conferred upon his or her predecessor(s). The Company shall advise the Trustee, any Investment Manager and the Plan Administrator of the membership of the Committee and of any change therein; and the Trustee, any Investment Manager and the Plan Administrator shall be protected in reliance on any such notice. The Committee shall act at a meeting, or in writing without a meeting, by the vote or concurrence of a majority of its members; provided, however, that no member of the Committee who is a Participant shall take part in any action having particular reference to his or her own benefits hereunder. All written directions by the Committee may be made over the signatures of a majority or its members and all persons shall be protected in relying on such written directions.

6.07 Investment Funds. The assets of the Trust Fund shall be invested in the Investment Funds authorized by the Investment Committee for the investment of Participants' Accounts. The Investment Committee may, from time to time, authorize additional Investment Funds with such investment characteristics, as it deems appropriate. The Investment Committee may also terminate the use of any Investment Fund by this Plan as it deems appropriate. The Trustee, Investment Manager, or the manager of any Investment Fund, may modify the investment characteristics of any Investment Fund as it deems appropriate. The designation, modification or termination of any Investment Fund shall be reflected in the records of the Plan and shall be communicated promptly to the Plan Administrator. Subject to the provisions of Section 6.08, up to one hundred percent (100%) of a Participant's Accounts may be invested in the Company Stock Fund.

In order to maintain appropriate or adequate liquidity and pending or pursuant to investment directions, the Trustee, Investment Manager or the manager of any Investment Fund is authorized to hold such portions of each of the Investment Funds as it deems necessary in cash or liquid short-term cash equivalent investments or securities (including, but not limited to, United States government treasury bills, commercial paper, and savings accounts and certificates of deposit, and common or commingled trust funds invested in such securities).

6.08 Investment of Participants' Accounts.

(a) In General. Except as provided in subsections (b) or (c) below, a Participant may direct the investment of his or her Accounts among the Investment Funds in accordance with such rules and procedures as the Plan Administrator may establish or adopt. A Participant's investment election made pursuant to this Section shall continue in effect, notwithstanding any change in the amount of contributions to the Plan, until such Participant shall change his or her investment election in accordance with such rules and procedures. If for any reason contributions are allocated to an Account of a Participant who has not given such direction, such Account shall be invested in the default Investment Fund, as determined by the Plan Administrator. Notwithstanding any provision in this Section to the contrary, the Plan Administrator, the Trustee or the manager of any Investment Fund may issue rules and regulations imposing such restrictions and limitations on the investment of contributions in, and transfers of Account balances among, the Investment Funds as it deems appropriate from time to time, consistent with the investment objectives of the respective Investment Funds.

A Participant may elect to invest up to fifty percent (50%) of his Account Balance in a discount brokerage account provided by a brokerage firm that is a member of NASD/SIPC designated or authorized by the Investment Committee to provide individually directed accounts for purposes of this Plan.

(b) Company Stock. Notwithstanding the foregoing, if the Company in its sole discretion makes Company Contributions or Matching Contributions in part or in whole in the form of Company Stock, such Company Stock shall be initially contributed to the Company Stock Fund. A Participant may, in accordance with such rules and procedures as the Plan Administrator may establish or adopt, direct the investment of Elective Deferrals and Rollover Contributions, and Matching Contributions and Company Contributions made in cash, into the Company Stock Fund. A Participant may not elect to transfer into the Company Stock Fund any portion of his or her Accounts that are invested in another Investment Fund. However, a Participant may elect to transfer all or a portion of his or her Accounts that are invested in the Company Stock Fund into another Investment Fund in accordance with such rules and procedures as the Plan Administrator may establish or adopt. Cash dividends and other cash distributions received with respect to the portion of a Participant's or Beneficiary's Accounts invested in the Company Stock Fund shall be retained in the Company Stock Fund and reinvested in Company Stock.

To the extent provided in Code section 401(a)(35), Treas. Reg. section 1.401(a)(35)-1 and any superseding guidance, an applicable individual may elect to direct the Plan to divest any publicly traded employer securities held in the applicable portion of his or her Account and to reinvest an equivalent amount in other investment options offered under the Plan. This diversification right only applies to publicly traded employer securities that are held in the Account for which the individual meets the definition of applicable individual.

(c) Other Employer Stock. If a Participant has an Inactive Account invested in Employer Stock other than Company Stock, he or she may, in accordance with such procedures as the Plan Administrator may establish or adopt, elect to transfer all or a portion of such Account into another Investment Fund. A Participant may not elect to transfer into Employer Stock any portion of his or her Accounts that are invested in another Investment Fund, nor to direct the investment of Elective Deferrals, Matching Contributions, Company Contributions or Rollover Contributions into Employer Stock, other than Company Stock as provided by subsection (c).

(d) GICs. Accounts of former participants in the Hourly Plan invested in guaranteed investment contracts (“GICs”) issued by the Principal Mutual Life Insurance Company as of the Effective Date shall remain invested in such GICs until the GIC matures or the Participant (or Beneficiary) elects to transfer part or all of his or her Account balance from such GIC to another Investment Fund. No funds may be transferred into a GIC. Unless otherwise elected by the Participant (or Beneficiary) in accordance with such rules and procedures as the Plan Administrator may establish or adopt, amounts becoming available from maturing GICs will be invested in the default Investment Fund, as determined by the Plan Administrator.

(e) Fiduciary Responsibility. Except as expressly limited by subsections (b) and (c) above, the Participant has sole authority and discretion, fully and completely, to select the Investment Fund(s) for the investment of his or her Accounts. The Participant accepts full and sole responsibility for the success or failure of any selection he or she makes. To the maximum extent permitted by Section 404(c) of ERISA, neither the Trustee, the Company, the Investment Committee, any Investment Manager, the Plan Administrator, any Employer, nor any other person shall be responsible for losses that are the direct and necessary result of investment instructions given by any Participant.

6.09 Shareholder Rights in Company Stock.

(a) Participant Directions. Each Participant as a named fiduciary, shall have the right to direct the Trustee as to the manner of voting and the exercise of all other rights which a shareholder of record has (including, but not limited to, the right to sell or retain shares in a public or private tender offer) with respect to shares (and fractional shares) of Company Stock which have been allocated to the Participant’s Accounts in the Company Stock Fund and not yet become a Forfeiture under Section 4.11(d). Subject to subsection (c) below, the Trustee shall vote or exercise shareholder rights with respect to all shares (and fractional shares) of Company Stock in the Company Stock Fund for which the Trustee received timely directions from Participants in accordance with such Participants’ directions. The Trustee shall vote all shares (and fractional shares) of Company Stock in the Company Stock Fund for which the Trustee has not received timely voting instructions in the Trustee’s sole discretion. In the event of a tender offer for Company Stock, the Trustee shall determine in its sole discretion whether to tender any shares (or fractional shares) of Company Stock in the Company Stock Fund for which the Trustee does not receive a timely direction from the Participant or Beneficiary as to whether to tender such shares (and fractional shares).

(b) Confidentiality. The Trustee shall solicit the directions of Participants in accordance with Section 6.09(a) and shall follow such directions by delivering aggregate votes to the Company or otherwise implementing such directions in any convenient manner that preserves the confidentiality of the votes or other directions of individual Participants, except to the extent necessary to comply with applicable federal laws or state laws that are not preempted by ERISA. Any designee of the Trustee who assists in the solicitation or tabulation of the directions of Participants shall certify in writing that he, she or it will maintain the confidentiality of all directions given.

(c) Fiduciary Override. Notwithstanding the foregoing, in the event that the Trustee determines that the manner of voting and the exercise of other shareholder rights with respect to shares of Company Stock held in the Company Stock Fund is not proper or is contrary to the provisions of ERISA (including, without limitation, the fiduciary responsibility requirements of Section 404 of ERISA), the Trustee shall disregard such direction and assume responsibility for the voting or exercise of other shareholder rights with respect to such shares of Company Stock held in the Company Stock Fund.

6.10 Trust Income. As of each Valuation Date, the fair market value of the Trust and of each Investment Fund shall be determined (other than the value of GICs, which shall be as determined by Principal Mutual Life Insurance Company) and recorded by the Trustee. The Trustee's (or Principal Mutual Life Insurance Company's) determination of fair market value shall be final and conclusive on all persons. As of each Valuation Date, the Trustee shall determine the net income, gains or losses of the Trust Fund and of each separate Investment Fund since the preceding Valuation Date. The net income, gains or losses thus derived from the Trust shall be accumulated and shall from time to time be invested as a part of the Trust Fund. The Trustee shall proportionately allocate the net income, gains or losses of each Investment Fund among (a) the Participants' Accounts and (b) the suspense account maintained under Section 5.06(c) for unallocated Employer contributions, all as valued as of the preceding Valuation Date (reduced by any distributions therefrom since the preceding Valuation Date) by crediting (or charging) each such Account by an amount equal to the net income, gains or losses of each Investment Fund multiplied by a fraction, the numerator of which is the balance of such Account invested in such Investment Fund as of the preceding Valuation Date (reduced by any distributions therefrom since the preceding Valuation Date) and the denominator of which is the total value of all Accounts invested in such Investment Fund as of the preceding Valuation Date (reduced by any distributions therefrom since the preceding Valuation Date). Not later than ninety (90) days after the last day of the Plan Year (or after such additional date or dates as the Plan Administrator in its discretion may request), the Trustee shall provide the Plan Administrator and the Investment Committee with a written report detailing the fair market value of the Trust and of each Investment Fund as of the last day of the Plan Year (or as of such other date or dates as the Plan Administrator in its discretion may request).

6.11 Correction of Error. In the event of an error in the administration or the Plan or otherwise in maintaining a Participant's Accounts that is not otherwise corrected in accordance with Sections 5.01, 5.02(c), 5.03(c) or 5.06(c), the Company may in its sole discretion elect for one or more Employers to contribute such amount as it shall determine is necessary and appropriate to correct the error. Unless the Company so elects, the Plan Administrator, in its sole discretion, may correct such error by either (i) in the case of an error resulting in reducing a Participant's Account balance, allocating Forfeitures for the Plan Year to such Participant's Accounts in such amount as he shall determine to be needed to correct the error, or (ii) crediting or charging the adjustment required to make such correction to or against income or as an expense of the Trust for the Plan Year in which the correction is made. Except as provided in this Section, the Accounts of other Participants shall not be readjusted on account of such error.

6.12 Right of the Employers to Trust Assets. Except as provided in Section 5.06(c) and subject to (a) and (b) below, the Employers shall have no right or claims to the Trust Fund except the right to require the Trustee to hold, use, apply, and pay such assets in its possession in accordance with the Plan for the exclusive benefit of the Participants or their Beneficiaries and for defraying the reasonable expenses of administering the Plan and Trust.

(a) Return of Contributions Where Deduction is Disallowed. If, and to the extent that, a deduction for Elective Deferrals, Matching Contributions, Company Contributions, QNECs or QMACs is disallowed under Section 404 of the Code, Elective Deferrals conditioned on deductibility will be distributed to the appropriate Participant and Matching Contributions, Company Contributions, QNECs and QMACs conditioned upon deductibility will be returned to the appropriate Employer (as determined by the Plan Administrator) within one (1) year after the disallowance of the deduction.

(b) Return of Contributions Made Through Mistake of Fact. If, and to the extent that, a contribution of Elective Deferrals, Matching Contributions, Company Contributions, QNECs or QMACs is made through mistake of fact, Elective Deferrals will be distributed to the appropriate Participant and Matching Contributions, Company Contributions, QNECs and QMACs will be returned to the appropriate Employer (as determined by the Plan Administrator) within one year of the payment of the contribution.

6.13 Group Trust. In the event that the Trust is a part of any group trust (within the meaning of Internal Revenue Service Revenue Rulings 81-100 and 2011-1): (i) participation in the Trust is limited to (1) individual retirement accounts which are exempt from taxation under Code section 408(e) and Roth individual retirement accounts described in Code Section 408A pursuant to Internal Revenue Service Revenue Ruling 2004-67, (2) pension and profit-sharing trusts which are exempt from taxation under Code section 501(a) by qualifying under Code section 401(a), (3) eligible governmental plan trusts described in Code section 457(b) pursuant to Internal Revenue Service Revenue Ruling 2004-67, and (4) effective as provided in Internal Revenue Service Revenue Ruling 2011-1 (as modified by Internal Revenue Service Notice 2012-6 and any superseding guidance) the accounts and plans described in Internal Revenue Service Revenue Ruling 2011-1; (ii) no part of the corpus or income which equitably belongs to any individual retirement account or a plan's trust may be used for or diverted to any purposes other than for the exclusive benefit of the individual or the employees, respectively, or their beneficiaries who are entitled to benefits under such participating individual retirement account or a plan's trust; (iii) no part of the equity or interest in the Trust Fund shall be subject to assignment by a participating individual retirement account or a plan's trust; (iv) the Trustee shall maintain separate accounts for each Plan; (v) the group trust is created or organized in the United States and is maintained at all times as a domestic trust in the United States; and (vi) for the plans and accounts described in Internal Revenue Service Revenue Ruling 2011-1, the requirement of such ruling and superseding guidance is met.

ARTICLE VII
Loans and Withdrawals

7.01 Participant Withdrawals. A Participant may, in accordance with this Section, withdraw all or a portion of his or her Accounts, other than his or her Roth Contribution Account, pursuant to subsection (a), (b) or (c); provided, however, that the amount withdrawn pursuant to this Section 7.01 shall not be greater than the amount of the Participant's vested Account Balance available for withdrawal under this Section. Withdrawals shall be made pro rata from each Investment Fund (including the Company Stock Fund) in which the Account or Accounts from which the withdrawal is paid are invested.

(a) In-Service Withdrawals from Rollover Account and Certain Prior Plan Accounts. A Participant may withdraw, in accordance with Section 7.03, for any reason, all or any portion of his or her Rollover Account or Roth Rollover Account and, subject to the restrictions imposed by Appendix A and Schedule 1, any other Inactive Account comprising Rollover Contributions or after-tax employee contributions made under this Plan or a Transferor Plan.

(b) Age 59-1/2 Withdrawals. A Participant who has attained age 59-1/2 may withdraw, in accordance with Section 7.03, for any reason, all or any part of all of his or her vested Account Balances in any or all of his or her Accounts, other than an Account arising under a Transferor Plan that was subject to Section 412 of the Code.

(c) Hardship Withdrawal. A Participant may withdraw, in accordance with Section 7.03, for reasons of Hardship, that portion of his or her Employee 401(k) Account excluding any income or gain credited to his or her Employee 401(k) Account for any period after December 31, 1988; subject to the following requirements:

(i) Maximum Amount. The maximum amount available for a Hardship withdrawal prior to May 1, 2013 is fifty percent (50%) and effective May 1, 2013, one hundred percent (100%) of the sum of (i) the balance of the Participant's Employee 401(k) Account as of December 31, 1988, plus (ii) the dollar amount of Elective Deferrals made after December 31, 1988, minus (iii) previous Hardship withdrawals of Elective Deferrals or of income or gain thereon.

(ii) Necessary to Satisfy Immediate and Heavy Financial Need. The amount of the withdrawal on account of Hardship shall not exceed the amount necessary to satisfy the Participant's immediate and heavy financial need arising by reason of a Hardship, including the amount needed to pay any federal, state and local income taxes and penalties reasonably expected to be incurred by reason of the withdrawal.

(iii) Exhaustion of Other Sources of Funds. The Participant must have obtained all distributions and withdrawals other than Hardship distributions or withdrawals, and all non-taxable loans currently available under the Plan and all Related Plans and the Participant must have exercised all options to acquire Company Stock granted under an equity incentive or any similar plan maintained by an Employer or any Related Company if such options are currently exercisable and if the fair market value of Company Stock exceeds the exercise price of the option.

(iv) Certification by Participant. The Plan Administrator may rely on a certification by the Participant in writing (or in such other form as may be prescribed by the Commissioner of Internal Revenue) that the immediate and heavy financial need cannot be relieved from other resources that are reasonably available to the Participant, including (i) by reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, (iii) by cessation of elective contributions or employee contributions under the Plan, (iv) by other currently available distributions under plans described in clause (iii) above, or (v) by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need. For purposes of this clause (iv) a need cannot reasonably be relieved by one of the foregoing actions if the effect would be to increase the amount of the need.

(v) Six Month Suspension of Elective Deferrals. The Participant's Elective Deferrals under the Plan, and voluntary participant contribution and elective deferrals under all other qualified and nonqualified plans of deferred compensation (including equity incentive or any similar plans, and cash or deferred arrangements which are part of a cafeteria plan within the meaning of Section 125 of the Code but excluding health or welfare benefits and flexible spending arrangements that are part of a cafeteria plan) maintained by an Employer or a Related Company, shall be suspended for a period of six (6) months following the receipt of the Hardship withdrawal.

7.02 Participant Loans. Upon proper application of a Participant for any reason, the Plan Administrator shall grant a loan to such Participant on such terms and conditions, consistent with this Section, as the Plan Administrator shall determine.

(a) Loan Amount. The maximum loan amount, when added to all outstanding amounts loaned to the Participant from the Plan and all Related Plans shall not exceed the least of:

(1) fifty thousand dollars (\$50,000), reduced by the excess (if any) of:

(A) the Participant's highest outstanding balance of loans from the Plan and all Related Plans during the one (1)-year period ending on the day before the date on which such loan is made, over

(B) the Participant's outstanding balance of loans from the Plan and all Related Plans on the date on which such loan is made;

(2) fifty percent (50%) of the Participant's vested Account Balance valued as of the most recent Valuation Date for which a valuation has been completed preceding the date of disbursement of the loan.

The minimum loan amount shall be one thousand dollars (\$1,000). No loan shall be available to a Participant unless the maximum loan available under this subsection (a) exceeds one thousand dollars (\$1,000). A Participant may not have more than one loan from the Plan outstanding at any time.

(b) Loan Terms. Any loan made under this Section 7.02 shall, by its terms, be required to be repaid within five (5) years, unless the loan is used to acquire a dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant, in which case the loan shall, by its terms, be required to be repaid within fifteen (15) years.

(c) Level Amortization. All loans, except as provided in the regulations prescribed by the Secretary of the Treasury, shall be amortized over the term of the loan in substantially level payments not less frequently than quarterly. A Participant's loan shall be repaid by means of payroll deduction.

(1) Authorized Leave of Absence. Notwithstanding the foregoing provisions of this Section, a Participant's loan payments shall be suspended for a period of up to one year while the Participant is on an unpaid Authorized Leave of Absence (other than a military leave described in clause (2) below); provided that the loan must be repaid within the term specified in subsection (b) and the installments due after the earlier of the Participant's resumption of active service or the first anniversary of the commencement of the Authorized Leave of Absence may not be less than the installments payable immediately prior to the commencement of the Authorized Leave of Absence.

(2) Military Leave. Notwithstanding the provisions of subsection (b) and (a), a Participant's loan repayments shall be suspended as permitted under Section 414(u)(4) of the Code during periods of absence from employment due to Qualified Military Leave effective as of December 12, 1994.

(d) Loans Granted on a Reasonably Equivalent Basis. The Plan Administrator may grant such loans and may direct the Trustee to lend Trust Fund assets to such Participant, provided that such loans are available to all Participants on a reasonably equivalent basis, are not made available to Highly Compensated Employees in amounts greater than the amounts made available to other Employees, bear a reasonable rate of interest, and are adequately secured.

(e) Pledge of Accounts. Any loan made pursuant to this Section 7.02 shall be made pro rata from the Participant's Accounts other than his or her Roth Contribution Account. If a Participant's Account is invested in more than one Investment Fund at the time of the loan, the loan shall be made pro rata from each Investment Fund in which the Accounts from which the loan is disbursed are invested, except to the extent an Inactive Account is not available for loans as set forth in Schedule 1. Such loan and any accrued but unpaid interest with respect thereto, shall constitute a first lien upon the interest of such Participant in the Accounts from and to the extent to which the loan is made and, to the extent that the loan may be unpaid at the time the Participant's Accounts become payable, shall be deducted from the amount payable to such Participant or his Beneficiary at the time of distribution of any portion of his or her Accounts. In the event that a Participant fails to repay a loan according to its terms and foreclosure occurs, the Plan may foreclose on the portion of the Participant's Accounts which secure the loan and which would be distributable to the Participant as of the earliest date on which the Participant could elect a distribution or withdrawal pursuant to this Article or Article VII. Such foreclosed amount shall be deemed to be a distribution.

(f) Loan Earmarked as a Separate Investment for Participant's Accounts. The note representing the loan shall be segregated as a separate Investment Fund held by the Trustee as a separate earmarked investment solely for the account of the Participant. Interest and principal payments on a Participant's loan shall be credited to each of the Participant's Accounts in the ratio that the amount of the loan borrowed from the Account bears to the total amount of the loan borrowed from all of the Participant's Accounts. Interest and principal payments shall be invested in accordance with the Participant's investment election under Section 6.08 in effect at the time such interest and principal payment is made.

(g) Spousal Consent. If any part of the loan will be disbursed from a Restricted Account, the Participant must obtain the consent of his or her spouse, if any, to use of his or her Accounts as security for the loan. Spousal consent shall be obtained no earlier than the beginning of the ninety (90)-day period that ends on the date on which the loan is to be so secured. The consent must be in writing, must acknowledge the effect of the loan and must be witnessed by a notary public. Such consent shall thereafter be binding with respect to the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the Accounts are used as security for the renegotiation, extension, renewal or other revision of the loan.

(h) Loans Subject to Terms and Conditions Imposed by Plan Administration. Any loan made pursuant to this Section, subject to the foregoing requirements, shall be subject to such origination fee and other terms and conditions as the Plan Administrator may in its discretion impose. The Plan Administrator may adopt such non-discriminatory rules and regulations relating to loans to Participants as it may deem appropriate.

7.03 Request for Distribution. A withdrawal or loan shall be paid only if the Participant or Beneficiary files a written request for a withdrawal with the Plan Administrator on such form as the Plan Administrator shall provide or permit and in accordance with such rules and regulations as the Plan Administrator may prescribe. A withdrawal or loan disbursed to a married participant from a Restricted Account shall require the consent of the participant's spouse in accordance with Appendix A. A withdrawal or loan shall be paid as soon as administratively feasible after the first Valuation Date that after the Plan Administrator receives a valid written request for a withdrawal or loan.

ARTICLE VIII

Benefits

8.01 Payment of Benefits in General. Subject to the special rules applicable to Restricted Accounts set forth in Appendix A, a Participant's benefits under this Plan shall be payable in accordance with the provisions of this Article. Except as otherwise specifically provided, the provisions of this Article shall apply to all distributions occurring on or after the Effective Date including distributions to Participants (or to the Beneficiaries of deceased Participants) who had a Termination of Employment prior to the Effective Date.

8.02 Payment on Termination of Employment. If a Participant has a Termination of Employment, the Participant (or if the Participant has died, his or her Beneficiary) shall be entitled to a distribution of the vested portion of the Participant's Account Balance in such one of the following methods as the Participant (or if the Participant has died and has not elected a form of distribution which precludes his or her Beneficiary from making a subsequent election, the Participant's Beneficiary), may elect by written notice to the Plan Administrator in a form acceptable to the Plan Administrator:

(a) a single lump sum;

(b) installments at monthly, quarterly or annual intervals over a period certain not exceeding the period determined under Section 8.06(b) and in compliance with the requirements of Section 8.06.

Notwithstanding the foregoing, if for any reason no election of a form of benefit is on file with the Plan Administrator when payment of the Participant's Account Balance is required under Section 8.03, or if the Participant's vested Account Balance does not exceed five thousand dollars (\$5,000) at the time of the Participant's Termination of Employment, the Trustee will pay the Participant's vested Account Balance in a single lump sum.

8.03 Time of Payment.

(a) General. Distribution of a Participant's benefits upon Termination of Employment will normally be available as soon as reasonably practicable after the Valuation Date coinciding or with or next following the Participant's Termination of Employment, but not more than sixty (60) days following the end of the Plan Year in which his or her Termination of Employment occurred. However, except as otherwise provided in this Section, a distribution shall be paid only if and after the Participant or Beneficiary files a written request for a distribution with the Plan Administrator on such form as the Plan Administrator shall provide or permit and in accordance with such rules and regulations as the Plan Administrator may prescribe. The time of any distribution is subject to subsection (b), (c) and (d).

(b) Consent Requirement. If the Participant's distributable Account balance is more than five thousand dollars (\$5,000), and if the Participant is living but has not attained age sixty-five (65), distribution will not be made without the Participant's prior written consent before the Participant attains age sixty-five (65) or dies. The Plan Administrator will notify each such terminated Participant of his or her right to give or withhold such consent at least thirty (30) days, but no more than ninety (90) days, before the date distribution is made (if in a lump sum) or begins (if in installments). Such distribution may be made less than thirty (30) days after such notice is given if the Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision whether to elect a distribution, and the Participant, after receiving the notice, affirmatively elects a distribution.

(c) Limitation on Mandatory Deferral. The making (if in a lump sum) or commencement (if in installments) of any distribution shall not be delayed without the consent of the Participant (or Beneficiary) beyond sixty (60) days after the close of the Plan Year in which occurs the latest of (i) the Participant's Termination of Employment, or (ii) the Participant's Normal Retirement Date. The failure of a Participant or Beneficiary to otherwise elect payment in accordance with the provisions of the Plan shall be deemed to be an election to defer the making or commencement of payment of benefits until such Participant files a request in accordance with subsection (a) and (if applicable) a consent in accordance with subsection (b), or until the Required Distribution Date as provided in subsection (d) below.

(d) Required Distribution Date. Notwithstanding any other provision of this Plan or any Participant election, payment of benefits shall be made (if in a lump sum) or shall commence (if in installments) not later than the Participant's Required Distribution Date, or such later date as the Secretary of the Treasury or his or her delegate shall by applicable regulation, ruling or notice permit. If the payment is made in installments, the installment schedule shall comply with Section 8.06. If the payment is made by reason of the death of the Participant, the schedule shall comply with Section 8.05(d).

8.04 Lump Sum Payment Without Election. Notwithstanding any other provision of this Article VIII, if a Participant (or the Beneficiary of a deceased Participant) is entitled to a distribution (including distributions with respect to Participants who had a Termination of Employment prior to January 1, 1997) and if the value of a Participant's vested Account Balance does not exceed five thousand dollars (\$5,000), the Plan Administrator shall direct the immediate distribution of such benefit in a single lump sum regardless of any election or consent of the Participant, his or her spouse or other Beneficiary; provided, however, that no cash-out payment under this subsection shall be made after distribution of benefits has begun without the consent of the Participant or (if the Participant has died and his or her surviving spouse is his or her Beneficiary) his or her surviving spouse.

8.05 Payment Upon Death.

(a) Designated Beneficiary. Each Participant shall designate a Beneficiary to receive payment of that portion, which may be all, of his or her Account Balance that is payable after the Participant' s death, on such form as the Plan Administrator shall provide or permit and in accordance with such rules and regulations as the Plan Administrator may prescribe. The Participant may change his or her Beneficiary from time to time by filing a Beneficiary designation in writing with the Plan Administrator. No designation of Beneficiary or change of Beneficiary shall be effective unless and until it is received by the Plan Administrator during the Participant' s lifetime and, if applicable, unless and until the consent of the Participant' s spouse (in accordance with subsection) is received by the Plan Administrator.

(b) Default Beneficiary. If a Participant shall fail to file a valid Beneficiary designation, or if all persons designated as the Beneficiary shall have died, (or, in the case of a Beneficiary other than an individual, ceased to exist), or if, after a reasonable search, the Plan Administrator is unable to locate the Participant' s Beneficiary within a period of two years following the Participant' s death, the Participant' s Beneficiary shall be the first of the following in order of precedence:

- (1) the Participant' s surviving spouse;
- (2) the Participants then-living descendants, if any, per stirpes;
- (3) the Participant' s then-living parent or parents, equally;
- (4) the estate of the last to die of the Participant and any designated Beneficiary.

(c) Spousal Consent. If the Participant is married, his or her designation of a Beneficiary other than his or her surviving spouse will not be valid unless the spouse has consented to such designation of Beneficiary. Such consent shall be:

- (1) in a writing acknowledging the effect of the consent;
- (2) signed by the Participant' s spouse and witnessed by a notary public or (if the Plan Administrator is an individual employed by the Company or an Employer) the Plan Administrator or an Employee of the Company or an Employer working under the organizational supervision of the Plan Administrator;
- (3) effective only for the spouse who gives the consent;
- (4) effective only with respect to the specific beneficiary named in the consent unless the spouse voluntarily in such consent expressly permits subsequent elections of Beneficiaries without further spousal consent and acknowledges the spouse' s right to limit the consent to a specific Beneficiary; and
- (5) irrevocable unless and until the Participant revokes his or her designation of Beneficiary.

However, the consent of a Participant's spouse shall not be required if (i) it is established to the satisfaction of a Plan representative that such consent may not be obtained because there is no spouse, or because the spouse cannot be located, (ii) the Participant is legally separated or the Participant has been abandoned (within the meaning of local law) and the Participant has a court order to such effect, or (iii) because of such other circumstances as the Secretary of the Treasury may by regulations prescribe. If the spouse is legally incompetent to give consent, the spouse's legal guardian, even if the guardian is the Participant, may give consent. To the extent provided in any Qualified Domestic Relations Order (as defined in Section 13.03), the former spouse of a Participant shall be treated as the surviving spouse of such Participant for purposes of providing consent in accordance with this Section 8.05.

(d) Time and Period of Distribution. Notwithstanding the foregoing provisions of this Section 8.05, if a Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse will begin no later than December 31 of the calendar year immediately following the calendar year containing the fifth anniversary of the Participant's death, or by December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70-1/2), if later,

(ii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, or if there is no designated Beneficiary, then the Participant's entire interest will be distributed to the Beneficiary no later than December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin, then this clause (ii) shall apply as if the surviving spouse were the Participant.

(iii) Notwithstanding the foregoing provisions of this Article VIII or Section 8.06, if for any reason any portion of a Participant's vested Account Balance is to be paid after his or her death to a trust or to an estate, distribution shall be made in the form of an immediate lump sum payment.

For purposes of this Section 8.05(d) and Section 8.06, distributions are considered to begin on the Participant's Required Distribution Date. If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Distribution Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under clause (i)), the date distributions are considered to begin is the date distributions actually commence. The minimum amount of distributions beginning pursuant to this Section 8.05(d) shall be determined under Section 8.06(e)

(e) Rights of Beneficiary. The Beneficiary of a Participant who has died shall have the same rights and obligations as the Participant with respect to the portion of the interest of the Participant as to which he or she is the Beneficiary, to direct the investment of Accounts pursuant to Section 6.08 and to direct the Trustee with respect to exercise of rights in Company Stock pursuant to Section 6.09.

8.06 Minimum Distribution Requirements.

(a) A Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Distribution Date. Unless a Participant's interest is distributed in a single sum on or before his or her Required Distribution Date, the amount required to be distributed for each calendar year, beginning with distributions for the first distribution calendar year (as defined in subsection (f)), will be made in accordance with this Section 8.06. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and Treasury regulations.

(b) During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of: (i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or (ii) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year. Required minimum distributions will be determined under this Section 8.06 beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(c) If a Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(d) If the Participant dies on or after the date distributions begin and there is no designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(e) If the Participant dies before the date distributions begin then, subject to Section 8.05(d):

(i) If there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in subsection (d).

(ii) If there is no designated Beneficiary, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 8.05(d), this Section 8.06(e) will apply as if the surviving spouse were the Participant.

(f) For purposes of this Section 8.05(d) and this Section 8.06:

(i) "Designated Beneficiary" means the individual who is designated as the Beneficiary under Section 8.05(a) of the Plan and is the designated Beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-4, of the Treasury regulations.

(ii) “Distribution calendar year” means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant’s Required Distribution Date. For distributions beginning after the Participant’s death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 8.05(d). The required minimum distribution for the Participant’s first distribution calendar year will be made on or before the Participant’s Required Distribution Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant’s Required Distribution Date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) “Life expectancy” means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(iv) “Participant’s account balance” means the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(g) The requirements of Section 8.05(d) and this Section 8.06 will take precedence over any inconsistent provisions of the Plan. Distributions required under Section 8.05(d) and this Section 8.06 will be determined and made in accordance with the Treasury Regulations under Section 401(a)(9) of the Internal Revenue Code.

(h) 2009 Waiver of Requirements. Notwithstanding other provisions of the Plan to the contrary; to the extent provided by Code section 401(a)(9), IRS Notice 2009,-82 and any superseding guidance:

(i) a Participant or Beneficiary who would have been required to receive a 2009 RMD will not receive that distribution for 2009 unless the Participant or Beneficiary chooses to receive such distribution. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distribution described in the preceding sentence.

(ii) a Participant or Beneficiary who would have been required to receive an Extended 2009 RMD will receive that distribution for 2009 unless the Participant or Beneficiary chooses not to receive such distribution. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distribution described in the preceding sentence.

In addition, notwithstanding other provisions of the Plan to the contrary, and solely for purposes of applying the direct rollover provisions of the Plan, 2009 RMDs and Extended 2009 RMDs will be treated as Eligible Rollover Distributions.

(iii) Definitions:

1. "2009 RMDs" are Required Minimum Distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code;
2. "Extended 2009 RMDs" are one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years.

8.07 Facility of Payment. If a Participant or Beneficiary is (i) declared an incompetent or is a minor, (ii) a conservator, guardian, or other person legally charged with his or her care has been appointed, and (iii) written notice of such incompetency and appointment is filed with the Plan Administrator before distribution of benefits, then any benefits to which such Participant or Beneficiary is entitled shall be payable to such conservator, guardian, or other person legally charged with his or her care. Neither the Company, any Employer, the Trustee, the Investment Committee, any Investment Manager, nor the Plan Administrator, shall be under any duty to see to the proper application of such payments made to a Participant, conservator, guardian, or relatives of a Participant.

8.08 Form of Payment. Each distribution shall be paid in cash (including negotiable check or other cash equivalent), except that a Participant or Beneficiary may elect in accordance with such procedures as the Plan Administrator may establish or adopt to receive that portion of his or her distributable Accounts invested in the Company Stock Fund or in other Employer Stock in the form of whole shares (with cash in lieu of fractional shares) of such Company Stock or other Employer Stock.

8.09 Direct Rollover to Another Plan. Notwithstanding any provision of this Plan to the contrary, a Participant or other Distributee (as defined below), may elect, at such time and in such manner as prescribed by the Plan Administrator, to have all or any portion of the benefits payable to such Distributee which constitutes an Eligible Rollover Distribution (as defined below) as paid by the Trustee directly to the Eligible Retirement Plan specified by such Distributee. Such election shall be subject to such reasonable administrative requirements as the Plan Administrator may from time to time establish which may include, but shall not be limited to, requirements consistent with Treasury Regulations and other guidance issued by the Internal Revenue Service permitting de minimis requirements for amounts eligible to be rolled over or paid partly to the Participant and partly rolled over. An election may be made pursuant to this Section only after the Distributee has met otherwise applicable requirements for receipt of a distribution under the Plan, including any applicable requirements of Appendix A. As used in this Section, the following terms shall have the following meanings:

(1) “Eligible Rollover Distribution” means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 8.06(b); any distribution by reason of Hardship pursuant to Section 7.01(b); and except as provided in the following sentence the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

A portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of all or a portion of the Participant’s Roth Contribution Account or Roth Rollover Account. However, such portion may be transferred only to another Roth elective deferral account under an applicable retirement plan described in Section 402A(e)(1) of the Code or to a Roth IRA described in Section 408A of the Code, and only to the extent the direct rollover is permitted under the rules of Section 402(c) of the Code.

(2) “Eligible Retirement Plan” means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the Distributee’s Eligible Rollover Distributions. However, in the case of an Eligible Rollover Distribution to a Participant’s surviving spouse or surviving former spouse who is a Distributee pursuant to a Qualified Domestic Relations Order (as defined in Section 13.03), an Eligible Retirement Plan is an individual retirement account or individual retirement annuity. For purposes of this Section an Eligible Retirement Plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

Notwithstanding the foregoing, effective for distributions made after December 31, 2007, a Participant may roll over a distribution from the Plan to a Roth IRA provided that the amount rolled over is an eligible rollover distribution (as defined in Code section 402(c)(4)) and, pursuant to Code section 408A(d)(3)(A), there is included in gross income any amount that would be includible if the distribution were not rolled over.

Notwithstanding any provisions of this Plan to the contrary, a nonspouse Beneficiary may elect to have all or any portion of the benefits payable to such Distributee which constitutes an eligible rollover distribution as defined in Section 402(c)(4) of the Code transferred directly to (A) an individual retirement account described in Section 408(a) of the Code or (B) an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract) that was established for the purpose of receiving the benefits on behalf of the nonspouse Beneficiary.

(3) “Distributee” means a Participant. In addition, a Participant’s surviving spouse, former spouse who is an alternative payee under a Qualified Domestic Relations Order, and a nonspouse Beneficiary are Distributees with regard to the interest of the spouse, former spouse, or nonspouse Beneficiary.

(4) “Direct Rollover” means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(5) Automatic Rollovers. In the event of a mandatory distribution greater than one thousand dollars (\$1,000), if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly in accordance with Section 8.03(b), then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Plan Administrator. For purposes of determining whether a mandatory distribution is greater than one thousand dollars (\$1,000), the portion of the Participant’s distribution attributable to any rollover contribution is included.

8.10 Deduction of Taxes from Amounts Payable. The Trustee may deduct from any amounts to be distributed under this Plan such amounts as the Trustee, in his, her or its sole discretion, deems proper to protect the Trustee and the Trust against liability for the payment of death, succession, inheritance, income, or other federal, state or local taxes, and out of the money so deducted, the Trustee may discharge any such liability and pay the amount remaining to the Participant or his or her Beneficiary, as the case may be.

ARTICLE IX
Administration

9.01 Sponsor Rights and Duties. The Company shall have overall responsibility for the administration and operation of the Plan, which the Company shall discharge by the appointment and removal (with or without cause) of the Trustee, the Investment Committee and the Plan Administrator.

9.02 Plan Administrator Rights and Duties. The Plan Administrator shall administer and enforce the Plan and the Trust in accordance with the terms of the Plan and the Trust Agreement and shall have all powers necessary to accomplish that purpose, including but not by way of limitation, the following, all to be exercised in the sole and absolute discretion of the Plan Administrator:

- (a) To issue rules, regulations and procedures and prescribe forms necessary for the proper conduct and administration of the Plan and to change, alter, or amend such rules, regulations and procedures and forms;
- (b) To construe the Plan and Trust Agreement;
- (c) To determine all questions arising in the administration of the Plan, including those relating to the eligibility of persons to become Participants; the rights of Participants, former Participants and their Beneficiaries; and Employer contributions;
- (d) To determine and advise the Trustee of the amount and kind of benefits payable to Participants or their Beneficiaries;
- (e) To authorize the Trustee to disburse funds from the Trust Fund in accordance with the provisions of the Plan;
- (f) To employ and compensate such accountants and attorneys (who may but need not be the accountants or attorneys of the Company) and other persons to render advice, and such clerical employees as the Plan Administrator may deem necessary to the performance of his, her or its duties;
- (g) To invest all or a portion of the Trust Fund in loans to Participants and to segregate the notes representing such loan in a separate fund in accordance with Section 7.2;
- (h) To have prepared and furnished to Participants and Beneficiaries all information required under federal law or provisions of this Plan to be furnished to them;
- (i) To have prepared and filed or published with the Department of Labor and the Department of Treasury or other governmental agency all reports and other information required under federal law;

(j) To make available to Participants upon request, for examination during business hours, such records as pertain exclusively to the examining Participant;

(k) To hear, review and determine claims for benefits;

(l) To delegate his, her or its responsibilities under the Plan to such person or persons as he, she or it may deem advisable; and

(m) To do all other acts and things necessary he, she or it deems in his, her or its sole discretion to be necessary or appropriate for the administration of the Plan.

9.03 Plan Administrator Bonding and Expenses. The Plan Administrator shall serve without bond (except as otherwise required by federal law) and without compensation for his, her or its service as such; but all expenses incurred in the administration of the Plan and the Trust shall be paid by the Trust pursuant to Section 6.03 except to the extent paid by the Company.

9.04 Information To Be Supplied by Participants. Participants and Beneficiaries shall provide the Plan Administrator and the Trustee or their delegates with such information, as they shall from time to time determine to be necessary in the discharge of their duties for the administration of the Plan and the Trust. The Plan Administrator and the Trustee may rely conclusively on the information certified to them by a Participant or Beneficiary.

9.05 Information To Be Supplied by Employers. Employers shall provide the Plan Administrator and the Trustee or their delegates with such information, as they shall from time to time determine to be necessary in the discharge of their duties for the administration of the Plan and the Trust. The Plan Administrator and the Trustee may rely conclusively on the information certified to them by an Employer.

9.06 Records. The regularly kept records of the Plan Administrator, the Company and the other Employers shall be conclusive evidence of the Service of a Participant, his or her Compensation, his or her age, marital status, status as an Eligible Employee, and all other matters contained in such records applicable to this Plan.

9.07 Electronic Media. Under procedures authorized or approved by the Plan Administrator, any form for any notice, election, designation, or similar communication required or permitted to be given to or received from a Participant or Beneficiary under this Plan may be made available to such Participant or Beneficiary in an electronic medium (including computer network, e-mail or voice response system) and any such communication to or from a Participant or Beneficiary through such electronic media shall be fully effective under this Plan for such purposes as such procedures shall prescribe; provided, however, that the consent of a spouse under Section 7.02(g), 8.05(c), or Appendix A, shall be effective only if made in a written document. Any record of such communication retrieved from such electronic medium under its normal storage and retrieval parameters shall be effective as a fully authentic executed writing for all purposes of this Plan absent manifest error in the storage or retrieval process.

9.08 Plan Administrator Decisions Final. The Plan Administrator shall have discretion to determine all matters within his, her or its jurisdictions. The decisions of the Plan Administrator shall be final, binding and conclusive upon the Employers, and the Trustee and upon each Employee, Participant, former Participant, Beneficiary and every other person or party interested or concerned.

ARTICLE X
Claims Procedure

10.01 Initial Claim for Benefits. Except as provided in Section 8.03 for requests for and consents to distribution in certain circumstances, and in Appendix A, no claim shall be required for benefits routinely due to be made or begin under this Plan. Any Participant or Beneficiary (a "Claimant") may submit to the Plan Administrator (or to such other person or persons as may be designated by the Plan Administrator) a claim for benefits not received or received in an improper amount. A claim shall be in writing in such form as is provided or approved by the Plan Administrator. A Claimant shall have no right to seek review of a denial of benefits, or to bring any action in any court to enforce a claim for benefits, prior to his or her filing a claim for benefits under this Section 10.01 and exhausting his or her rights to review under Section 10.02.

When a claim for benefits has been filed properly, the Plan Administrator shall evaluate such claim for benefits and notify the Claimant of its approval or the denial within ninety (90) days after the receipt of such claim unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, the Plan administrator shall furnish written notice of the extension to the Claimant prior to the termination of the initial ninety (90) day period. The notice shall specify the special circumstances requiring an extension and the date by which a final decision will be reached (which date shall not be later than one hundred and eighty (180) days after the date on which the claim was filed). The Plan Administrator shall give the Claimant written notice whether the claim is granted or denied, in whole or in part. If a claim is denied, in whole or in part, the Plan Administrator shall give the Claimant written notice which shall contain (1) the specific reasons for the denial, (2) references to pertinent plan provisions upon which the denial is based, (3) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and (4) the Claimant's rights to seek review of the denial.

10.02 Review of Claim Denial. If a claim is denied, in whole or in part (or if within the time periods presented in Section 10.01 the Claimant has not received an approval or a denial and the claim is therefore deemed denied), the Claimant shall have the right to request that the Plan Administrator (or such other person or persons as may be designated by the Plan Administrator) review the denial. The Plan Administrator may in the sole and absolute discretion of the Plan Administrator appoint a third person other than the Plan Administrator, with such person's consent but without the consent of any Claimant, to make any decision on review of a claim under this Section 10.02, provided such person acknowledges in writing that he, she or it is a fiduciary with respect to this Plan for such purpose. A request for review shall be in writing and must be filed with the Plan Administrator within sixty (60) days after the date on which the Claimant received written notification of the denial. A Claimant (or his or her duly authorized representative) may request and receive copies of pertinent documents and submit issues and comments in writing to the Plan Administrator (or other designated person). Within sixty (60) days after such request for review is received, the Plan Administrator (or other designated person) shall reconsider the decision and advise the Claimant in writing of the decision on review, unless special circumstances require an extension of time for processing the review, in which case the Plan Administrator (or other designated person) shall give the Claimant a written notification within such initial sixty (60) day period specifying the reasons for the extension and advising the Claimant when such review shall be completed. Such review shall be completed within one hundred and twenty (120) days after the date on which the request for review was filed. The Plan Administrator (or other designated person) shall forward the decision on review to the Claimant in writing and shall include specific reasons for the decision and references to plan provisions upon which the decision is based. A decision on review shall be final and binding on all persons for all purposes. No action may be brought in any court respecting benefits, which were the subject of a denial of a claim for benefits (other than an action by the Plan Administrator to enforce such denial) more than one (1) year after the denial of such claim. If a Claimant shall fail to file a request for review in accordance with the procedures described in Sections 10.01 and 10.02, such Claimant shall have no right to review and shall have no right to bring action in any court and the denial of the claim shall become final and binding on all persons for all purposes.

ARTICLE XI
Amendment, Merger and Termination of the Plan

11.01 Amendments. The Company may amend, modify, change, revise, discontinue or terminate the Plan at any time prospectively or retroactively. Such amendment, modification, change, revision, discontinuance or termination shall be done by written resolution of the Board, except that (i) an amendment or modification required (in the reasonable judgment of the Plan Administrator or the Company) to comply with changes in applicable law or to permit the issuance of or conform to the conditions of a favorable determination letter from the Internal Revenue Service on the qualification of the Plan under Section 401(a) of the Code may be done by written instrument signed on behalf of the Company by the Plan Administrator or officer of the Company; and (ii) the Plan Administrator may revise Schedule 1 from time to time to reflect the Accounts maintained from time to time under the Plan as long as such revision does not have an effect prohibited by this Section or Section 11.02. However, except as authorized or permitted by provisions of the Code, or any other statute relating to employees' trusts, or regulations or ruling issued pursuant thereto, no amendment shall: (i) increase the duties or liabilities of the Trustee or the Plan Administrator without the consent of the person affected; (ii) have the effect of vesting in any Employer any interest in any funds, securities or other property subject to the terms of this Plan and the Trust Agreement; or authorizing or permitting at any time any part of the corpus or income of the Trust Fund to be used or diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries, except as provided in Sections 5.06 and 6.11 or applicable law as in effect from time to time, or (iii) divest any Participant of his or her vested Account Balance, decrease the Account Balance of any Participant, or eliminate or reduce any early retirement benefit or retirement-type subsidy or eliminate an optional form of benefit except as permitted by Section 411(d)(6) of the Code and Treasury Regulations and rulings thereunder or other applicable law as in effect from time to time.

11.02 Plan Merger. The Company may direct the merger or consolidation of this Plan with, or transfer of assets from this Plan to, another employee benefit plan qualified under Section 401(a) of the Code ("Other Plan"), or may direct the Trustee to accept the merger or consolidation of a Transferor Plan into, or a transfer of assets and liabilities, or portion thereof, from a Transferor Plan to this Plan, on such terms and conditions as the Company in its sole discretion deems desirable, in the same manner (and subject to the same conditions) as an amendment to this Plan under Section 11.01. However, the Plan shall not merge or consolidate with, or transfer to or receive from any Transferor Plan or Other Plan any assets or liabilities, (i) unless each Participant would receive a benefit immediately after the merger, consolidation or transfer (if the Plan were then terminated) which is equal to or greater than the benefit to which he would have been entitled immediately before the merger, consolidation, or transfer (if the Plan were then terminated), and (ii) the merger, consolidation or transfer of assets does not have an effect prohibited by clause (iii) of the last sentence of Section 11.01 above. The portion of any assets and liabilities received from a Transferor Plan that was attributable to elective contributions, qualified nonelective contributions or qualified matching contributions (as defined in Treas. Reg. § 1.401(k)-6 ("401(k) Assets and Liabilities")) shall remain subject to the distribution limitations of Treas. Reg. § 1.401(k)-1(d). 401(k) Assets and Liabilities of this Plan shall not be transferred to an Other Plan unless the Other Plan provides (as determined by the Plan Administrator) that such 401(k) Assets and Liabilities may not be distributed before the times specified in Treas. Reg. § 1.401(k)-1(d). The portion of any assets and liabilities received from a Transferor Plan that was subject to Section 412 of the Code shall not be distributable before the earlier of the Participant's Normal Retirement Date or Termination of Employment except as otherwise required by Section 401(a)(9) of the Code. No merger, consolidation, or transfer of assets shall impose on the Company or any Related Company any liabilities or obligations of the sponsor of a Transferor Plan respecting the Transferor Plan or accounts transferred from the Transferor Plan (including but not limited to the obligation to make contributions to such accounts) unless the Company or Related Company expressly assumes such liabilities or obligations.

Subject to the conditions and limitations of Revenue Ruling 2008-40, a transfer of assets from the Plan's Trust to a nonqualified foreign trust shall be treated as a distribution.

Sponsorship of the Plan may not be transferred to an unrelated taxpayer if such transfer would violate Revenue ruling 2008-45.

11.03 Plan Termination. The Company, by resolution of the Board, may reduce, suspend or discontinue Employer contributions hereunder, and terminate the Plan at any time in whole or in part, provided, however, that the termination of the Plan or the reduction, suspension or discontinuance of contributions hereunder shall not have any retroactive effect as to deprive any Participant or Beneficiary of any benefit already accrued.

11.04 Payment Upon Termination. Upon termination of the Plan or complete discontinuance of Employer contributions, the unvested portion of each Participant's Account Balance that has not been forfeited pursuant to Section 4.11 prior to the termination of the Plan or complete discontinuance of Employer contributions shall become fully vested and nonforfeitable. Upon a partial termination of the Plan, the Account Balance of each former Active Participant who lost status as an Active Participant because of such partial termination shall become fully vested and nonforfeitable. In determining whether a partial plan termination has occurred, the Plan Administrator shall employ the analysis set forth in IRS Revenue Ruling 2007-43. In the event of termination of the Plan and after payment of all expenses, the Plan Administrator may direct that either (1) each Participant and each Beneficiary of a deceased Participant receive his or her entire Account Balance as soon as reasonably possible and permitted by regulations under Section 401(k) of the Code where the applicable Employer does not continue to maintain an alternative defined contribution plan, or (2) the Trust be continued and Participants' Account Balances be distributed at such times and in such manner as provided in Article VIII, in which case continued allocations of net income, gains, losses and expenses of the Trust Fund as provided in Article VI shall be made. Any distribution upon Plan termination shall be deemed to include a distribution of Excess Deferrals, Total Excess Contributions, and Total Excess Aggregate Contributions, to the extent such distribution is required by Article V of the Plan.

11.05 Withdrawal from the Plan by an Employer. Any Employer other than the Company may withdraw from the Plan and Trust Agreement, under such terms and conditions as the Board may prescribe, by delivery to the Trustee and the Company of a resolution of its board of directors electing to so withdraw. An Employer that ceases to be an Employer shall automatically withdraw from the Plan effective as of the date such Employer ceases to be an Employer unless then or thereafter such Employer affirmatively elects, and the Board affirmatively consents, to such Employer continuing to be an Employer under this Plan.

ARTICLE XII
Top Heavy Provisions

12.01 Application. The definitions in Section 12.02 shall apply under this Article XII and the special rules in Section 12.03 shall apply, notwithstanding any other provisions of the Plan, for any Plan Year in which the Plan is a Top Heavy Plan and for such other Plan Years as may be specified herein. In any year in which the Plan is a multiple employer plan as described in Code Section 413(c), the provisions of this Article XII shall be applied separately to each Employer and Related Company taking account of benefits under the Plan provided to employees of the Employer or Related Company because of service with that Employer or Related Company.

12.02 Special Top Heavy Definitions. The following special definitions shall apply under this Article XII.

(a) “Aggregate Employer Contributions” means the sum of all Employer contributions under this Plan allocated for a Participant to the Plan and employer contributions and forfeitures allocated for the Participant to all Related Defined Contribution Plans in the Aggregation Group. With respect to Non-Key Employees, Elective Deferrals under the Plan and employer contributions attributable to salary reduction or similar arrangement under any Related Defined Contribution Plans shall not be included in Aggregate Employer Contributions. Matching Contributions under the Plan and employer matching contributions (within the meaning of Section 401(m)(4)(A) of the Code) under any Related Defined Contribution Plans shall be included in Aggregate Employer Contributions. Matching Contributions that are used to satisfy the minimum contribution requirements of Section 12.03(a) shall be treated as Matching Contributions for purposes of the actual contribution percentage test of Section 5.03 of the Plan and other applicable requirements of Section 401(m) of the Code.

(b) “Aggregation Group” means the group of plans in a Mandatory Aggregation Group, if any, that includes the Plan, unless the inclusion of Related Plans in the Permissive Aggregation Group would prevent the Plan from being a Top Heavy Plan, in which case “Aggregation Group” means the group of plans consisting of the Plan and each other Related Plan in a Permissive Aggregation Group with the Plan.

(1) “Mandatory Aggregation Group” means each plan (considering the Plan and Related Plans) that, during the Plan Year that contains the Determination Date or any of the four preceding Plan Years,

(A) had a participant who was a Key Employee, or

(B) was necessary to be considered with a plan in which a Key Employee participated in order to enable the plan in which the Key Employee participated to meet the requirements of Section 401(a)(4) or 410 of the Code.

If the Plan is not described in (A) or (B) above, it shall not be part of a Mandatory Aggregation Group.

(2) “Permissive Aggregation Group” means the group of plans consisting of (A) the plans, if any, in a Mandatory Aggregation Group with the Plan, and (B) any other Related Plan, that, when considered as a part of the Aggregation Group, does not cause the Aggregation Group to fail to satisfy the requirements of Section 401(a)(4) and Section 410 of the Code. A Related Plan in (B) of the preceding sentence may include a simplified employee pension plan, as defined in Code Section 408(k), and a collectively bargained plan, if when considered as a part of the Aggregation Group such plan does not cause the Aggregation Group to fail to satisfy the requirements of Section 401(a)(4) and Section 410 of the Code considering, if the plan is a multiemployer plan as described in Code Section 414(f) or a multiple employer plan as described in Code Section 413(c), benefits under the plan only to the extent provided to employees of the employer because service with the employer and, if the plan is a simplified employee pension plan, only the employer’s contribution to the plan.

(c) “Determination Date” means, with respect to a Plan Year, the last day of the preceding Plan Year or, in the case of the first Plan Year, the last day of such Plan Year. If the Plan is aggregated with other plans in the Aggregation Group, the Determination Date for each other plan shall be, with respect to any plan year, the Determination Date for each such other plan which falls in the same calendar year as the Determination Date for the Plan.

(d) “Key Employee” means, for the Plan Year containing the Determination Date, any Employee or former Employee (including any deceased employee) who at any time during such Plan Year was:

(1) an officer (including administrative executives as described in Treasury Regulations Section 1.416-1(T-13)) of the Employer or a Related Company having annual Compensation for the Plan Year greater than one hundred sixty-five thousand dollars (\$165,000) (as adjusted under Section 416(i) of the Code for Plan Years beginning after December 31, 2012);

(2) a more than five percent (5%) owner (or is considered as owning more than five percent (5%) within the meaning of Code Section 318) of the Employer or a Related Company; or

(3) a more than one percent (1%) owner (or is considered as owning more than one percent (1%) within the meaning of Code Section 318) of the Employer or a Related Company and has an annual Compensation for such Plan Year from the Employer and Related Companies of more than one hundred fifty thousand dollars (\$150,000).

No more than a total of fifty (50) persons (or, if lesser, the greater of three (3) persons or ten percent (10%) of all persons or beneficiaries of persons who are employees or former employees) shall be treated as Key Employees under paragraph (1) above for any Plan Year. If the number of persons who meet the requirements to be treated as Key Employees under paragraph (1) exceeds such limitation those persons with the highest annual Compensation in a Plan Year for which the requirements are met and who are within the limitation on the number of Key Employees will be treated as Key Employees. For purposes of determining the number of officers taken into account hereunder, employees described in Section 2.27(b)(i) through (vi) shall be excluded. The determination of who is a Key Employee will be made in accordance with Section 416(i) of the Code and the applicable regulations

(e) “Non-Key Employee” means a person with an accrued benefit or account balance in the Plan or any Related Plan in the Aggregation Group at any time during the Measurement Period who is not a Key Employee, and any beneficiary of such a person.

(f) “Present Value of Accrued Benefits” means, for any Plan Year, an amount equal to the sum of (1), (2) and (3), subject to (4), for each person who, in the Plan Year containing the Determination Date, was a Key Employee or a Non-Key Employee.

(1) The value of a person’s accrued benefit under the Plan and each Related Defined Contribution Plan in the Aggregation Group, determined as of the valuation date coincident with or immediately preceding the Determination Date, adjusted for contributions due as of the Determination Date, as follows:

(A) in the case of a plan not subject to the minimum funding requirements of Section 412 of the Code, by including the amount of any contributions actually made after the valuation date but on or before the Determination Date, and, in the first plan year of a plan, by including contributions made after the Determination Date that are allocated as of a date in that first plan year; and

(B) in the case of a plan that is subject to the minimum funding requirements, by including the amount of any contributions that would be allocated as of a date not later than the Determination Date, plus adjustments to those amounts as required under applicable rulings, even though those amounts are not yet required to be contributed or allocated (e.g., because they have been waived) and by including the amount of any contributions actually made (or due to be made) after the valuation date but before the expiration of the extended payment period in Section 412(c)(10) of the Code.

(2) The sum of the actuarial present values of a person’s accrued benefits under each Related Defined Benefit Plan in the Aggregation Group, expressed as a benefit commencing at Normal Retirement Date (or the person’s attained age, if later) determined based on the following actuarial assumptions:

(A) Interest rate: five percent (5%); and

(B) Post Retirement Mortality: 1984 Unisex Pension Table;

and determined in accordance with Code Section 416(g), provided, however, that the accrued benefit of any Non-Key Employee shall be determined under the method which is used for accrual purposes for all Related Defined Benefit Plans or, if no single accrual method is used in all such plans, such accrued benefit shall be determined as if such benefit accrued not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C). The present value of an accrued benefit for any person who is employed by an employer maintaining a plan on the Determination Date is determined as of the most recent valuation date which is within a twelve (12)-month period ending on the Determination Date, provided however that:

(C) for the first plan year of the plan, the present value for an employee is determined as if the employee had a Termination of Employment (i) on the Determination Date or (ii) on such valuation date but taking into account the estimated accrued benefit as of the Determination Date; and

(D) for the second and subsequent plan years of the plan, the accrued benefit taken into account for an employee is not less than the accrued benefit taken into account for the first plan year unless the difference is attributable to using an estimate of the accrued benefit as of the Determination Date for the first plan year and using the actual accrued benefit as of the Determination Date for the second plan year.

For purposes of this paragraph (2), the valuation date is the valuation date used by the plan for computing plan costs for minimum funding, regardless of whether a valuation is performed that year.

If the Plan provides for a nonproportional subsidy as described in Treasury Regulations Section 1.416-1(T-27), the present value of accrued benefits shall be determined taking into account the value of nonproportional subsidized early retirement benefits and nonproportional subsidized benefit options.

(3) Distributions made with respect to the Employee under the Plan and any Related Plan within the Aggregation Group during the one (1)-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been a Related Plan within the Aggregation Group. In the case of a distribution for a reason other than severance from employment, death or disability, this provision shall be applied by substituting “five (5)-year period” for “one (1)-year period.”

(4) The following rules shall apply in determining the Present Value of Accrued Benefits:

(A) Amounts attributable to qualified voluntary employee contributions, as defined in Section 219(e) of the Code, shall be excluded.

(B) In computing the Present Value of Accrued Benefits with respect to rollovers or plan-to-plan transfers, the following rules shall be applied to determine whether amounts which have been distributed during the five (5) year period ending on the Determination Date from or accepted into this Plan or any plan in the Aggregation Group shall be included in determining the Present Value of Accrued Benefits:

(i) Unrelated Transfers accepted into the Plan or any plan in the Aggregation Group after December 31, 1983 shall not be included.

(ii) Unrelated Transfers accepted on or before December 31, 1983 and all Related Transfers accepted at any time into the Plan or any plan in the Aggregation Group shall be included.

(iii) Unrelated Transfers made from the Plan or any plan in the Aggregation Group shall be included.

(iv) Related Transfers made from the Plan or any plan in the Aggregation Group shall not be included by the transferor plan (but shall be counted by the accepting plan).

(C) The Accrued Benefit of any individual who has not performed services for the Employer maintaining the Plan at any time during the one (1) year period ending on the Determination Date shall be excluded.

(g) “Related Transfer” means a rollover or a plan-to-plan transfer which is either not initiated by the Employee or is made between plans each of which is maintained by a Related Company.

(h) A “Top Heavy Aggregation Group” exists in any Plan Year for which, as of the Determination Date, the sum of the Present Value of Accrued Benefits for Key Employees under all plans in the Aggregation Group exceeds sixty percent (60%) of the sum of the Present Value of Accrued Benefits for all employees under all plans in the Aggregation Group; provided that, for purposes of determining the sum of the Present Value of Accrued Benefits for all employees, there shall be excluded the Present Value of Accrued Benefits of any Non-Key Employee who was a Key Employee for any Plan Year preceding the Plan Year that contains the Determination Date. For purposes of applying the special rules herein with respect to a Super Top Heavy Plan, a Top Heavy Aggregation Group will also constitute a “Super Top Heavy Aggregation Group” if in any Plan Year as of the Determination Date, the sum of the Present Value of Accrued Benefits for Key Employees under all plans in the Aggregation Group exceeds ninety percent (90%) of the sum of the Present Value of Accrued Benefits for all employees under all plans in the Aggregation Group.

(i) “Top Heavy Plan” means the Plan in any Plan Year in which the Plan is a member of a Top Heavy Aggregation Group, including a Top Heavy Aggregation Group consisting solely of the Plan. For purposes of applying the rules herein with respect to a Super Top Heavy Plan, a Top Heavy Plan will also constitute a “Super Top Heavy Plan” if the Plan in any Plan Year is a member of a Super Top Heavy Aggregation Group, including a Super Top Heavy Aggregation Group consisting solely of the Plan.

(j) “Unrelated Transfer” means a rollover or a plan-to-plan transfer which is both initiated by the Employee and (a) made from a plan maintained by a Related Company to a plan maintained by an employer which is not a Related Company or (b) made to a plan maintained by a Related Company from a plan maintained by an employer which is not a Related Company.

12.03 Special Top Heavy Provisions. For each Plan Year in which the Plan is a Top Heavy Plan, the following rules shall apply, except that the special provisions of this Section 12.03 shall not apply with respect to any employee included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective-bargaining agreement between employee representatives and one or more Employers if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representative and the Employer or Employers:

(a) Minimum Employer Contributions. In any Plan Year in which the Plan is a Top Heavy Plan, the Employers shall make additional Employer Contributions to the Plan as necessary for each Participant who is employed on the last day of the Plan Year and who is a Non-Key Employee to bring the amount of his or her Aggregate Employer Contributions for the Plan Year up to at least three percent (3%) of his or her Compensation, or if the Plan is not required to be included in an Aggregation Group in order to permit a Related Defined Benefit Plan in the Aggregation Group to satisfy the requirements of Section 401(a)(4) or Section 410 of the Code, such lesser amount as is equal to the largest percentage of a Key Employee’s Compensation allocated to the Key Employee as Aggregate Employer Contributions, unless such Participant is a Participant in a Related Defined Benefit Plan and receives a minimum benefit thereunder in accordance with Section 416(c) of the Code in which case such Participant shall not receive a minimum contribution under this Section 12.03(a).

For purposes of determining whether a Non-Key Employee is a Participant entitled to have minimum Employer Contributions made on his or her behalf, a Non-Key Employee will be treated as a Participant even if he is not otherwise a Participant (or accrues no benefit) under the Plan because:

- (i) he has failed to complete the requisite number of hours of service (if any) after becoming a Participant in the Plan,
- (ii) he is excluded from participation in the Plan (or accrues no benefit) merely because his or her compensation is less than a stated amount, or
- (iii) he is excluded from participation in the Plan (or accrues no benefit) merely because of a failure to make mandatory employee contributions or, if the Plan is a 401(k) plan, because of a failure to make elective 401(k) contributions.

Contributions required by this subsection shall be allocated to the Company Contribution Account of the affected Non-Key Employee.

(b) Vesting. For each Plan Year in which the Plan is a Top Heavy Plan and any Plan Year thereafter, the Employer Contribution Account of a Participant who has at least one (1) Hour of Service after the Plan becomes a Top Heavy Plan and who has completed three (3) or more years of Vesting Service shall become fully vested and nonforfeitable.

(c) Transition Rule for a Top Heavy Plan. For each Plan Year commencing prior to January 1, 2000 in which the Plan is a Top Heavy Plan and in which the Plan does not meet the special requirements of Section 416(h)(2) of the Code in order to use 1.25 in the denominator of the Defined Contribution Plan Fraction and the Defined Benefit Plan Fraction, if an Employee was a participant in one or more defined benefit plans and in one or more defined contribution plans maintained by the employer before the plans became Top Heavy Plans and if such Participant's Combined Fraction exceeds 1.00 because of accruals and additions that were made before the plans became Top Heavy Plans, a factor equal to the lesser of 1.25 or such lesser amount (but not less than 1.00) as shall be needed to make the Employee's Combined Fraction equal to 1.00 shall be used in the denominator of the Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction if there are no further accruals or annual additions under any Top Heavy Plans until the Participant's Combined Fraction is not greater than 1.00 when a factor of 1.00 is used in the denominators of the Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction. Any provisions herein to the contrary notwithstanding, for Plan Years commencing prior to January 1, 2000, if the Plan is a Top Heavy Plan and the Plan does not meet the special requirements of Section 416(h)(2) of the Code in order to use 1.25 in the denominators of the Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction, there shall be no further Annual Additions for a Participant whose Combined Fraction is greater than 1.00 when a factor of 1.00 is used in the denominator of the Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction, until such time as the Participant's Combined Fraction is not greater than 1.00. This Section 12.03(d) shall not apply to any Plan Year commencing after December 31, 1997.

(d) Terminated Plan. If the Plan becomes a Top Heavy Plan after it has formally been terminated, has ceased contributions and has been or is distributing all Plan assets to Participants and their Beneficiaries as soon as administratively feasible or if a terminated Plan has distributed all benefits of Participants and their Beneficiaries, the provisions of Section 12.03 shall not apply to the Plan.

(e) Frozen Plans. If the Plan becomes a Top Heavy Plan after contributions have ceased under the Plan but all assets have not been distributed to Participants or their Beneficiaries, the provisions of Section 12.03 shall apply to the Plan.

ARTICLE XIII
Miscellaneous Provisions

13.01 Employer Joinder.

(a) Any Employer immediately before the Effective Date that continues to be a Related Company immediately after the Effective Date shall continue as an Employer under this Plan. Any entity that is a Related Company as of the Effective Date or which is created by a transfer of assets from an Employer after the Effective Date, and that employs Employees within the United States who would be Eligible Employees if such Related Company were an Employer, shall be an Employer and shall be deemed to have adopted this Plan and the Trust unless such Related Company by resolution of its board of directors, or the Company by resolution of the Board, affirmatively provides that such Related Company shall not be an Employer or shall be an Employer only as to selected features pursuant to subsection (b) below. Any other Related Company shall become an Employer as of the date (if any) as of which such Related Company adopts the Plan by resolution of its board of directors, or as of which the Company designates such Related Company as an Employer under the Plan by resolution of the Board.

(b) An Employer may adopt this Plan (or the Company may designate a Related Company as an Employer) separately for each of (i) Elective Deferrals (including Catch-Up Deferrals) (ii) Matching Contributions (if it has also adopted the Plan for Elective Deferrals); (iii) Company Contributions; or (iv) combination thereof; in each case as specified by resolution of the Employer's board of directors or of the Company's Board. Adoption of any of those Plan features will include for such Employer and its Eligible Employees all Plan provisions relating thereto and all generally applicable Plan provisions, but will not include for such Employer or its Eligible Employees Plan provisions to the extent relating to the features not adopted. If the resolution of the Employer's board of directors or of the Company's Board does not specifically limit Plan adoption to fewer than all of the above features the Employer will be deemed to have adopted the Plan in its entirety for itself and its Eligible Employees. An Employer may withdraw separately from one or more of the above features by resolution of the Employer's board of directors in accordance with Section 11.05.

(c) Each Employer other than the Company so adopting or deemed to have adopted the Plan thereby irrevocably appoints the Company as its agent to do on its behalf all acts and things required of an Employer under this Plan and authorizes the Plan Administrator to determine the Employer contributions required of such Employer under this Plan, to the end that Participants, Beneficiaries, the Trustee, the Plan Administrator, and all other persons may deal with the Company as if it were the only Employer under this Plan.

13.02 Non-Alienation of Benefits. Except as provided in Section 13.03, no benefit payable at any time under this Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal processes, or encumbrance of any kind, other than federal tax levies and judgments which are enforceable under federal law. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit, nor any fund which may be established for the payment of such benefits, shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits.

13.03 Qualified Domestic Relations Order. Notwithstanding Section 13.02, the Plan will pay all or the designated portion of a Participant's Accounts to an Alternate Payee (as defined below) pursuant to a Qualified Domestic Relations Order (defined below). Payments to an Alternate Payee pursuant to a Qualified Domestic Relations Order may not be made before the earlier of (i) the date on which the Participant corresponding to the Qualified Domestic Relations Order is entitled to a distribution under the Plan; or (ii) the later of (A) the date on which such Participant attains age 50 or (B) the earliest date on which such Participant could begin receiving benefits under the Plan if the Participant had separated from service; provided, however, that clause (ii)(A) shall not apply (and therefore the Plan will make distributions to an Alternate Payee under a Qualified Domestic Relations Order regardless of whether the Participant has attained age 50) if the Order specifies distributions at an earlier date than otherwise permitted by clause (ii)(A) or permits the Alternate Payee to request or consent to a distribution prior to the date specified by clause (ii)(A).

The term "Qualified Domestic Relations Order" means any judgment, decree or order (including approval of a property settlement agreement) which:

- (a) relates to the provision of child support, alimony payments, or marital property rights to a spouse, child or other dependent of a Participant,
- (b) is made pursuant to a State domestic relations law (including a community property law),
- (c) creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable with respect to the Participant,
- (d) clearly specifies the name and last known mailing address, if any, of the Participant and the name and mailing address of each Alternate Payee covered by the order, the amount and percentage of the Participant's benefits to be paid by the Plan to each Alternate Payee, or the manner in which such amount or percentage is to be determined, the number of payments or period to which such order applies and each plan to which such order applies, and
- (e) does not require the Plan to provide (i) any form or type of benefit, or any option, not otherwise provided under the Plan, (ii) increased benefits (determined on the basis of actuarial value), (iii) benefits to a beneficiary inconsistent with the form of distribution available under Article VIII (or, if applicable, Appendix A), (iv) benefits to an Alternate Payee which are required to be paid to another payee under another order previously determined by the Plan Administrator to be a Qualified Domestic Relations Order; or (v) payments or other benefits to a person other than an Alternate Payee.

The Plan Administrator shall establish reasonable procedures to determine the qualified status of domestic relations order and to administer distributions under such qualified orders, including the establishment of segregated accounts for Alternate Payees. All expenses incurred by the Plan Administrator in determining the qualified status of a domestic relations order shall be paid as an administrative expense of the Plan as a whole.

The term “Alternate Payee” means any spouse, former spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to the Participant. To the extent provided in any Qualified Domestic Relations Order, the former spouse of a Participant shall be treated as the surviving spouse of such Participant for purposes of consenting to the naming of another Beneficiary to the extent provided in Sections 8.05 and Appendix A. An Alternate Payee shall be considered a Beneficiary under the terms of this Plan until the Alternate payee’s benefits are distributed.

In the case of any domestic relations order received by the Plan, the Plan Administrator shall separately account for the amounts payable under the domestic relations order. If it is determined that the order is not a Qualified Domestic Relations Order, the amounts separately accounted for during such determination shall no longer be accounted for separately.

Pursuant to DOL regulation 2530.206, a domestic relations order will not fail to be a Qualified Domestic Relations Order solely because the domestic relations order: (i) revises or is issued after another domestic relations order or Qualified Domestic Relations Order, or (ii) the domestic relations order is issued after the Participant’s death, divorce or annuity starting date.

13.04 Unclaimed Amounts. Unclaimed amounts shall consist of the amounts of the Accounts of a retired, deceased or terminated Participant which cannot be distributed because of the Plan Administrator’s inability, after a reasonable search, to locate a Participant or his or her Beneficiary within a period of two (2) years after the payment of benefits becomes due in accordance with Section 8.03. Unclaimed amounts for a Plan Year shall become a Forfeiture and shall be applied in accordance with Section 4.11(f) as of the close of the Plan Year in which such two (2)-year period shall end. If an unclaimed amount is subsequently properly claimed by the Participant or the Participant’s Beneficiary, said amount shall be paid to such Participant or Beneficiary out of Forfeitures for the Plan Year in which such benefits are properly claimed and to the extent that Forfeitures for such Plan Year are not sufficient, such payments shall be charged ratably against income or gain of the Trust Fund unless paid by an Employer.

13.05 No Contract of Employment. Nothing contained in this Plan shall be construed as a contract of employment between any Employer and any Employee or as creating a right of any Employee to be continued in the employment of any Employer.

13.06 Recoupment of or Reduction for Overpayment. If the Plan Administrator determines that any payment previously made to a putative Participant or Beneficiary was not properly payable, the person to whom such payment was made shall promptly upon notice and demand from the Plan Administrator repay such amount to the Trust, subject to the right of such payee to request review of such determination in accordance with Section 10.02. If the person to whom such payment was made does not, within a reasonable time, make the requested repayment to the Plan, and if such person is entitled to other benefits from the Plan, the Plan Administrator may in his, her or its discretion treat the overpayment as an advance payment of benefits, and the Plan Administrator shall direct the Trustee to reduce all future benefits payable to that person, if any, by the amount of the overpayment.

13.07 Employees' Trust. The Plan and Trust are created for the exclusive purpose of providing benefits to the Participants in the Plan and their Beneficiaries and defraying reasonable expenses of administering the Plan and Trust. The Plan and Trust shall be interpreted in a manner consistent with their being a Plan described in Section 401(a) of the Code and a Trust exempt under Section 501(a) of the Code.

13.08 Source of Benefits. All benefits payable under the Plan shall be paid or provided solely from the Trust and the Employers assume no liability or responsibility therefore.

13.09 Interest of Participants. No Participant or Beneficiary shall have any interest in any specific assets of the Trust Fund (other than notes representing a loan to the Participant pursuant to Section 7.02) but shall have only an undivided interest in the Trust Funds as a whole.

13.10 Indemnification. The Company shall indemnify and hold harmless the Plan Administrator, the members of the Investment Committee, and, if the Trustees are one or more individuals, the Trustees, and each officer and employee of an Employer to whom are delegated duties, responsibilities, and authority with respect to the Plan, from and against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or her (including, but not limited to, reasonable attorney fees) which arise as a result of his or her actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Company. Notwithstanding the foregoing, the Company shall not indemnify any person for any such amount incurred through any settlement or compromise of any action unless the Company consents in writing to such settlement or compromise.

13.11 Company Action. Any action this Plan requires or permits the Company to do (including any action taken by the Company as agent for any other Employer pursuant to Section 13.01) shall be properly done if done by resolution of its Board, or, unless this Plan expressly requires action by such Board, by any officer or employee of the Company authorized to take actions of such type on behalf of the Company (i) under the by-laws of the Company, (ii) by resolution of the Board, or (iii) by delegation from a person authorized under clause (i) or (ii).

13.12 Company Merger. In the event that any successor corporation to the Company, by merger, consolidation, purchase or otherwise, shall elect to adopt the Plan, such successor corporation shall be substituted hereunder for the Company upon filing in writing with the Trustee its election so to do.

13.13 Multiple Capacity. Any person or group of persons may serve in more than one capacity (including more than one fiduciary or nonfiduciary capacity or both a fiduciary and non-fiduciary capacity) with respect to the Plan.

13.14 Gender and Number. Except when the context indicates to the contrary, when used herein, masculine terms shall be deemed to include the feminine or neuter, and singular the plural.

13.15 Headings. The headings of articles and sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

13.16 Uniform and Non-Discriminatory Application of Provisions. The provisions of this Plan shall be interpreted and applied in a uniform and non-discriminatory manner with respect to all similarly situated Participants, former Participants, and Beneficiaries.

13.17 Invalidity of Certain Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Plan shall be construed and enforced as if such provisions, to the extent invalid or unenforceable, had not been included.

13.18 Law Governing. The Plan shall be construed and enforced according to the laws of Illinois other than its laws with respect to choice of law, to the extent not preempted by ERISA.

Executed this day of January, 2013.

CHICAGO BRIDGE & IRON COMPANY

By _____
Title _____

APPENDIX A

A-1. Distribution of Restricted Accounts. Notwithstanding any provisions in the Plan to the contrary, the balance of a Participant's Restricted Accounts may be distributed, in addition to the options specified in Section 8.02(a) and (b), by purchase with the vested balance of his or her Restricted Accounts and distribution to the Participant of a nontransferable annuity contract, providing for payment in the form of a Qualified Joint and Survivor Annuity (as defined below), and in any other form of distribution to which the participant would have been entitled under Section 6.02(b) of the Hourly Plan as in effect on December 31, 1996. The Participant shall select the method by which his or her benefits shall be distributed in accordance with Section 8.03, except as modified by this Appendix A. If no other election has been made under Section 8.03 and this Appendix A, the Participant's benefits attributable to his or her Restricted Accounts will be distributed in the form of a Qualified Joint and Survivor Annuity.

For purposes of this Appendix A, a "Qualified Joint and Survivor Annuity", for a Participant who is legally married on his or her Annuity Starting Date, is an immediate installment refund annuity for the life of the Participant with a survivor annuity for the life of such spouse (if such spouse survives the Participant) that is fifty percent (50%) or seventy-five percent (75%), as selected by the Participant prior to the Annuity Starting Date, of the amount of the annuity which is payable during the joint lives of the Participant and the spouse, and which is the amount of such benefit that can be purchased with the vested balance of the Participant's Restricted Accounts. If the Participant does not select a Qualifying Joint and Survivor Annuity of fifty percent (50%) or seventy-five percent (75%), then the default distribution shall be a fifty percent (50%) survivor annuity. If the Participant is not married on his or her Annuity Starting Date, a "Qualified Joint and Survivor Annuity" is an immediate installment refund annuity for the life of such Participant, which is the amount of such benefit that can be purchased with the vested balance of the Participant's Restricted Accounts. The "Annuity Starting Date" is the first day of the first period for which an amount is paid as an annuity or any other form.

A-2. Election and Revocation of Joint and Survivor Annuity Form. If a Participant is married on his or her Annuity Starting Date, his or her Restricted Account balances shall be paid in the form of a Qualified Joint and Survivor Annuity, subject to the following provisions of this subsection. Within one hundred eighty (180) days, but not less than thirty (30) days, preceding the Participant's Annuity Starting Date, the Plan Administrator will provide, by a means reasonably calculated to reach the Participant and his or her spouse, election information consisting of:

(a) a written description of the Qualified Joint and Survivor Annuity and the relative financial effect of payment of his or her Restricted Account balances in that form;

(b) a notification of the right to waive payment in that form, the rights of his or her spouse with respect to such waiver and the right to revoke such waiver, and the effect of such revocation; and

(c) the relative values of the various optional forms of benefit under the plan as provided in Treasury Regulation Section 1.417(a)-3.

During an election period commencing on the date the Participant receives such election information and ending on the later of the one hundred eightieth (180th) day thereafter or the Annuity Starting Date, a Participant may waive payment in the Qualified Joint and Survivor Annuity form and elect payment in such another form permitted by Section A-1; provided that, the Participant's surviving spouse, if any, has consented in writing to such waiver and the spouse's consent acknowledges the effect of such revocation and is witnessed by a notary public. A Participant may, at any time during his or her election period, revoke any prior waiver of the Qualified Joint and Survivor Annuity form. However, the consent of his or her spouse once given shall be irrevocable unless and until the Participant revokes his or her prior waiver of the Joint and Survivor Annuity form. A Participant may request, by writing filed with the Plan Administrator during his or her election period, an explanation, written in nontechnical language, of the terms, conditions and financial effect (in terms of dollars per monthly benefit payment) of payment in the Qualified Joint and Survivor Annuity form. If not previously provided to the Participant, the Plan Administrator shall provide him or her with such explanation within thirty (30) days of his or her request by a method reasonably calculated to reach the Participant and his or her spouse, and the Participant's election period will be extended, if necessary, to include the one hundred eightieth (180th) day next following the date on which he or she receives such explanation. No distribution shall be made from a Participant's Restricted Accounts until his or her election period has terminated. Notwithstanding the foregoing, if the Participant's total distributable Account balances (not just Restricted Account balances) are less than one thousand dollars (\$1,000) as of his or her date of Termination, the Trustee shall immediately distribute such benefits in a lump sum without such Participant's consent pursuant to Section 8.03 of the Plan.

A-3. Pre-Retirement Survivor Annuity. The term "Pre-Retirement Survivor Annuity" means an installment refund annuity for the life of the Participant's surviving spouse, the payments under which are equal to the amount of benefit which can be purchased with the Participant's Restricted Accounts as of the date of his or her death. Payment of such benefits will commence as soon as practicable after the date of the Participant's death, unless the surviving spouse elects a later date. Any election to waive the Pre-Retirement Survivor Annuity must be made by the Participant in writing during the election period described herein and shall require the spouse's consent in the same manner provided for in Section A-2. The election period to waive the Pre-Retirement Survivor Annuity shall begin on the first day of the Plan Year in which the Participant attains age thirty-five (35) and end on the date of the Participant's death. In the event a Participant separates from service prior to the beginning of the election period, the election period shall begin on the date of such separation from service. In connection with the election, the Plan Administrator shall provide each Participant within the period beginning with the first day of the Plan Year in which the Participant attains age thirty-two (32) and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age thirty-five (35), a written explanation of the Pre-Retirement Survivor Annuity containing comparable information to that required pursuant to the provisions of subsections A-2(a), (b), and (c). If the Participant enters the Plan after the first day of the Plan Year in which the Participant attained age thirty-two (32), the Plan Administrator shall provide notice no later than the close of the second Plan Year following the entry of the Participant into the Plan. In the case of a Participant who has a Termination of Employment before the Plan Year in which age thirty-five (35) is attained, the written explanation shall be provided within the two (2) year period beginning one (1) year prior to Termination of Employment and ending one year after Termination of Employment. If such a Participant thereafter returns to employment with the Employer, the applicable period for providing the written explanation shall be redetermined. If the total distributable balance of the Participant's Accounts (not just Restricted Accounts) is less than one thousand dollars (\$1,000) as of his or her date of Termination, the Trustees shall provide for the immediate distribution of such Accounts to the Participant's spouse. If the value exceeds one thousand dollars (\$1,000), an immediate distribution of the entire amount may be made to the surviving spouse, provided such surviving spouse consents in writing to such distribution.

**Chicago Bridge & Iron Company
Employee Savings Plan
Participant Accounts**

CB&I PLAN

SOURCE NAME	EXCHANGES	CONTRIBUTION		VESTING	ANNUITY	COMMENTS
		MIX CHANGES	WITHDRAWALS	SCHEDULE	RESTRICTIONS	
Employee 401(k)	permitted	Permitted	Age 59 1/2 Hardship Termination Loans	N/A	N/A	Converted 12/31/ 96 from Towers Perrin for 401(k) Plan
Prior Employee	permitted	N/A	Age 59 1/2 Hardship Termination Loans	N/A	Annuity provisions Spousal consent	Contains pretax deferred money from Callidus, Howe- Baker, A&B, and Matrix Plans
Prior Employer	permitted (exchanges into stock are not permitted)	N/A	Age 59 1/2 Hardship Termination Loans	3 yr. cliff	Annuity provisions Spousal consent	Contains match and stock sources from Callidus Plan
Prior Hourly Employee 401(k)	permitted	N/A	Age 59 1/2 Hardship Termination	N/A	Annuity provisions Spousal consent	Converted 12/31/96 from Principal Financial for Hourly Employees Plan
Annual Company Contribution	permitted	Permitted	Age 59 1/2 Termination Loans	5 yr. cliff	N/A	
MPPP Employee Contribution	permitted	N/A	Age 59 1/2 Termination In-service Loans	N/A	Annuity provisions Spousal consent	Converted 12/31/96 from Principal Financial for Hourly Employees Plan
Post 86 After-Tax	permitted	N/A	In-service Loans	100%	N/A	Contains Howe- Baker, Matrix, A&B after-tax sources
USERRA Employee 401(k)	permitted	Permitted	Age 59 1/2 Hardship Termination Loans	N/A	N/A	Contains pre-tax deferrals made by participants on military leave
Travelers Benefit	permitted	N/A	Age 59 1/2 Termination	100%	N/A	

SOURCE NAME	EXCHANGES	CONTRIBUTION		VESTING	ANNUITY	COMMENTS
		MIX CHANGES	WITHDRAWALS	SCHEDULE	RESTRICTIONS	
Prior Plan	permitted	N/A	Age 59 1/2 Termination In-service Loans	N/A	Annuity provisions Spousal consent	Converted 12/31/96 from Principal Financial for Hourly Employees Plans Contains rollover money from CB&I, Callidus, Howe- Baker, A&B, and Matrix Plans
MPPP Company Contribution	permitted	N/A	Termination Loans	100%	Annuity provisions Spousal consent	Converted 12/31/96 from Principal Financial for Hourly Employees Plans
Pre-2001 Company Match	permitted	N/A	Age 59 1/2 Termination Loans	100% immediate	N/A	
Prior QNEC	permitted	N/A	Termination Loans	100%	Annuity provisions Spousal consent	Contains Howe- Baker QNEC
Prior Profit Sharing	none	N/A	Age 59 1/2 Termination In-service (20% available after 5 yrs. of service) Loans	100%	Annuity provisions Spousal consent	Contains Howe- Baker, Matrix, A&B PS sources
Company Contribution CB&I Stock	no exchange out	no exchange out	Age 59 1/2 Termination Loans	100%	N/A	
Prior Employer Match	permitted	N/A	Age 59 1/2 Termination Loans	5 yr. graded	Annuity provisions Spousal consent	Contains match sources from Howe- Baker, Matrix, and A&B Plans
Company Match	permitted	permitted	Age 59 1/2 Termination Loans	5 yr. cliff	N/A	Contain new company match for 2001 and forward
USERRA Company Match	permitted	Permitted	Age 59 1/2 Termination Loans	3 yr. cliff	N/A	Contains Company Matching Contributions for participants on military leave

Prior Plan & Rollovers	permitted	permitted	Age 59 1/2 Termination In-service Loans	N/A	N/A	Converted 12/31/96 from Towers Perrin for 401(k) Plan
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<u>SOURCE NAME</u>	<u>EXCHANGES</u>	<u>CONTRIBUTION</u>		<u>VESTING</u>	<u>ANNUITY</u>	<u>COMMENTS</u>
		<u>MIX CHANGES</u>	<u>WITHDRAWALS</u>	<u>SCHEDULE</u>	<u>RESTRICTIONS</u>	
Lummus Rollover	permitted	N/A	Age 59 1/2 Termination In-service Loans	N/A	N/A	Contains pre-tax rollover contributions from Lummus
Lummus After Tax Rollover	permitted	N/A	In-service	N/A	N/A	Contains after-tax rollover contributions from Lummus
Post-2006 Company Contribution	permitted	permitted	Age 59 1/2 Termination Loans	3 yr. cliff	N/A	
Force Reduction Rehire Company Contribution	permitted	permitted	Age 59 1/2 Termination Loans	100%	N/A	
Force Reduction Rehire Matching Contribution	permitted	Permitted	Age 59 1/2 Termination Loans	100%	N/A	

LIST OF SIGNIFICANT SUBSIDIARIES

<u>Subsidiary or Affiliate</u>	<u>Jurisdiction in which Incorporated or Organized</u>
CB&I Holdings B.V.	The Netherlands
Lealand Finance Company B.V.	The Netherlands
Chicago Bridge & Iron Company B.V.	The Netherlands
Arabian CBI Ltd.	Saudi Arabia
Arabian CBI Tank Manufacturing Company Ltd.	Saudi Arabia
CBI Construcciones S.A.	Argentina
CBI Constructors Pty. Ltd.	Australia
CBI Constructors (PNG) Pty. Ltd.	Papua New Guinea
CBI Constructors S.A. (Proprietary) Limited	South Africa
CB&I Finance Company Limited	Ireland
CBI Holdings (U.K.) Limited	United Kingdom
CBI Constructors Limited	United Kingdom
CB&I UK Limited	United Kingdom
CBI (Malaysia) Sdn. Bhd.	Malaysia
CBI Montajes de Chile Limitada	Chile
CB&I (Nigeria) Limited	Nigeria
CB&I Oil & Gas Europe B.V.	The Netherlands
CB&I Nederland B.V.	The Netherlands
CB&I GmbH	Germany
Lummus Novolen Technology GmbH	Germany
Lummus Technology Heat Transfer B.V.	The Netherlands
CB&I s.r.o.	Czech Republic
CBI Peruana S.A.C.	Peru
CBI (Philippines) Inc.	Philippines
CBI Venezolana S.A.	Venezuela
Chicago Bridge & Iron Company (Egypt) LLC	Egypt
CMP Holdings B.V.	The Netherlands
CB&I Europe B.V.	The Netherlands
Horton CBI, Limited	Canada
P.T. Chicago Bridge & Iron ⁽¹⁾	Indonesia
Chicago Bridge & Iron (Antilles) N.V.	Netherland Antilles
Arabian Gulf Material Supply Company Ltd.	Cayman Islands
CBI Eastern Anstalt	Liechtenstein
Oasis Supply Company Anstalt	Liechtenstein
CB&I Hungary Holding LLC (CBI Hungary Kft)	Hungary
CBI Overseas, LLC	Delaware
Southern Tropic Material Supply Company, Ltd.	Cayman Islands

Chicago Bridge & Iron Company	Delaware
CB&I Inc.	Texas
CBI Americas Ltd.	Delaware
CB&I Tyler Company	Delaware
CB&I Paddington Limited	United Kingdom
CB&I London	United Kingdom
CB&I Woodlands L.L.C.	Delaware
CBI Services, Inc.	Delaware
Chicago Bridge & Iron Company	Illinois
Asia Pacific Supply Co.	Delaware
CBI Caribe, Ltd.	Delaware
CBI Company Ltd.	Delaware
Constructora C.B.I. Limitada	Chile
Central Trading Company Ltd.	Delaware
Chicago Bridge & Iron Company (Delaware)	Delaware
CSA Trading Company, Ltd.	Delaware
Lummus Technology Inc.	Delaware
Lummus Catalyst Company Ltd.	Delaware

⁽¹⁾ Unconsolidated affiliate

In addition, Chicago Bridge & Iron Company N.V. has multiple other consolidated subsidiaries providing similar contracting services outside the United States, the number of which changes from time to time depending upon business opportunities and work locations.

Consent of Independent Registered Public Accounting Firm

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. 333-156004) pertaining to the 2008 Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,
- (3) Registration Statement (Form S-8 No. 333-87081) pertaining to the 1999 Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,
- (4) Registration Statement (Form S-8 No. 333-39975) pertaining to the Employees Stock Purchase Plan (1997) of Chicago Bridge & Iron Company N.V.,
- (5) Registration Statement (Form S-8 No. 333-24443) pertaining to the Management Defined Contribution Stock Incentive Plan of Chicago Bridge & Iron Company N.V.,
- (6) Registration Statement (Form S-8 No. 333-24445) pertaining to the Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,
- (7) Registration Statement (Form S-8 No. 333-33199) pertaining to the Savings Plan of Chicago Bridge & Iron Company N.V.,
- (8) Registration Statement (Form S-8 No. 333-159182) pertaining to the 2009 Amendment to the 2008 Long-Term Incentive Plan of Chicago Bridge & Iron Company N.V.,
- (9) Registration Statement (Form S-8 No. 333-159183) pertaining to the 2009 Amendment to the Employee Stock Purchase Plan of Chicago Bridge & Iron Company N.V.,
- (10) Registration Statement (Form S-3 No. 333-182223) pertaining to the Common Stock and Warrants of Chicago Bridge & Iron Company N.V.,

of our reports dated February 27, 2013, with respect to the consolidated financial statements and schedule of Chicago Bridge & Iron Company N.V. and the effectiveness of internal control over financial reporting of Chicago Bridge & Iron Company, N.V., included in this Annual Report (Form 10-K) of Chicago Bridge & Iron Company N.V. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

Houston, Texas
February 27, 2013

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

I, Philip K. Asherman, certify that:

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

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Philip K. Asherman

Philip K. Asherman
Principal Executive Officer

Date: February 27, 2013

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

I, Ronald A. Ballschmiede, certify that:

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

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Ronald A. Ballschmiede

Ronald A. Ballschmiede
Principal Financial Officer

Date: February 27, 2013

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

In connection with this Annual Report of Chicago Bridge & Iron Company N.V. (the “Company”) on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Philip K. Asherman, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Philip K. Asherman

Philip K. Asherman
Principal Executive Officer

Date: February 27, 2013

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

In connection with this Annual Report of Chicago Bridge & Iron Company N.V. (the “Company”) on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ronald A. Ballschmiede, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Ronald A. Ballschmiede

Ronald A. Ballschmiede
Principal Financial Officer

Date: February 27, 2013

Excerpt from Annual Report on Form 10-K (File No. 001-12227) filed by The Shaw Group Inc. with the Securities and Exchange Commission on October 19, 2012:

Risks Related to Our Operations

Demand for our products and services is cyclical and vulnerable to economic downturns and reductions in private industry and government spending and/or their ability to meet existing payment obligations. If general economic conditions remain weak or the credit markets deteriorate, we may be unable to recover expenditures and our revenues, profits, and financial condition may be negatively impacted.

The industries we serve historically have been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the domestic and international economies. Consequently, our results of operations have fluctuated and may continue to fluctuate depending on the demand for products and services from these industries.

Fluctuations in the economy can affect consumers' demand for electricity and thus our clients' capital spending priorities. Due to the current economic downturn, many of our clients may face budget shortfalls or may delay capital spending resulting in a decrease in the overall demand for our services. A decrease in federal, state and local tax revenue as well as other economic declines may result in lower government spending. Our clients may find it more difficult to raise capital in the future due to limitations on the availability of credit and other uncertainties in the credit markets. This reduction in spending could have a material adverse effect on our operations.

Our clients may demand better pricing terms and their ability to timely pay our invoices may be affected by an ongoing weak economy. Our business traditionally lags recovery in the economy; therefore, our business may not recover immediately upon any economic improvement. If the economy weakens further or government spending is reduced, then our revenues, net income and overall financial condition may deteriorate. Further, in many instances during the course of a project, we commit and/or pay for products or expenses attributable to our clients with an understanding that the client will pay us per the terms of our commercial contract with them. Our clients may not be able to make such payments to us in a timely manner, or at all, in which case we could be forced to absorb these costs requiring that we commit our financial resources to projects prior to receiving payments from the client. If a client defaults in making its payments on a project in which we have devoted significant financial resources, it could have a material adverse effect on our business or results of operations.

We face substantial competition in each of our business segments.

We face competition from numerous regional, national and international competitors, some of which have greater financial and other resources than we do. Our competitors include well-established, well-financed businesses, both privately and publicly held, including many major energy equipment manufacturers and engineering and construction companies, some engineering companies, internal engineering departments at utilities and some of our clients. The award of many of our contracts is determined by competitive bid. That competition can impact the margin we earn on our contracts or cause us not to win the award. For a discussion of certain specific competitors as well as the impact of competition on our business, please see Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation.

Our results of operations depend on new contract awards; however, the selection process and timing for performing these contracts are not within our control.

A substantial portion of our revenues is directly or indirectly dependent on winning new contracts. We operate in highly competitive markets and it is difficult to predict whether and when we will be awarded new contracts due to many factors including: the lengthy and complex bidding and selection process, client capital investment decisions, market conditions, available financing, government approvals, permitting and environmental matters. Further, most of those same factors can delay or stop a project. Consequently, we are subject to the risk of losing new awards to competitors and the risk a project may experience significant delay or cancellation - impacting our results of operations and cash flows that fluctuate from quarter to quarter depending on the timing and size of new contract awards

The March 2011 earthquake and tsunami that struck Japan caused significant damage to power and transportation infrastructure, including several nuclear reactors. Potential risks associated with nuclear power production could slow the pace of global licensing and construction of new or planned nuclear power facilities or negatively impact existing facilities' efforts to extend their operating licenses.

Shaw currently has nuclear construction projects in the U.S. and China, material amounts of which are included in our backlog. While our clients have indicated they intend to move forward with these units, domestic utility companies' intentions could be challenged if Congress implements a moratorium on building nuclear reactors or the NRC slows the permitting process or adds additional permitting requirements. During 2011, the Chinese government suspended approval of new nuclear projects and conducted safety inspections of all plants under construction. Once China's revised nuclear development plan is approved, it is expected that the Chinese government will resume its approval process for new nuclear projects. Other governments have announced plans to review and/or delay decisions to review new nuclear projects. Demand for nuclear power could be negatively affected by such action. Because several of our segments deal with nuclear power either directly or indirectly, this could have a material adverse effect on our operations. Further, if current contracts included in our backlog are significantly delayed, modified or canceled, our future revenues and earnings may be materially and adversely impacted.

While many of the contracts in our backlog provide for cancellation fees in the event clients cancel projects, these cancellation fees usually provide for reimbursement of our out-of-pocket costs, revenues for work performed prior to cancellation and a varying percentage of the profits we would have realized had the contract been completed. However, upon cancellation we typically have no contractual right to the total revenues reflected in our backlog for that particular contract.

We provide maintenance services for 45 out of 104 U.S. operating nuclear plants and perform uprates at existing facilities. Should any of our customers fail to extend existing operating licenses, demand for those services may be negatively affected.

The Investment in Westinghouse segment could be materially and adversely affected by the events in Japan to the extent demand diminishes for Westinghouse's nuclear products, including its AP1000 technology. Toshiba, a Japanese company, is the majority owner of Westinghouse. On October 6, 2012, NEH exercised the Put Options to sell the Westinghouse Equity back to Toshiba. The Westinghouse CRA terminated upon the exercise of the Put Options, and we can provide no assurance as to our ability to attract or retain additional work from Toshiba. See "Risks related to our Investment in Westinghouse could have an adverse effect on us."

Our backlog of unfilled orders is subject to unexpected adjustments and cancellations and is, therefore, not a reliable indicator of our future revenues or earnings.

At August 31, 2012, our backlog was approximately \$17.1 billion. Our backlog consists of projects for which we have legally binding contracts or commitments from clients, including legally binding agreements without defined scope. Commitments may be in the form of written contracts for specific projects, purchase orders or indications of the amounts of time and materials we need to make available for clients' anticipated projects. Our backlog includes expected revenue based on engineering and design specifications that may not be final and could be revised over time and for government and maintenance contracts that may not specify actual dollar amounts for the work to be performed. For these contracts, we calculate our backlog of estimated work to be performed, based on our knowledge of our clients' stated intentions or our historic experience. Projects may remain in our backlog for extended periods of time.

There can be no assurance we will realize revenues projected in our backlog or, if realized, such revenues will result in profits. Due to project terminations, suspensions and/or changes in project scope and schedule, we cannot predict with certainty when or if our backlog will be performed. Material delays, cancellations or payment defaults could materially affect our balance sheet, results of operations and cash flow and may reduce the value of our stock. For example, during fiscal year 2012, our customer for our domestic EPC contract for two AP1000 nuclear power units in Florida announced a delay in the plant's online date to 2024. While we continue to perform limited engineering and support services and our contract with the client remains in effect, we removed a substantial portion of the contract value from our backlog as a result of the extended timeline.

Client cancellations could reduce our backlog, which, among other things, could materially impact the revenues and earnings. Many of the contracts in our backlog provide for cancellation fees in the event clients cancel projects. These cancellation fees usually provide for reimbursement of our out-of-pocket costs, revenues associated with work performed prior to cancellation, and, to varying degrees, a percentage of the profits we would have realized had the contract been completed. However, upon cancellation we typically have no contractual right to the total revenues reflected in our backlog for that particular contract.

The nature of our contracts, particularly our reimbursable and fixed-price contracts, could adversely affect us.

Approximately 48% of our backlog at August 31, 2012, was from cost-reimbursable contracts and the remaining 52% was from contracts that are primarily fixed-price. Revenues and gross profit from both cost-reimbursable and fixed-price contracts can be significantly affected by contract incentives/penalties that may not be known or finalized until the later stages of the contract term. We enter into contractual agreements with clients for some of our EPC services to be performed based on agreed-upon reimbursable costs and labor rates. Some of these contracts provide for the client's review of our accounting and cost control systems to verify the completeness and accuracy of the reimbursable costs invoiced. These reviews could result in reductions in reimbursable costs and labor rates previously billed to the client.

Under certain hybrid contracts such as reimbursable contracts containing a target price, we agree to the contract price of the project at the time we enter into the contract. While we benefit from costs savings and earnings from approved change orders under target-priced contracts, we are generally unable to recover all cost overruns to the approved contract price. Under certain reimbursable target price contracts, we share with the client any savings up to a negotiated or target ceiling. When costs exceed the negotiated ceiling price, we may be required to reduce our fee or to absorb some or all of the cost overruns.

We also assume the risks related to revenue, cost and gross profit realized on fixed-priced contracts that can vary, sometimes substantially, from the original projections due to changes in a variety of other factors that include, but are not limited to:

- engineering design changes;
- unanticipated technical problems with the equipment being supplied or developed by us, which may require that we spend our own money to remedy the problem;
- changes in the cost of equipment, commodities, materials or labor;
- difficulties in obtaining required permits or approvals;
- changes in laws and regulations;
- changes in labor conditions, including the availability and productivity of labor;
- project modifications creating unanticipated costs;
- delays caused by local weather conditions;
- failure to perform by our project owners, suppliers or subcontractors; and
- general economic conditions.

These risks may be exacerbated by the length of time between signing a contract and completing the project because most fixed-price contracts are long-term. The term of our contracts can be as long as approximately seven years. Long-term, fixed-price contracts are inherently risky and often make us subject to penalties if portions of the project are not completed in accordance with agreed-upon time limits. Therefore, significant losses can result from performing large, long-term projects on a fixed-price basis. These losses may be material, including, in some cases, up to or exceeding the full contract value in certain events of non-performance, and could negatively impact our business, financial condition, results of operations and cash flows.

Many of our client contracts require us to satisfy specified design or EPC milestones in order to receive payment for the work completed or equipment or supplies procured prior to achievement of the applicable milestone. As a result, under these types of arrangements, we may incur significant costs or perform significant amounts of services prior to receipt of payment. If the client determines not to proceed with the completion of the project or if the client defaults on its payment obligations, we may face difficulties in collecting payment of amounts due to us for the costs previously incurred or for the amounts previously expended to purchase equipment or supplies. In addition, many of our clients for large EPC projects are project-specific entities that do not have significant assets other than their interests in the EPC project. It may be difficult for us to collect amounts owed to us by these clients. If we are unable to collect amounts owed to us for these matters, we may be required to record a charge against earnings related to the project, which could result in a material loss.

Our failure to meet contractual schedule or performance requirements could adversely affect our revenue and profitability.

In certain circumstances, we guarantee project completion by a scheduled date or certain performance testing levels. Failure to meet these schedule or performance requirements could result in a reduction of revenues and/or additional costs, and these adjustments could exceed projected profits. A project's revenues also could be reduced by liquidated damages withheld by clients under contractual penalty provisions, which can be substantial and can accrue on a daily basis. Our costs generally increase from schedule delays and/or could exceed our projections for a particular project. Performance problems for existing and future contracts could cause actual results of operations to differ materially from those anticipated by us and could cause us to suffer damage to our reputation within our industry and our client base. For examples of the kinds of claims that may result from liquidated damages provisions and cost overruns, see Note 20 - Accounting for Claims, Unapproved Change Orders and Incentives on Long-Term Construction Contracts included in our consolidated financial statements beginning on page F-2.

If our joint venture or consortium partners, subcontractors or equipment manufacturers fail to perform their contractual obligations on a project, we could be exposed to the risk of loss, and in some cases, joint and several liability to our clients, loss of reputation and additional financial performance obligations that could result in reduced profits or, in some cases, significant losses.

We often enter into consortium arrangements and joint ventures as part of our Power segment and E&I segment contracts in order to jointly bid and perform a particular project. The success of these consortium agreements and joint ventures depends, in large part, on the satisfactory performance of the contractual obligations by our partners. If our partners do not meet their obligations, the consortium or joint venture may be unable to adequately perform and deliver its contracted services. Under these circumstances, we may be required to incur additional costs, make additional investments and provide additional services to ensure the adequate performance and delivery of the contracted services and/or to pay liquidated damages. Under agreements with joint and several liability, we could be liable for both our obligations and those of our partners. These additional obligations could result in reduced profits or, in some cases, significant losses for us with respect to the joint venture, which could also negatively affect our reputation in the industries we serve. Additionally, we rely on third party partners, equipment manufacturers and third party subcontractors to complete our projects. To the extent our partners cannot execute their portion of the work, are unable to deliver their services, equipment or materials according to the negotiated terms and/or we cannot engage subcontractors or acquire equipment or materials, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for these goods and services in an effort to meet our contractual obligations exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts.

If we are unable to form teaming arrangements, particularly for some of our international opportunities, our ability to compete for and win business may be negatively impacted.

In both the private and public sectors, either acting as a prime contractor, a subcontractor or as a member of consortium, we may join with other firms to form a team to compete for a single contract. Because a team can often offer stronger combined qualifications than any firm standing alone, these teaming arrangements can be very important to the success of a particular contract bid process or proposal. This can be particularly true in international operations in which bidding success can be substantially impacted by the presence and /or quality of the local partner. The failure to maintain such relationships in both foreign and domestic markets may impact our ability to win work.

Our government contracts may present risks to us.

We are a major provider of services to U.S. government agencies and therefore are exposed to risks associated with government contracting. Government clients typically can terminate or modify contracts with us at their convenience. As a result, our backlog may be reduced or we may incur a loss if a government agency decides to terminate or modify a contract with us. We are also subject to audits, including audits of our internal controls systems, cost reviews and investigations by government contracting oversight agencies. As a result of an audit, the oversight agency may disallow costs or withhold a percentage of interim payments. Cost disallowances may result in adjustments to previously reported revenues and may require refunding previously collected cash proceeds. In addition, our failure to comply with the terms of one or more of our government contracts or government regulations and statutes could result in our being suspended or debarred from future government projects for a significant period of time, possible civil or criminal fines and penalties and the risk of public scrutiny of our performance, and potential harm to our reputation, each of which could have a material adverse effect on our business. Other remedies that our government clients may seek for improper activities or performance issues include sanctions such as forfeiture of profits and suspension of payments.

Our government contracts present us with other risks as well. Legislatures typically appropriate funds on a year-by-year basis, while contract performance may take more than one year. As a result, our contracts with government agencies may be only partially funded or may be terminated, and we may not realize all of our potential revenues and profits from those contracts. Appropriations and the timing of payment may be influenced by, among other things, the state of the economy, competing political priorities, curtailments in the use of government contracting firms, budget constraints, the timing and amount of tax receipts and the overall level of government expenditures.

For the fiscal year ended August 31, 2012, 90.8% of our E&I segment's backlog was with U.S. government agencies.

The limitation or the modification of the Price-Anderson Act's indemnification authority and similar federal programs for nuclear and other potentially hazardous activities, could adversely affect our business.

The Price-Anderson Act (PAA) comprehensively regulates the manufacture, use and storage of radioactive materials, while promoting the nuclear energy industry by offering indemnification to the nuclear industry against liability arising from nuclear incidents at non-military facilities in the U.S. in connection with contractual activity for the DOE, while still ensuring compensation for the general public. The Energy Policy Act of 2005 extended the period of coverage to include all nuclear power reactors issued construction permits through December 31, 2025. Because we provide services to the DOE at nuclear weapons facilities and the nuclear energy industry in the ongoing maintenance and modification, as well as decontamination and decommissioning, of its nuclear energy plants, we are entitled to the indemnification protections under the PAA. Although the PAA's indemnification provisions are broad, it does not apply to all liabilities that we might incur while performing services as a radioactive materials cleanup contractor for DOE and the nuclear energy industry.

Public Law 85-804 (PL 85-804), which indemnifies government contractors who conduct certain approved contractual activity related to unusually hazardous or nuclear activity, may provide additional or alternative indemnification for such activities. If the contractor protection currently provided by the PAA or PL 85-804 is significantly modified, is not approved for, or does not extend to all of our services, our business could be adversely affected by either our clients' refusal to retain us for potentially covered projects or our inability to obtain commercially adequate insurance and indemnification.

If the U.S. were to change its support of nuclear power or revoke or limit DOE's Loan Guarantee Program (LGP), it could have a material adverse effect on our operations.

The U.S. government has been supportive of increased investment in nuclear power. However, if the U.S. government changed its policy or public acceptance of nuclear technology as a means of generating electricity significantly wanes, demand for nuclear power could be negatively affected and potentially increase the regulation of the nuclear power industry. Because several of our segments deal with nuclear power either directly or indirectly, this could have a material adverse effect on our operations.

Some of our clients may rely on DOE's LGP, under which DOE issues loan guarantees to eligible projects that "avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases" and "employ new or significantly improved technologies as compared to technologies in service in the U.S. at the time the guarantee is issued." If the current administration were to revoke or limit DOE's LGP, it could make obtaining funding more difficult for many of our clients, which could inhibit their ability to take on new projects and result in a negative impact on our future operations.

We may be exposed to additional risks in our Power segment, as we begin to execute our significant nuclear backlog and book new nuclear awards. These risks include greater backlog concentration in fewer projects, possibly increasing requirements for letters of credit and potential cost overruns, which could have a material adverse effect on our future revenues and liquidity. Additionally, the current economic conditions may impact the pace of the development of nuclear projects.

We expect to convert a significant part of our backlog of nuclear projects in the Power segment into revenues in the future. Nuclear projects may use larger sums of working capital than other projects in this segment and will be concentrated among a few larger clients. As we increase our active projects in the nuclear business and, consequently our reliance in revenues from this business, we may become more dependent on a smaller number of clients. If we lose clients in our nuclear business and are unable to replace them, our revenues could be materially adversely impacted. Additionally, if any of the nuclear projects currently included in our backlog are significantly delayed, modified or canceled, our reported backlog and future earnings may be materially and adversely impacted.

As we convert our nuclear projects from backlog into active construction we may face significantly greater requirements for the provision of letters of credit or other forms of credit enhancements. Together with the construction costs for nuclear plants, which are significantly higher than those for coal- or gas-fired plants, we may be required to significantly expand our access to capital and credit. We can provide no assurance that we will be able to access such capital and credit as needed or that we would be able to do so on economically attractive terms. Finally, the significant expense associated with nuclear projects, weak global economic conditions and other competitive factors, including less expensive alternative energies like natural gas, may result in additional delays for currently expected projects or slower demand for nuclear energy projects over time.

Environmental laws and regulations expose us to certain risks, could increase our costs and liabilities and impact demand for our services. While all of our operations are impacted by environmental laws and regulations, these impacts may be most significant for our nuclear and integrated environmental solutions businesses.

General

Our operations are subject to environmental laws and regulations, including those concerning:

- emissions into the air;
- climate change legislation and regulatory initiatives;
- discharges into waterways;
- generation, storage, handling, treatment, transport and disposal of waste materials and hazardous substances; and
- human health and safety.

Our projects often involve highly regulated materials, including hazardous and nuclear materials and wastes. Environmental laws and regulations generally impose limitations and standards relating to the use, handling, transport, discharge or disposal of regulated materials and require us to obtain a permit and comply with various other requirements. The improper characterization, use, handling, discharge or disposal of regulated materials or any other failure to comply with federal, regional, state and local environmental laws and regulations or associated environmental permits may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory or remedial obligations or the issuance of injunctions that could restrict or prevent our ability to perform some or all of our activities under existing contracts. The risks associated with these activities are most significant within our E&I segment, which, in addition to environmental remediation activities, has two subsidiaries (The LandBank Group Inc. and Shaw Environmental Liability Solutions LLC) that previously purchased and/or assumed liability with respect to properties that have experienced environmental damage. We can provide no assurance that our insurance coverage or other loss remediation strategies will insulate us from any material liability associated with these operations.

In addition to existing environmental regulations, the adoption and implementation of regulations imposing reporting obligations on, or limiting emissions of GHGs from, our clients' equipment and operations could significantly impact demand for our services, particularly among our clients for coal and gas-fired generation facilities as well as our clients in the petrochemicals business. Any significant reduction in demand for our services as a result of the adoption of these or similar proposals could have a significant adverse impact on our results of operations.

Nuclear Operations

Risks associated with nuclear projects, due to their size and complexity, may be increased by permit, licensing and regulatory approvals that can be even more stringent and time consuming than similar processes for more conventional construction projects. We are subject to regulations from a number of entities, including the NRC, International Atomic Energy Agency (IAEA) and the European Union (EU), which have a substantial effect on our nuclear operations. The IAEA and the EU both have systems for nuclear material safeguards. Global-scale agreements on nuclear safety such as the Convention on Nuclear Safety and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management are also in place. The Euratom Treaty has created uniform safety standards aimed at protecting the public and workers and passed rules governing the transportation of radioactive waste. In addition, licensed nuclear facilities must comply with strict inspection procedures. Regulations governing the shutdown and dismantling of nuclear facilities and the disposal of nuclear wastes could also have an effect on our operations. Delays in receiving necessary approvals, permits or licenses, failure to maintain sufficient compliance programs, or other problems encountered during construction could significantly increase our costs and cause our actual results of operations to significantly differ from anticipated results.

Unanticipated litigation or negative developments in pending litigation related to hazardous substances encountered in our businesses could have a material adverse effect on our results of operations and financial condition.

We are from time to time involved in various litigation and other matters related to hazardous substances encountered in our businesses. In particular, the numerous operating hazards inherent in our businesses increase the risk of toxic tort litigation relating to any and all consequences arising out of human exposure to hazardous substances, including without limitation, current or past claims involving asbestos related materials, formaldehyde, Cesium 137 (radiation), mercury and other hazardous substances, or related environmental damage. As a result, we are subject to potentially material liabilities related to personal injuries or property damages that may be caused by hazardous substance releases and exposures. The outcome of such litigation is inherently uncertain and adverse developments or outcomes can result in significant monetary damages, penalties, other sanctions or injunctive relief against us, limitations on our property rights, or regulatory interpretations that increase our operating costs. If any of these disputes results in a substantial monetary judgment against us or an adverse legal interpretation is settled on unfavorable terms, or otherwise affects our operations, it could have a material adverse effect on our operating results and financial condition.

Our clients' and our partners' ability to receive the applicable regulatory and environmental approvals for our projects and the timeliness of those approvals could adversely affect us.

The regulatory permitting process for many of the projects performed by our Power segment requires significant investments of time and money by our clients and sometimes by us and/or our partners. There are no assurances that we or our clients will obtain the necessary permits for these projects. Applications for permits to operate these fossil and nuclear-fueled facilities, including air emissions permits, may be opposed by government entities, individuals or environmental groups, resulting in delays and possible non-issuance of the permits. For example, the NRC's notice to WEC directing WEC to modify the *AP1000* shield building caused a delay resulting in a schedule modification.

Due to the international nature of our business we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, similar worldwide anti-bribery laws, and various international trade and export laws.

The international nature of our business creates various domestic and local regulatory challenges. The U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions generally prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that experience government corruption to some degree, and, in certain circumstances, compliance with anti-bribery laws may conflict with those local customs and practices. Our FCPA policy and training provide our employees with procedures, guidelines and information about FCPA obligations and compliance. Further, we advise our partners, subcontractors, agents and others who work for us or on our behalf that they are obligated to comply with the FCPA. We have procedures and controls in place designed to ensure internal and external compliance. Additionally, our global operations require us to import and export goods and technologies across international borders, which requires a robust compliance program. However, such internal controls and procedures will not always protect us from reckless or criminal acts committed by our employees or agents. If we are found to be liable for FCPA or other regulatory violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from criminal or civil penalties or other sanctions, which could have a material adverse effect on our business.

Political and economic conditions in foreign countries in which we operate could adversely affect us.

Approximately 14% of our fiscal year 2012 revenues were attributable to projects in international markets, some of which are subject to political unrest and uncertainty. In addition to the specific challenges we face internationally, international contracts, operations and expansion expose us to risks inherent in doing business outside the U.S., including:

- uncertain economic conditions in the foreign countries in which we make capital investments, operate and sell products and services;
- the lack of well-developed legal systems and less established or traditional business practices in some countries in which we operate and sell products and services, which could make it difficult for us to enforce our contractual rights;
- security and safety of employees and subcontractors;
- expropriation of property;
- restrictions on the right to convert or repatriate currency;
- changes in labor conditions;
- changing general economic and political conditions in foreign markets;
- terrorist attacks;
- commodity prices and availability;
- potential incompatibility with foreign joint venture partners; and
- interruptions or delays in international shipping.

Foreign exchange risks may affect our ability to realize a profit from certain projects or to obtain projects.

We generally attempt to denominate our contracts in U.S. dollars (USD) or in the currencies of our expenditures. However, we do enter into contracts that subject us to foreign exchange risks, particularly to the extent contract revenues are denominated in a currency different than the contract costs. We attempt to minimize our exposure from foreign exchange risks by obtaining escalation provisions for projects in inflationary economies, or entering into hedge contracts when there are different currencies for contract revenues and costs. However, these actions may not always eliminate all foreign exchange risks.

Our Westinghouse Bonds are JPY denominated. As the USD/JPY exchange rate changes, the amount of USD required to service this debt will change.

Risks related to our Investment in Westinghouse could have an adverse effect on us.

We incur significant JPY-denominated cash interest cost on the Westinghouse Bonds issued to finance our Investment in Westinghouse, and we can provide no assurance that we will receive dividends from Westinghouse sufficient to cover these costs. In an effort to mitigate this risk, we enter into foreign currency forward contracts from time to time, to hedge the impact of exchange rate changes on our JPY-denominated cash interest payments on the Westinghouse Bonds. We normally focus our hedge transactions to the JPY interest payments due within the following twelve months.

In connection with our Investment in Westinghouse and issuing the Westinghouse Bonds, we entered into put option agreements with Toshiba (Put Options) providing us the option to sell all or part of our Westinghouse Equity to Toshiba during a defined exercise period, which we are currently within. On October 6, 2012, NEH exercised its Put Options to sell the Westinghouse Equity to Toshiba. Under the terms of the put option agreements, the Put Options will be cash settled 90 days thereafter, in January 2013, with the proceeds deposited in trust to fund retirement of the Westinghouse Bonds on March 15, 2013.

For additional information, see Part I, Item 1 - Our Business Segments - Investment in Westinghouse Segment, Note 7 - Investment in Westinghouse and Related Agreements, Note 8 - Equity Method Investments and Variable Interest Entities and Note 10 - Debt and Revolving Lines of Credit included in our consolidated financial statements beginning on page F-2 and in Liquidity below.

The nature of our projects exposes us to potential professional liability, product liability, warranty and other claims, which may reduce our profits.

We engineer, construct and perform services including pipe and steel fabrication in large industrial facilities where accidents or system failures can have significant consequences. Any such accident or failure at a site where we provided EPC or similar services could result in significant professional liability, product liability, warranty and other claims against us, regardless of whether our products or services caused the incident. Further, the engineering and construction projects we perform expose us to additional risks including, but not limited to, equipment failures, personal injuries, property damage, shortages of materials and labor, permitting delays, work stoppages, labor disputes, weather problems and unforeseen engineering, architectural, environmental and geological problems, each of which could significantly impact our performance and materially impact our financial statements.

Additionally, once our construction is complete, we may face claims relating to our job performance, which could materially impact our financial statements. Under some of our contracts, we must use client-specified metals or processes for producing or fabricating pipe for our clients. The failure of any of these metals or processes could result in warranty claims against us for significant replacement or reworking costs, which could materially impact our financial statements.

We have been, and may in the future be, named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters. Should we be determined liable, we may not be covered by insurance or, if covered, the dollar amount of these liabilities may exceed our policy limits. Our professional liability coverage is on a claims-made basis covering only claims actually made during the policy period currently in effect. Even where insurance is maintained for such exposures, the policies have deductibles resulting in our assuming exposure for a layer of coverage with respect to any such claims. Any damages not covered by our insurance, in excess of our insurance limits or, if covered by insurance subject to a high deductible, could result in a significant loss for us, which may reduce our profits and cash available for operations.

Risks Related to Financial Reporting and Corporate Governance

Actual results could differ from the estimates and assumptions that we use to prepare our financial statements.

To prepare financial statements in conformity with U.S. generally accepted accounting principles (GAAP), our management is required to make estimates and assumptions, as of the date of the financial statements, that affect the reported values of assets and liabilities and revenues and expenses and disclosures of contingent assets and liabilities. Areas requiring significant estimates by our management include, among other things:

- contract costs and profits and application of the percentage-of-completion method of accounting; revenues recognized, and reduction of costs recognized, as a result of contract claims and unapproved change orders;
- revenues recognized related to project incentives we expect to earn;
- recoverability of inventory and application of lower of cost or market accounting;
- provisions for uncollectible receivables and client claims and recoveries of costs from subcontractors, vendors and others;
- provisions for income taxes and related valuation allowances;
- recoverability of goodwill;
- recoverability of other intangibles and related estimated lives;
- valuation of assets acquired and liabilities assumed in connection with business combinations;
- valuation of defined benefit pension plans; and
- accruals for estimated assets and liabilities, including litigation and insurance recoveries/reserves.

Under our accounting policies, we measure and recognize a large portion of our profits and revenue under the percentage-of-completion accounting methodology. This methodology allows us to recognize revenue and profits ratably over the life of a contract by comparing the amount of the cost incurred to date against the total amount of cost estimated to be incurred. Our actual results could differ materially from our estimates. Changes in reported amounts, the effects of those changes and changes in estimates may be recorded in future periods.

If we were required to write down all or part of our goodwill and/or our intangible assets, our net earnings and net worth could be materially adversely affected.

We had \$404.5 million of goodwill and \$2.9 million of intangible assets recorded on our consolidated balance sheet at August 31, 2012. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. If our market capitalization drops significantly below the amount of net equity recorded on our balance sheet, it might indicate a decline in our fair value and would require us to further evaluate whether our goodwill has been impaired. We also perform an annual review of our goodwill and intangible assets to determine if it has become impaired, which would require us to write down the impaired portion of these assets. If we were required to write down all or a significant part of our goodwill and/or intangible assets, our net earnings and net worth could be materially adversely affected.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased overhead costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

Risks Related to Our Liquidity and Capital Resources

Non-compliance with covenants in our restated credit agreement (Facility), without waiver or amendment from the lenders, could require us to post cash collateral for outstanding letters of credit and could adversely affect our ability to borrow under the Facility.

Our Facility contains certain financial covenants, including a leverage ratio and an interest coverage ratio, which limit the amounts we may borrow. In addition, we are required to file our quarterly and annual reports with the SEC on a timely basis. The defined terms used in calculating the financial covenants require us to follow GAAP, which requires the use of judgments and estimates. We may not be able to satisfy these ratios, especially if our operating results deteriorate as a result of, but not limited to, the impact of other risk factors that may have a negative impact on our future earnings. Additionally, we may not be able to file our SEC reports on a timely basis.

A breach of any covenant or our inability to comply with the required financial ratios could result in a default under our Facility, and we can provide no assurance that we will be able to obtain the necessary waivers or amendments from our lenders to remedy a default. In the event of any default not waived, the lenders under our Facility are not required to lend any additional amounts or issue letters of credit and could elect to require us to apply all of our available cash to collateralize any outstanding letters of credit, declare any outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable or require us to apply all of our available cash to repay any borrowings then outstanding at the time of default. If we are unable to pay when due any material indebtedness, to fund adequately the Facility letter of credit collateral account or if any other default has occurred and is continuing under our restated credit agreement, our lenders could proceed to accelerate all of our obligations and we could be required to pay immediately any shortfall amount required to cover our obligations into the Facility letter of credit collateral account. If any future indebtedness under our Facility is accelerated, we can provide no assurance that our assets would be sufficient to repay such indebtedness in full. At August 31, 2012, we had no outstanding borrowings under the Facility with outstanding letters of credit inclusive of both financial and performance of approximately \$247.1 million. Our borrowing capacity under the Facility is reduced by the aggregate amount of letters of credit we have outstanding.

Further, we have entered into indemnity agreements with our sureties that contain cross-default provisions. Accordingly, in the event of a default under our Facility, we would need to obtain a waiver from our sureties or an amendment to our indemnity agreements. We can provide no assurance that we would be successful in obtaining an amendment or waiver.

Downgrades by rating agencies, inability to obtain adequate surety bonding or letters of credit could affect our business strategies by requiring us to modify existing bonding facilities and/or reduce our ability to bid on new work which could have a material adverse effect on our future revenues and business prospects.

In certain circumstances, clients may require us to provide credit enhancements, including bonds or letters of credit. In line with industry practice, we are often required to provide performance and surety bonds to clients. These bonds and letters of credit provide credit support for the client if we fail to perform our obligations under the contract. If security is required for a particular project and we are unable to obtain a bond or letter of credit on terms commercially acceptable to us, we cannot pursue that project. We have letter of credit and bonding facilities but, as is typically the case, the issuance of bonds under our surety facilities is at the surety's sole discretion.

In the event our debt ratings are lowered by independent rating agencies such as Moody's Investors Service or Standard & Poor's (S&P), it could be more difficult for us to obtain surety bonding for new projects in the future, and we may be required to increase or provide additional cash collateral to obtain these surety bonds, which would reduce our available cash and could impact our ability to renew or increase availability under our Facility. Any new or modified bonding facilities might not be on terms as favorable as those we have currently, and we could also be subject to increased costs of capital and interest rates.

We continue to expand our business in areas where the underlying contract must be bonded, especially in government services in which bonding is predominately provided by insurance sureties. These surety bonds indemnify the client if we fail to perform our obligations under the contract. Failure to provide a bond on terms required by a client may result in an inability to compete for or win a project. Historically, we have had a strong surety bonding capacity but, as is typically the case, bonding is at the surety's sole discretion. In addition, because of a reduction in overall worldwide bonding capacity, we may find it difficult to find sureties who will provide the contract-required bonding. Moreover, these contracts are often very large and extremely complex, which often necessitates the use of a joint venture, often with a competitor, to bid on and perform these types of contracts, especially since it may be easier to jointly pursue the necessary bonding. However, entering into these types of joint ventures or partnerships exposes us to the credit and performance risks of third parties, many of whom are not as financially strong as us.

Restrictive covenants in our Facility may restrict our ability to pursue our business strategies.

Our Facility limits our ability to, among other things:

- incur indebtedness or contingent obligations;
- issue preferred stock;
- pay dividends or make distributions to our shareholders;
- repurchase or redeem our capital stock or subordinated indebtedness;
- make investments;
- create liens;
- enter into sale/leaseback transactions;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- enter into transactions with our shareholders and affiliates;
- sell and pledge assets; and
- acquire the assets of, or merge or consolidate with, other companies or transfer all or substantially all of our assets.

These covenants may also impair our ability to engage in favorable business activities and our ability to finance future operations or capital needs in furtherance of our business strategies. Moreover, the form or level of our indebtedness may prevent us from raising additional capital on attractive terms or obtaining additional financing if needed.

A breach of any of these covenants could result in an event of default under our Facility. For additional information, see Non-compliance with covenants in our Facility, without waiver or amendment from the lenders, could adversely affect our ability to borrow under the Facility above.

Because of the capital-intensive nature of our business, we are vulnerable to significant fluctuations in our liquidity that may vary substantially over time.

Our operations could require us to utilize large sums of working capital, sometimes on short notice and sometimes without assurance of recovery of the expenditures. Circumstances or events that could create large cash outflows include losses resulting from fixed-price contracts, environmental liabilities, litigation risks, unexpected costs or losses resulting from acquisitions, contract initiation or completion delays, political conditions, client payment problems, foreign exchange risks and professional and product liability claims.

Our borrowing levels and debt service obligations could adversely affect our financial condition and impair our ability to fulfill our obligations under our Facility.

At August 31, 2012, we had total outstanding indebtedness of approximately \$1,656.2 million, approximately \$1,640.5 million of which relates to our Westinghouse Bonds and is of limited recourse to us. In addition, at August 31, 2012, letters of credit, domestic and foreign, issued for our account in an aggregate amount of \$329.6 million were outstanding, including the \$247.1 million outstanding under our Facility. We had no borrowings under our Facility. Our indebtedness could have important consequences, including the following:

- requiring us to dedicate a substantial portion of our cash flows from operations to the repayment of debt, which reduces the cash available for other business purposes;
- limiting our ability to obtain additional financing and creating additional liens on our assets;
- limiting our flexibility in planning for, and reacting to, changes in our business;
- placing us at a competitive disadvantage if we are more leveraged than our competitors;

making us more vulnerable to adverse economic and industry conditions; and
restricting us from making additional investments or acquisitions by limiting our aggregate debt obligations.

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To the extent that new debt is incurred in addition to our current debt levels, the leverage risks described above would increase.

Risks Related to Labor and Employment

Our failure to attract and retain qualified personnel, including engineers, skilled workers and key officers, could have an adverse effect on us.

Our ability to attract and retain qualified professional and/or skilled personnel in accordance with our needs, either through direct hiring or acquisition of other firms employing such professionals, is an important factor in determining our future success. The market for these professionals is competitive, and there can be no assurance that we will be successful in our efforts to attract and retain needed personnel. Our ability to successfully execute our business strategy depends, in part, on our ability to attract and retain skilled laborers and craftsmen in our pipe fabrication and construction businesses. Demand for these workers can at times be high and the supply extremely limited. Our success is also highly dependent upon the continued services of our key officers, and we do not maintain key employee insurance on any of our executive officers.

If we are unable to retain qualified personnel, the roles and responsibilities of those employees will need to be filled, which may require that we devote time and resources to identifying, hiring and integrating new employees. In addition, the failure to attract and retain key employees, including officers, could impair our ability to provide services to our clients and conduct our business effectively.

Work stoppages, Union negotiations and other labor problems could adversely affect us.

At August 31, 2012, approximately 18% of our employees were represented by labor unions. A lengthy strike or other work stoppage at any of our facilities could have a material adverse effect on us. There is inherent risk that on-going or future negotiations relating to collective bargaining agreements or union representation may not be favorable to us. From time to time, we also have experienced attempts to unionize our non-union shops. Such efforts can often disrupt or delay work and present risk of labor unrest.

We may be required to contribute cash to meet our underfunded pension obligations in certain multi-employer pension plans.

Domestically, we participate in various multi-employer pension plans under union and industry wide agreements that, generally, provide defined benefits to employees covered by collective bargaining agreements. Absent an applicable exemption, a contributor to a multiemployer plan is liable, upon termination or withdrawal from a plan, for its proportionate share of the plan's underfunded vested liability. Funding requirements for benefit obligations of our pension plans are subject to certain regulatory requirements and we may be required to make cash contributions which may be material to one or more of these plans to satisfy certain underfunded benefit obligations.

Our employees work on projects that are inherently dangerous and a failure to maintain a safe work site could result in significant losses.

Safety is a primary focus of our business and is critical to our reputation; however, we often work on large-scale and complex projects, frequently in geographically remote locations. Our project sites can place our employees and others near large equipment, dangerous processes or highly regulated materials, and in challenging environments. Often, we are responsible for safety on the project sites where we work. Many of our clients require that we meet certain safety criteria to be eligible to bid on contracts, and some of our contract fees or profits are subject to satisfying safety criteria. Unsafe work conditions also have the potential of increasing employee turnover, increasing project costs and raising our operating costs. If we fail to implement appropriate safety procedures and/or if our procedures fail, our employees or others may suffer injuries. Although we maintain functional groups whose primary purpose is to implement effective health, safety and environmental procedures throughout our company, the failure to comply with such procedures, client contracts or applicable regulations could subject us to losses and liability.

Other Risk Factors

Lawsuits and regulatory proceedings could adversely affect our business.

From time to time, we, our directors and/or certain of our current and former officers are named as a party to lawsuits and regulatory proceedings. A discussion of our material lawsuits appears in Note 15 - Contingencies and Commitments included in our consolidated financial statements beginning on page F-2. Although it is not possible at this time to predict the likely outcome of these actions, an adverse result in any of these lawsuits could have a material adverse effect on us.

Litigation can involve complex factual and legal questions and its outcome is uncertain. Any claim that is successfully asserted against us could result in significant damage claims and other losses. Even if we were to prevail, any litigation could be costly and time-consuming and would divert the attention of our management and key personnel from our business operations, which could adversely affect our financial condition, results of operations or cash flows. For additional information, see Note 15 - Contingencies and Commitments and Note 20 - Accounting for Claims, Unapproved Change Orders and Incentives on Long-Term Construction Contracts included in our consolidated financial statements beginning on page F-2.

If we are unable to enforce our intellectual property rights or if our technology becomes obsolete, our competitive position could be adversely impacted.

We believe that we are an industry leader by owning or having access to our technologies. We protect our technology positions through patent registrations, license restrictions and a research and development program. We may not be able to successfully preserve our intellectual property rights in the future, and these rights could be invalidated, circumvented or challenged. In addition, the laws of some foreign countries in which our services may be sold do not protect intellectual property rights to the same extent as U.S. law. Because we license technologies from third parties, there is a risk that our relationships with licensors may terminate or expire or may be interrupted or harmed. If we are unable to protect and maintain our intellectual property rights, or if there are any successful intellectual property challenges or infringement proceedings against us, our ability to differentiate our service offerings could be reduced.

Additionally, if our technologies become obsolete, we may not be able to differentiate our service offerings, and some of our competitors may be able to offer more attractive services to our clients. For example, we believe that Westinghouse' s *AP1000* technology is a leading technology for nuclear power generation plants. However, there are competing technologies, and it is likely that new technologies will be developed in the future. We also believe that our induction pipe bending technology, know-how and capabilities favorably influence our ability to compete successfully. Currently, this technology and our proprietary software are not patented. Even though we have some legal protections against the dissemination of this technology, including non-disclosure and confidentiality agreements, our efforts to prevent others from using our technology could be time-consuming, expensive and ultimately may be unsuccessful or only partially successful.

Finally, there is nothing to prevent our competitors from independently attempting to develop or obtain access to technologies that are similar or superior to our technology.

**Shareholders' Equity
(Tables)**

Components of Accumulated
Other Comprehensive (Loss)
Income, Net of Tax

**12 Months Ended
Dec. 31, 2012**

At December 31, 2012 and 2011, the components of AOCI, net of tax, were as follows:

	December 31,	
	2012	2011
Currency translation adjustment	\$(21,843)	\$(26,720)
Unrealized fair value of cash flow hedges	296	(797)
Unrecognized net prior service pension credits	1,874	2,413
Unrecognized net actuarial pension losses (1)	(81,359)	(36,048)
Total	<u>\$(101,032)</u>	<u>\$(61,152)</u>

- (1) The increase in unrecognized net actuarial pension losses was primarily due to the impact of lower discount rates utilized in the determination of our projected benefit obligation for our international pension plans.

**Summarized Balance Sheet
Information for VIEs
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011

CBI Kentz Joint Venture

Variable Interest Entity [Line Items]

<u>Current assets</u>	\$ 82,421	\$ 26,415
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<u>Current liabilities</u>	39,276	17,417
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CBI Clough Joint Venture

Variable Interest Entity [Line Items]

<u>Current assets</u>	145,666	81,773
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<u>Current liabilities</u>	\$ 79,523	\$ 22,498
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Acquisitions - Additional Information (Detail) (USD \$) In Thousands, except Share data, unless otherwise specified					1 Months Ended	12 Months Ended		
	Dec. 31, 2012	Dec. 28, 2012	Dec. 31, 2010 Distillation Technologies ("CD Tech")	Dec. 31, 2010 Chemical Research and Licensing ("CR&L")	Jul. 31, 2012 Shaw Group Inc	Dec. 31, 2012 Shaw Group Inc	Dec. 28, 2012 Shaw Group Inc	Feb. 13, 2013 Shaw Group Inc Subsequent Event
Business Acquisition [Line Items]								
Business acquisition, cost of acquired entity, purchase price								\$ 3,340,900
Business acquisition, purchase price cash				38,400				2,851,200
Business acquisition, cost of acquired entity, equity consideration								489,700
Cash consideration funded using existing cash balance								1,051,200
Shaw stock conversion price					\$ 41.00			
Shaw stock conversion shares of CBI					0.12883			
Business acquisition common stock issued					8,900,000			
Business acquisition equity awards issued					1,400,000			
Senior notes	800,000	800,000					800,000	
Transaction cost incurred on acquisition	11,000					11,000		
Financing Cost incurred on acquisition						\$ 7,200		
Acquisition of remaining equity interest in CD Tech			50.00%					

**Components of Net Periodic
Benefit Cost (Detail) (USD \$)**
In Thousands, unless
otherwise specified

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Pension Plans

Defined Benefit Plan Disclosure [Line Items]

<u>Service cost</u>	\$ 3,862	\$ 4,020	\$ 3,236
<u>Interest cost</u>	26,623	29,296	26,868
<u>Expected return on plan assets</u>	(23,856)	(26,197)	(23,561)
<u>Amortization of prior service (credits) costs</u>	(452)	(489)	96
<u>Recognized net actuarial losses (gains)</u>	2,718	1,152	1,427
<u>Settlement/curtailment</u>			3,763 [1]
<u>Net periodic benefit expense</u>	8,895	7,782	11,829

Other Postretirement Plans

Defined Benefit Plan Disclosure [Line Items]

<u>Service cost</u>	1,124	966	1,092
<u>Interest cost</u>	2,571	2,918	2,984
<u>Amortization of prior service (credits) costs</u>	(269)	(269)	(269)
<u>Recognized net actuarial losses (gains)</u>	(348)	(476)	(369)
<u>Settlement/curtailment</u>	(2,841) [1]		
<u>Net periodic benefit expense</u>	\$ 237	\$ 3,139	\$ 3,438

[1] The settlement/curtailment amounts were primarily associated with termination of benefits for our U.K. postretirement plan in 2012 and accelerated benefit accruals for our Germany pension plan in 2010.

**Components of Property and
Equipment, Accrued
Liabilities and Other Non-
current Liabilities (Detail)
(USD \$)**

**In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Property, Plant and Equipment, Gross	\$ 605,432	\$ 548,900	
Accumulated depreciation	(319,561)	(286,897)	
Property and equipment, net	285,871	262,003	
Payroll-related obligations	168,404	125,862	
Income taxes payable	29,714	33,458	
Self-insurance, retention and other reserves	4,447	4,284	
Pension obligations	3,251	3,327	
Postretirement medical benefit obligations	2,864	3,808	
Other	146,020	[1] 107,857	[1]
Accrued liabilities	354,700	278,596	
Pension obligations	104,728	62,667	
Postretirement medical benefit obligations	47,739	51,250	
Self-insurance, retention and other reserves	17,605	19,103	
Income tax reserves	5,169	7,374	12,881
Other	97,202	[2] 103,590	[2]
Other non-current liabilities	272,443	243,984	
Land and improvements			
Property, Plant and Equipment, Gross	59,090	55,406	
Buildings and improvements			
Property, Plant and Equipment, Gross	167,593	141,102	
Plant, field equipment and other			
Property, Plant and Equipment, Gross	\$ 378,749	\$ 352,392	

[1] Represents various accruals that are each individually less than 5% of total current liabilities, including accruals for non-contract payables, operating lease obligations, country-specific employee benefits, derivatives, and medical and legal obligations.

[2] Represents various accruals that are each individually less than 5% of total liabilities, including accruals for taxes, operating lease obligations, deferred rent, and country-specific employee benefits.

**Assumed Health Care Cost
Trends by One Percentage
Point (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012

Defined Benefit Plan Disclosure [Line Items]

<u>1-Percentage Point Increase, Effect on total of service and interest cost</u>	\$ 66
<u>1-Percentage Point Increase, Effect on postretirement benefit obligation</u>	1,406
<u>1-Percentage Point Decrease, Effect on total of service and interest cost</u>	(59)
<u>1-Percentage Point Decrease, Effect on postretirement benefit obligation</u>	\$ (1,262)

**Supplemental Information
on Valuation and Qualifying
(Detail) (Allowance for
doubtful accounts, USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Allowance for doubtful accounts

Valuation and Qualifying Accounts Disclosure [Line Items]

<u>Balance At January 1</u>	\$ 1,761	\$ 1,849	\$ 3,858
<u>Additions Associated with Acquisitions</u>			
<u>Charged to Costs and Expenses</u>	399	946	1,660
<u>Deductions</u>	(846)	^[1] (1,034)	^[1] (3,669)
<u>Balance at December 31</u>	\$ 1,314	\$ 1,761	\$ 1,849

[1] Deductions generally represent utilization of previously established reserves or the reversal of unnecessary reserves due to subsequent collections.

Reconciliation of Weighted Average Basic Shares Outstanding to Diluted Shares Outstanding and Computation of Basic and Diluted EPS (Detail) (USD \$) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Schedule of Earnings Per Share, Basic and Diluted, by Common Class [Line Items]											
Net income attributable to CB&I	\$ 89,617	\$ 80,231	\$ 72,320	\$ 59,487	\$ 70,468	\$ 72,164	\$ 61,894	\$ 50,506	\$ 301,655	\$ 255,032	\$ 204,559
Weighted average shares outstanding-basic									96,632,700	98,021,950	98,300,175
Effect of restricted shares/ performance shares/stock options									1,528,067	^[1] 2,115,345	^[1] 2,090,009
Effect of directors' deferred- fee shares									70,057	^[1] 67,516	^[1] 68,497
Weighted average shares outstanding-diluted									98,230,824	100,204,811	100,458,681
Net income attributable to CB&I per share:											
Basic	\$ 0.93	\$ 0.83	\$ 0.75	\$ 0.61	\$ 0.72	\$ 0.74	\$ 0.63	\$ 0.51	\$ 3.12	\$ 2.60	\$ 2.08
Diluted	\$ 0.91	\$ 0.82	\$ 0.74	\$ 0.60	\$ 0.70	\$ 0.72	\$ 0.62	\$ 0.50	\$ 3.07	\$ 2.55	\$ 2.04

[1] Antidilutive shares excluded from diluted EPS 165,420 170,384 429,308

**Supplemental Balance Sheet
Detail (Tables)**

**12 Months Ended
Dec. 31, 2012**

Components of Property and
Equipment, Accrued Liabilities
and Other Non-current Liabilities

The components of property and equipment, accrued liabilities and other non-current liabilities at December 31, 2012 and 2011 were as follows:

	December 31,	
	2012	2011
Components of Property and Equipment		
Land and improvements	\$59,090	\$55,406
Buildings and improvements	167,593	141,102
Plant, field equipment and other	378,749	352,392
Total property and equipment	605,432	548,900
Accumulated depreciation	(319,561)	(286,897)
Property and equipment, net	<u>\$285,871</u>	<u>\$262,003</u>
Components of Accrued Liabilities		
Payroll-related obligations	\$168,404	\$125,862
Income taxes payable	29,714	33,458
Self-insurance, retention and other reserves	4,447	4,284
Pension obligations	3,251	3,327
Postretirement medical benefit obligations	2,864	3,808
Other (1)	146,020	107,857
Accrued liabilities	<u>\$354,700</u>	<u>\$278,596</u>
Components of Other Non-Current Liabilities		
Pension obligations	\$104,728	\$62,667
Postretirement medical benefit obligations	47,739	51,250
Self-insurance, retention and other reserves	17,605	19,103
Income tax reserves	5,169	7,374
Other (2)	97,202	103,590
Other non-current liabilities	<u>\$272,443</u>	<u>\$243,984</u>

- (1) Represents various accruals that are each individually less than 5% of total current liabilities, including accruals for non-contract payables, operating lease obligations, country-specific employee benefits, derivatives, and medical and legal obligations.
- (2) Represents various accruals that are each individually less than 5% of total liabilities, including accruals for taxes, operating lease obligations, deferred rent, and country-specific employee benefits.

Additional Information Regarding Significant Multi- Employer Pension Plans (Detail) (USD \$) In Thousands, unless otherwise specified	12 Months Ended				
	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010
<u>Multi Employer Pension Plans</u>					
<u>[Line Items]</u>					
<u>Total Company Contributions</u>	\$ 27,393	[1]	\$ 19,450	[1]	\$ 13,682 [1]
Boilermaker-Blacksmith National Pension Trust					
<u>Multi Employer Pension Plans</u>					
<u>[Line Items]</u>					
<u>EIN/Plan Number</u>	48-6168020-001				
<u>Pension Protection Act (% Funded)</u>	Between 65 and less than 80 percent	[2]	Between 65 and less than 80 percent	[2]	
<u>FIP/RP Plan</u>	Implemented	[2]			
<u>Total Company Contributions</u>	6,910	[1]	5,748	[1]	3,238 [1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2013-10				
Twin City Carpenters and Joiners Pension Fund					
<u>Multi Employer Pension Plans</u>					
<u>[Line Items]</u>					
<u>EIN/Plan Number</u>	41-6043137-001				
<u>Pension Protection Act (% Funded)</u>	Between 65 and less than 80 percent	[2]	Between 65 and less than 80 percent	[2]	
<u>FIP/RP Plan</u>	Implemented	[2]			
<u>Total Company Contributions</u>	1,665	[1]	1,714	[1]	1,312 [1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2013-04				
Minnesota Laborers Pension Plan					
<u>Multi Employer Pension Plans</u>					
<u>[Line Items]</u>					
<u>EIN/Plan Number</u>	41-6159599-001	[3]			
<u>Pension Protection Act (% Funded)</u>	NA	[2],[3]	At least 80 percent	[2],[3]	
<u>FIP/RP Plan</u>	No	[2],[3]			
<u>Total Company Contributions</u>	745	[1],[3]	866	[1],[3]	654 [1],[3]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2013-04	[3]			
Twin City Iron Workers Pension Plan					

Multi Employer Pension Plans**[Line Items]**

<u>EIN/Plan Number</u>	41-6084127-001					
<u>Pension Protection Act (% Funded)</u>	Between 65 and less than 80 percent	[2]	Between 65 and less than 80 percent	[2]		
<u>FIP/RP Plan</u>	Implemented	[2]				
<u>Total Company Contributions</u>	657	[1]	699	[1]	475	[1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2013-04					

Boilermakers' National Pension Plan
(Canada)

Multi Employer Pension Plans**[Line Items]**

<u>EIN/Plan Number</u>	366708					
<u>Pension Protection Act (% Funded)</u>	NA	[2]	NA	[2]		
<u>FIP/RP Plan</u>	NA	[2]				
<u>Total Company Contributions</u>	9,748	[1]	7,154	[1]	6,634	[1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2015-04					

Edmonton Pipe Industry Pension
Plan (Canada)

Multi Employer Pension Plans**[Line Items]**

<u>EIN/Plan Number</u>	546028					
<u>Pension Protection Act (% Funded)</u>	NA	[2]	NA	[2]		
<u>FIP/RP Plan</u>	NA	[2]				
<u>Total Company Contributions</u>	5,623	[1]	1,469	[1]	338	[1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2015-04					

Alberta Ironworkers Pension Fund
(Canada)

Multi Employer Pension Plans**[Line Items]**

<u>EIN/Plan Number</u>	555656					
<u>Pension Protection Act (% Funded)</u>	NA	[2]	NA	[2]		
<u>FIP/RP Plan</u>	NA	[2]				
<u>Total Company Contributions</u>	1,480	[1]	1,156	[1]	459	[1]
<u>Expiration Date of Collective-Bargaining Agreement</u>	2015-04					

All Other

Multi Employer Pension Plans**[Line Items]**

<u>Total Company Contributions</u>	\$ 565	[1],[4]	\$ 644	[1],[4]	\$ 572	[1],[4]
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- [1] For 2012, our contributions as a percentage of total plan contributions were not available for any of our plans. For 2011, our contributions to the Boilermakers' National Pension Plan (Canada) and the Alberta Ironworkers Pension Fund (Canada) exceeded 5% of total plan contributions. For 2010, only our contributions to the Boilermakers' National Pension Plan (Canada) exceeded 5% of total plan contributions. The level of our contributions to each plan noted above varies from period to period based upon the level of work being performed that is covered under the applicable collective-bargaining agreement.
- [2] Pension Protection Act Zone Status and FIP/RP plans are applicable to our U.S.-registered plans only, as these terms are not defined within Canadian pension legislation. In the U.S., plans funded less than 65% are in the red zone, plans funded at least 65%, but less than 80% are in the yellow zone, and plans funded at least 80% are in the green zone. The requirement for FIP or RP plans in the U.S. is based on the funding level or zone status of the applicable plan.
- [3] The funding level (zone status) for the 2012 plan year was not available for this plan. However, based on total plan assets and accumulated benefit obligations, the Minnesota Laborers Pension Plan was greater than 80% funded (green zone status) as of January 1, 2012.
- [4] Our remaining contributions are to various U.S. and Canadian plans, which are immaterial individually and in the aggregate.

**Defined Benefit Plans with
Accumulated Benefit
Obligation in Excess of Plan
Assets (Detail) (USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011

Defined Benefit Plan Disclosure [Line Items]

<u>Projected benefit obligation</u>	\$ 673,686	\$ 185,974
<u>Accumulated benefit obligation</u>	661,291	185,212
<u>Fair value of plan assets</u>	\$ 565,707	\$ 119,988

**Weighted-Average
Assumptions Method for
Estimating Fair Value of
Option Grant (Detail)**

12 Months Ended
Dec. 31, Dec. 31,
2011 2010

**Share-based Compensation Arrangement by Share-based Payment Award [Line
Items]**

<u>Risk-free interest rate</u>	2.85%	3.24%
<u>Expected dividend yield</u>	0.59%	0.00%
<u>Expected volatility</u>	69.65%	68.71%
<u>Expected life in years</u>	6 years	6 years

**Facility Realignment
Liability - Additional
Information (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

**Dec. 31, Dec. 31, Dec. 31,
2012 2011 2010**

Restructuring Cost and Reserve [Line Items]

<u>Restructuring costs</u>	\$ 2,581	\$ 13,342	\$ 10,616
<u>Charges associated with the write-down of leasehold improvements and other long-term assets</u>		3,261	

Steel Plate Structures

Restructuring Cost and Reserve [Line Items]

<u>Restructuring costs</u>	2,581	2,816	
<u>Charges associated with the write-down of leasehold improvements and other long-term assets</u>		1,184	

Project Engineering and Construction

Restructuring Cost and Reserve [Line Items]

<u>Restructuring costs</u>		7,265	
<u>Charges associated with the write-down of leasehold improvements and other long-term assets</u>		\$ 2,077	\$ 3,889

Phase	Start Date	End Date	Activity	Responsible	Status	Progress	Notes
Phase 1: Planning	2023-01-01	2023-01-15	Project Kick-off Meeting	John Doe	Completed	100%	Initial meeting with stakeholders to define project scope and goals.
Phase 2: Analysis	2023-01-16	2023-02-01	Requirement Gathering	Jane Smith	In Progress	75%	Collecting requirements from various departments.
Phase 3: Design	2023-02-02	2023-02-15	System Architecture Design	Mike Johnson	On Hold	20%	Waiting for final approval on the architecture.
Phase 4: Development	2023-02-16	2023-03-15	Frontend Development	Sarah Lee	On Track	50%	Progressing well with the frontend development.
Phase 5: Testing	2023-03-16	2023-03-30	Unit Testing	David Kim	Not Started	0%	Unit testing phase has not yet begun.
Phase 6: Deployment	2023-04-01	2023-04-15	Production Deployment	Emily White	Planned	10%	Deployment is planned for early April.

**Stock Plans - Additional
Information (Detail) (USD \$)
In Thousands, except Share
data, unless otherwise
specified**

12 Months Ended

**Dec. 31,
2012 Dec. 31,
2011 Dec. 31,
2010**

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

<u>Share based compensation expense</u>	\$ 41,000	\$ 35,298	\$ 31,286
<u>Unrecognized compensation cost related to share-based grants</u>	35,810		
<u>Weighted-average period for unrecognized compensation costs to be recognized</u>	1 year 6 months		
<u>Recognized tax benefit related to share-based compensation</u>	13,309	11,331	10,196

ESPP shares

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

<u>Employee stock purchase plan, percentage of maximum compensation to purchase share</u>	8.00%		
<u>Employee stock purchase plan, percentage of share purchase price to closing price per share</u>	85.00%		
<u>Share based compensation expense</u>	1,474	1,329	1,356
<u>Employee stock purchase plan, authorized shares remained available for purchase</u>	1,300,753		

Long Term Incentive Plans

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

<u>Share based compensation expense</u>	39,526	33,969	29,930
<u>Shares available for future stock option, restricted share or performance share grants</u>	5,103,859		

Restricted shares

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

<u>Options granted vesting period (in Years)</u>	4 years		
<u>Shares granted</u>		465,821	620,299
<u>Weighted-average grant-date fair value per share</u>		\$ 36.10	\$ 22.04
<u>Total fair value of vested shares</u>	32,212	25,208	17,568

Directors Shares Subject to Restrictions

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

<u>Options granted vesting period (in Years)</u>	1 year		
<u>Shares granted</u>	26,976	22,302	41,566
<u>Weighted-average grant-date fair value per share</u>	\$ 44.48		
<u>Shares distributed during the year</u>	22,302		

Performance shares

**Share-based Compensation Arrangement by Share-based Payment
Award [Line Items]**

Share based compensation expense	20,503		
Options granted vesting period (in Years)	3 years		
Shares granted	300,813	286,140	447,069
Weighted-average grant-date fair value per share	\$ 44.42	\$ 36.15	\$ 22.10
Total fair value of vested shares	53,032		
Shares distributed during the year	1,193,874		

Stock options

[Share-based Compensation Arrangement by Share-based Payment Award \[Line Items\]](#)

Weighted-average fair value per share of options granted		\$ 20.53	\$ 14.16
Aggregate intrinsic value of options exercised	9,551	13,789	8,692
Net cash proceeds from exercise of stock options	3,180		
Realized actual income tax benefit from exercise of stock options	\$ 2,892		

Stock options | Minimum

[Share-based Compensation Arrangement by Share-based Payment Award \[Line Items\]](#)

Stock options expiration term	10 years
Options granted vesting period (in Years)	3 years

Stock options | Maximum

[Share-based Compensation Arrangement by Share-based Payment Award \[Line Items\]](#)

Options granted vesting period (in Years)	7 years
---	---------

Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
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\$ 1,900

**Stock Option Activity
(Detail) (USD \$)
In Thousands, except Share
data, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012

Number of Shares

<u>Outstanding options at beginning of year</u>	1,267,160	
<u>Granted</u>		
<u>Exercised</u>	(297,697)	
<u>Forfeited / Expired</u>	(1,926)	
<u>Outstanding options at end of year</u>	967,537	[1]
<u>Exercisable options at end of year</u>	756,825	

Weighted Average Exercise Price per Share

<u>Outstanding options at beginning of year</u>	\$ 17.72	
<u>Granted</u>		
<u>Exercised</u>	\$ 10.68	
<u>Forfeited / Expired</u>	\$ 30.84	
<u>Outstanding options at end of year</u>	\$ 19.86	[1]
<u>Exercisable options at end of year</u>	\$ 17.42	

Weighted Average Remaining Contractual Life (in Years)

<u>Outstanding options at end of year</u>	5 years 2 months 12 days	[1]
<u>Exercisable options at end of year</u>	5 years	

Aggregate Intrinsic Value

<u>Outstanding options at end of year</u>	\$ 25,686	[1]
<u>Exercisable options at end of year</u>	\$ 21,935	

[1] We estimate that 952,131 of these options will ultimately vest. These options have a weighted-average exercise price per share of \$19.71, a weighted-average remaining contractual life of 5.2 years and a current aggregate intrinsic value of \$25,412.

**Level 3 Assets (Detail) (USD
\$)**

**In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

Defined Benefit Plan Disclosure [Line Items]

<u>Ending Balance</u>	\$ 565,707	\$ 510,883
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Internal Models With Significant Unobservable Market Parameters (Level 3)

Defined Benefit Plan Disclosure [Line Items]

<u>Beginning Balance</u>	10,632	10,776
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<u>Actual return on plan assets</u>		(11)
-------------------------------------	--	------

<u>Purchases, sales and settlements</u>	(10,632)	28
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<u>Translation loss</u>		(161)
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<u>Ending Balance</u>		\$ 10,632
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**Change in Benefit Obligation
and Plan Assets (Detail)**

(USD \$)

**In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Change in Plan Assets

Ending Balance \$ 565,707 \$ 510,883

Pension Plans

Change in Benefit Obligation

Benefit obligation at beginning of year 563,194 537,948

Service cost 3,862 4,020 3,236

Interest cost 26,623 29,296 26,868

Actuarial loss 89,165 [1] 31,293 [1]

Plan participants' contributions 2,868 3,172

Benefits paid (27,556) (26,793)

Currency translation 15,530 (15,742)

Benefit obligation at end of year 673,686 563,194 537,948

Change in Plan Assets

Beginning Balance 510,883 494,416

Actual return on plan assets 51,521 35,338

Benefits paid (27,556) (26,793)

Employer contributions 14,865 [2] 19,201 [2]

Plan participants' contributions 2,868 3,172

Currency translation 13,126 (14,451)

Ending Balance 565,707 510,883 494,416

Funded status (107,979) (52,311)

Amounts recognized in the balance sheet consist of:

Prepaid benefit cost within other non-current assets 13,683

Accrued benefit cost within accrued liabilities (3,251) (3,327)

Accrued benefit cost within other non-current liabilities (104,728) (62,667)

Net funded status recognized (107,979) (52,311)

Unrecognized net prior service credits (2,402) (2,812)

Unrecognized net actuarial losses (gains) 109,898 48,280

Accumulated other comprehensive loss (income), before taxes 107,496 [3] 45,468 [3]

Other Postretirement Plans

Change in Benefit Obligation

Benefit obligation at beginning of year 55,058 51,412

Service cost 1,124 966 1,092

Interest cost 2,571 2,918 2,984

Actuarial loss 302 [1] 1,931 [1]

Plan participants' contributions 1,707 1,711

Benefits paid (3,804) (3,849)

Settlement/curtailment (6,493) [4]

Currency translation	138	(31)	
Benefit obligation at end of year	50,603	55,058	51,412
Change in Plan Assets			
Benefits paid	(3,804)	(3,849)	
Employer contributions	2,097	[2] 2,138	[2]
Plan participants' contributions	1,707	1,711	
Funded status	(50,603)	(55,058)	
Amounts recognized in the balance sheet consist of:			
Accrued benefit cost within accrued liabilities	(2,864)	(3,808)	
Accrued benefit cost within other non-current liabilities	(47,739)	(51,250)	
Net funded status recognized	(50,603)	(55,058)	
Unrecognized net prior service credits	(266)	(535)	
Unrecognized net actuarial losses (gains)	(12,696)	(9,767)	
Accumulated other comprehensive loss (income), before taxes	\$ (12,962)	[3] \$ (10,302)	[3]

[1] The actuarial loss for 2012 and 2011 was primarily associated with a decrease in discount rate assumptions for our international pension plans.

[2] During 2013, we expect to contribute approximately \$16,800 and \$2,900 to our pension and other postretirement plans, respectively.

[3] During 2013, we expect to recognize \$728 and \$3,741 of previously unrecognized net prior service pension credits and net actuarial pension losses, respectively.

[4] The settlement/curtailment amounts were primarily associated with termination of benefits for our U.K. postretirement plan in 2012 and accelerated benefit accruals for our Germany pension plan in 2010.

**Segment and Related
Information**

**12 Months Ended
Dec. 31, 2012**

Segment and Related
Information

16. SEGMENT AND RELATED INFORMATION

Segment Information—Our reporting segments are comprised of three business sectors: Steel Plate Structures, Project Engineering and Construction and Lummus Technology. Through these business sectors, we offer services both independently and on an integrated basis:

Steel Plate Structures—Steel Plate Structures provides engineering, procurement, fabrication and construction services, including mechanical erection services, for the hydrocarbon, water and nuclear industries. Projects include above ground storage tanks, elevated storage tanks, LNG tanks, pressure vessels, and other specialty structures, such as nuclear containment vessels.

Project Engineering and Construction—Project Engineering and Construction provides engineering, procurement, fabrication and construction services for upstream and downstream energy infrastructure facilities. Projects include LNG liquefaction and regasification terminals, gas processing plants, refinery units, petrochemical complexes and a wide range of other energy-related projects.

Lummus Technology—Lummus Technology provides licenses, services, catalysts and proprietary equipment for the hydrocarbon refining, petrochemical and gas processing industries.

Our Chief Executive Officer evaluates the performance of these business sectors based upon revenue and income from operations. Each sector's income from operations reflects corporate costs, allocated based primarily upon revenue. Intersegment revenue is not material. The following tables present total revenue, depreciation and amortization, equity earnings, income from operations, capital expenditures and assets by reporting segment:

	Years Ended December 31,		
	2012	2011	2010
Revenue			
Steel Plate Structures	\$1,957,681	\$1,812,180	\$1,442,145
Project Engineering and Construction	3,040,229	2,289,788	1,904,850
Lummus Technology	487,296	448,574	295,323
Total revenue	\$5,485,206	\$4,550,542	\$3,642,318
Depreciation And Amortization			
Steel Plate Structures	\$27,062	\$28,775	\$29,513
Project Engineering and Construction	16,722	18,548	23,259
Lummus Technology	22,637	22,861	20,113
Total depreciation and amortization	\$66,421	\$70,184	\$72,885
Equity Earnings			
Steel Plate Structures	\$—	\$—	\$—
Project Engineering and Construction	—	572	1,873
Lummus Technology	17,931	16,315	17,591
Total equity earnings	\$17,931	\$16,887	\$19,464

Income From Operations

Steel Plate Structures	\$192,593	\$167,283	\$134,430
Project Engineering and Construction	136,689	91,576	82,574
Lummus Technology	126,361	96,338	86,256
Total income from operations	<u>\$455,643</u>	<u>\$355,197</u>	<u>\$303,260</u>

Capital Expenditures

Steel Plate Structures	\$36,963	\$22,311	\$15,379
Project Engineering and Construction	6,395	10,587	7,316
Lummus Technology	28,921	8,047	1,394
Total capital expenditures	<u>\$72,279</u>	<u>\$40,945</u>	<u>\$24,089</u>

	December 31,		
	2012	2011	2010
Assets			
Steel Plate Structures	\$1,214,743	\$1,086,337	\$732,558
Project Engineering and Construction	1,795,503	1,183,964	1,208,732
Lummus Technology	1,319,429	1,009,048	968,244
Total assets	<u>\$4,329,675</u>	<u>\$3,279,349</u>	<u>\$2,909,534</u>

Geographic Information—The following table presents total revenue by country for those countries with revenue in excess of 10% of consolidated revenue during a given year based upon the location of the applicable projects:

	Years Ended December 31,		
	2012	2011	2010
Revenue by Country			
United States	\$1,114,148	\$831,534	\$867,893
Colombia	917,553	694,565	217,644
Australia	666,688	351,081	179,582
Canada	665,907	509,038	398,259
Papua New Guinea	606,532	461,148	168,421
Other ⁽¹⁾	1,514,378	1,703,176	1,810,519
Total revenue	<u>\$5,485,206</u>	<u>\$4,550,542</u>	<u>\$3,642,318</u>

⁽¹⁾ Revenue earned in other countries, including The Netherlands (our country of domicile), was not individually greater than 10% of our consolidated revenue in 2012, 2011 or 2010.

Our long-lived assets are primarily property and equipment. At December 31, 2012, 2011 and 2010, approximately 65% of these net assets were located in the U.S., while our remaining assets were strategically located throughout the world. Our long-lived assets attributable to operations in The Netherlands were not significant at December 31, 2012, 2011, or 2010.

Significant Customers—For 2012 and 2011, revenue for one of our Project Engineering and Construction customers was approximately \$914,970 (approximately 17% of our total 2012 revenue) and approximately \$690,923 (approximately 15% of our total 2011 revenue),

respectively. For 2010, we had no customers that accounted for more than 10% of our total revenue.

**Change in Goodwill by
Business Sector (Detail)**
(USD \$)
In Thousands, unless
otherwise specified

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

Goodwill [Line Items]

<u>Beginning Balance</u>	\$ 926,393	\$ 938,855	
<u>Foreign currency translation</u>	5,019	(7,387)	
<u>Amortization of tax goodwill in excess of book goodwill</u>	(4,701)	(6,326)	
<u>Purchase price allocation adjustments</u>		1,251	[1]
<u>Ending Balance</u>	926,711	926,393	

Steel Plate Structures

Goodwill [Line Items]

<u>Beginning Balance</u>	48,320	48,497	
<u>Amortization of tax goodwill in excess of book goodwill</u>	(96)	(177)	
<u>Ending Balance</u>	48,224	48,320	

Project Engineering and Construction

Goodwill [Line Items]

<u>Beginning Balance</u>	444,425	454,237	
<u>Foreign currency translation</u>	5,019	(7,387)	
<u>Amortization of tax goodwill in excess of book goodwill</u>	(1,793)	(2,425)	
<u>Ending Balance</u>	447,651	444,425	

Lummus Technology

Goodwill [Line Items]

<u>Beginning Balance</u>	433,648	436,121	
<u>Amortization of tax goodwill in excess of book goodwill</u>	(2,812)	(3,724)	
<u>Purchase price allocation adjustments</u>		1,251	[1]
<u>Ending Balance</u>	\$ 430,836	\$ 433,648	

[1] This change was associated with the acquisition of CDTECH on December 31, 2010. See Note 4 above for additional discussion of the acquisition.

**Segment and Related
Information (Tables)**

[Total Revenue, Equity Earnings, Income
from Operations, Capital Expenditures and
Assets by Reporting Segment](#)

**12 Months Ended
Dec. 31, 2012**

The following tables present total revenue, depreciation and amortization, equity earnings, income from operations, capital expenditures and assets by reporting segment:

	Years Ended December 31,		
	2012	2011	2010
Revenue			
Steel Plate			
Structures	\$1,957,681	\$1,812,180	\$1,442,145
Project			
Engineering and			
Construction	3,040,229	2,289,788	1,904,850
Lummus			
Technology	487,296	448,574	295,323
Total revenue	<u>\$5,485,206</u>	<u>\$4,550,542</u>	<u>\$3,642,318</u>
Depreciation And Amortization			
Steel Plate			
Structures	\$27,062	\$28,775	\$29,513
Project			
Engineering and			
Construction	16,722	18,548	23,259
Lummus			
Technology	22,637	22,861	20,113
Total depreciation and amortization	<u>\$66,421</u>	<u>\$70,184</u>	<u>\$72,885</u>
Equity Earnings			
Steel Plate			
Structures	\$—	\$—	\$—
Project			
Engineering and			
Construction	—	572	1,873
Lummus			
Technology	17,931	16,315	17,591
Total equity earnings	<u>\$17,931</u>	<u>\$16,887</u>	<u>\$19,464</u>
Income From Operations			
Steel Plate			
Structures	\$192,593	\$167,283	\$134,430
Project			
Engineering and			
Construction	136,689	91,576	82,574
Lummus			
Technology	126,361	96,338	86,256

Total income from operations	<u>\$455,643</u>	<u>\$355,197</u>	<u>\$303,260</u>
Capital Expenditures			
Steel Plate Structures	\$36,963	\$22,311	\$15,379
Project Engineering and Construction	6,395	10,587	7,316
Lummus Technology	28,921	8,047	1,394
Total capital expenditures	<u>\$72,279</u>	<u>\$40,945</u>	<u>\$24,089</u>

	December 31,		
	2012	2011	2010
Assets			
Steel Plate Structures	\$1,214,743	\$1,086,337	\$732,558
Project Engineering and Construction	1,795,503	1,183,964	1,208,732
Lummus Technology	1,319,429	1,009,048	968,244
Total assets	<u>\$4,329,675</u>	<u>\$3,279,349</u>	<u>\$2,909,534</u>

Total Revenue by Country

The following table presents total revenue by country for those countries with revenue in excess of 10% of consolidated revenue during a given year based upon the location of the applicable projects:

	Years Ended December 31,		
	2012	2011	2010
Revenue by Country			
United States	\$1,114,148	\$831,534	\$867,893
Colombia	917,553	694,565	217,644
Australia	666,688	351,081	179,582
Canada	665,907	509,038	398,259
Papua New Guinea	606,532	461,148	168,421
Other ⁽¹⁾	1,514,378	1,703,176	1,810,519
Total revenue	<u>\$5,485,206</u>	<u>\$4,550,542</u>	<u>\$3,642,318</u>

- ⁽¹⁾ Revenue earned in other countries, including The Netherlands (our country of domicile), was not individually greater than 10% of our consolidated revenue in 2012, 2011 or 2010.

**Expected Defined Benefit
Pension and Other
Postretirement Plan
Payments (Detail) (USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012

Pension Plans

Defined Benefit Plan Disclosure [Line Items]

<u>2013</u>	\$ 28,345
<u>2014</u>	29,258
<u>2015</u>	29,771
<u>2016</u>	31,045
<u>2017</u>	37,166
<u>2018-2022</u>	168,916

Other Postretirement Plans

Defined Benefit Plan Disclosure [Line Items]

<u>2013</u>	2,864
<u>2014</u>	3,138
<u>2015</u>	3,303
<u>2016</u>	3,430
<u>2017</u>	3,484
<u>2018-2022</u>	\$ 17,349

**Reconciliation of
Unrecognized Income Tax
Benefits (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

Reconciliation of Unrecognized Tax Benefits [Line Items]

<u>Unrecognized tax benefits at the beginning of the year</u>	\$ 7,374	\$ 12,881
<u>Increase as a result of:</u>		
<u>Tax positions taken during the current period</u>	1,530	4,235
<u>Decreases as a result of:</u>		
<u>Tax positions taken during prior periods</u>		(700)
<u>Lapse of applicable statute of limitations</u>		(9,042)
<u>Settlements with taxing authorities</u>	(3,735)	
<u>Unrecognized income tax benefits at the end of the year</u>	\$ 5,169	\$ 7,374

Retirement Benefits (Tables)

**12 Months Ended
Dec. 31, 2012**

[Components of Net Periodic Benefit Cost](#)

The following tables provide combined information for our defined benefit pension and other postretirement plans:

Components of Net Periodic Benefit Cost

	Pension Plans			Other Postretirement Plans		
	2012	2011	2010	2012	2011	2010
Service cost	\$3,862	\$4,020	\$3,236	\$1,124	\$966	\$1,092
Interest cost	26,623	29,296	26,868	2,571	2,918	2,984
Expected return on plan assets	(23,856)	(26,197)	(23,561)	—	—	—
Amortization of prior service (credits) costs	(452)	(489)	96	(269)	(269)	(269)
Recognized net actuarial losses (gains)	2,718	1,152	1,427	(348)	(476)	(369)
Settlement/curtailment (1)	—	—	3,763	(2,841)	—	—
Net periodic benefit expense	<u>\$8,895</u>	<u>\$7,782</u>	<u>\$11,829</u>	<u>\$237</u>	<u>\$3,139</u>	<u>\$3,438</u>

[Change in Benefit Obligation](#)

Change in Benefit Obligation

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Benefit obligation at beginning of year	\$563,194	\$537,948	\$55,058	\$51,412
Service cost	3,862	4,020	1,124	966
Interest cost	26,623	29,296	2,571	2,918
Actuarial loss (2)	89,165	31,293	302	1,931
Plan participants' contributions	2,868	3,172	1,707	1,711
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Settlement/curtailment (1)	—	—	(6,493)	—
Currency translation	15,530	(15,742)	138	(31)
Benefit obligation at end of year	<u>\$673,686</u>	<u>\$563,194</u>	<u>\$50,603</u>	<u>\$55,058</u>

[Change in Plan Assets](#)

Change in Plan Assets

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Fair value at beginning of year	\$510,883	\$494,416	\$—	\$—
Actual return on plan assets	51,521	35,338	—	—
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Employer contributions (3)	14,865	19,201	2,097	2,138
Plan participants' contributions	2,868	3,172	1,707	1,711
Currency translation	13,126	(14,451)	—	—
Fair value at end of year	<u>\$565,707</u>	<u>\$510,883</u>	<u>\$—</u>	<u>\$—</u>

[Funded status](#)

[Amounts recognized in balance sheet](#)

Funded status	\$ (107,979)	\$ (52,311)	\$ (50,603)	\$ (55,058)
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost within other non-current assets	\$—	\$13,683	\$—	\$—
Accrued benefit cost within accrued liabilities	(3,251)	(3,327)	(2,864)	(3,808)
Accrued benefit cost within other non-current liabilities	(104,728)	(62,667)	(47,739)	(51,250)
Net funded status recognized	<u>\$(107,979)</u>	<u>\$(52,311)</u>	<u>\$(50,603)</u>	<u>\$(55,058)</u>

[AOCI breakout](#)

Unrecognized net prior service credits	\$(2,402)	\$(2,812)	\$(266)	\$(535)
Unrecognized net actuarial losses (gains)	109,898	48,280	(12,696)	(9,767)
Accumulated other comprehensive loss (income), before taxes (4)	<u>\$107,496</u>	<u>\$45,468</u>	<u>\$(12,962)</u>	<u>\$(10,302)</u>

- (1) The settlement/curtailment amounts were primarily associated with termination of benefits for our U.K. postretirement plan in 2012 and accelerated benefit accruals for our Germany pension plan in 2010.
- (2) The actuarial loss for 2012 and 2011 was primarily associated with a decrease in discount rate assumptions for our international pension plans.
- (3) During 2013, we expect to contribute approximately \$16,800 and \$2,900 to our pension and other postretirement plans, respectively.
- (4) During 2013, we expect to recognize \$728 and \$3,741 of previously unrecognized net prior service pension credits and net actuarial pension losses, respectively.

[Defined Benefit Plans with an Accumulated Benefit Obligation in Excess of Plan Assets](#)

The following table includes summary information for those defined benefit plans with an accumulated benefit obligation in excess of plan assets:

	December 31,	
	2012	2011
Projected benefit obligation	\$673,686	\$185,974
Accumulated benefit obligation	\$661,291	\$185,212
Fair value of plan assets	\$565,707	\$119,988

[Weighted-Average Assumptions Used to Measure Defined Benefit Pension and Other Postretirement Plans](#)

The following table reflects the weighted-average assumptions used to measure our defined benefit pension and other postretirement plans:

	Pension Plans		Other Postretirement Plans			
	2012	2011	2012		2011	
<i>Weighted-average assumptions used to determine benefit obligations at December 31,</i>						
Discount rate	3.81%	4.82%	4.05	%	4.85	%
Rate of compensation increase (1)	3.90%	3.64%	n/a		n/a	
<i>Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,</i>						
Discount rate	4.82%	5.45%	4.85	%	5.74	%
Expected long-term return on plan assets						
(2)	4.40%	4.61%	n/a		n/a	
Rate of compensation increase (1)	3.90%	3.64%	n/a		n/a	

- (1) The rate of compensation increase relates solely to the defined benefit plans that factor compensation increases into the valuation.
- (2) The expected long-term rate of return on plan assets was derived using historical returns by asset category and expectations for future performance.

[Expected Defined Benefit Pension and Other Postretirement Plan Payments](#)

The following table includes the expected defined benefit pension and other postretirement plan payments for the next 10 years:

	Pension	Other Postretirement
--	---------	----------------------

[Plan Assets at Fair Value by Investment Category and Valuation Hierarchy Level](#)

Year	Plans	Plans
2013	\$28,345	\$ 2,864
2014	\$29,258	\$ 3,138
2015	\$29,771	\$ 3,303
2016	\$31,045	\$ 3,430
2017	\$37,166	\$ 3,484
2018-2022	\$168,916	\$ 17,349

The following tables present the fair value of our plan assets by investment category and valuation hierarchy level as of December 31, 2012 and 2011:

	December 31, 2012			
		Internal Models		
	Quoted Market	With Significant	Internal Models	Total Carrying
	Prices In Active	Observable Market	With Significant	Value On The
	Prices In Active	Parameters (Level	Unobservable Market	Consolidated
	Markets (Level 1)	2)	Parameters (Level 3)	Balance Sheet
Asset Category				
Equity Securities:				
Global Equities	\$ 5,772	\$ —	\$ —	\$ 5,772
International				
Funds (a)	—	158,302	—	158,302
Emerging				
Markets				
Growth Funds	—	12,636	—	12,636
U.S. Large-Cap				
Growth Funds	—	3,012	—	3,012
U.S. Mid-Cap				
Growth Funds	—	711	—	711
U.S. Small-Cap				
Growth Funds	—	400	—	400
U.S. Small-Cap				
Value Funds	—	414	—	414
Fixed Income				
Securities:				
Euro Government				
Bonds (b)	—	183,993	—	183,993
Euro Corporate				
Bonds (c)	—	90,620	—	90,620
U.K. Government				
Index-Linked				
Bonds (d)	—	23,543	—	23,543
U.K. Corporate				
Bonds (e)	—	17,299	—	17,299
Other				
International				
Bonds (f)	—	56,194	—	56,194
U.S. Corporate				
and				
Government				
Bonds	—	2,315	—	2,315

Guaranteed Investment Contracts	—	918	—	918
Other Investments:				
Private Equity Funds	—	—	—	—
Commodities	—	9,578	—	9,578
Total Assets at Fair Value	<u>\$ 5,772</u>	<u>\$ 559,935</u>	<u>\$ —</u>	<u>\$ 565,707</u>

	December 31, 2011			
	Quoted Market Prices In Active Markets (Level 1)	Internal Models With Significant Observable Market Parameters (Level 2)	Internal Models With Significant Unobservable Market Parameters (Level 3)	Total Carrying Value On The Consolidated Balance Sheet
Asset Category				
Equity Securities:				
Global Equities	\$ 6,189	\$ —	\$ —	\$ 6,189
International Funds (a)	—	119,666	—	119,666
Emerging Markets Growth Funds	—	10,717	—	10,717
U.S. Large-Cap Growth Funds	—	2,862	—	2,862
U.S. Mid-Cap Growth Funds	—	630	—	630
U.S. Small-Cap Growth Funds	—	396	—	396
U.S. Small-Cap Value Funds	—	382	—	382
Fixed Income Securities:				
Euro Government Bonds (b)	—	166,713	—	166,713
Euro Corporate Bonds (c)	—	84,726	—	84,726
U.K. Government Index-Linked Bonds (d)	—	22,918	—	22,918
U.K. Corporate Bonds (e)	—	13,564	—	13,564
Other International Bonds (f)	—	59,612	—	59,612
U.S. Corporate and Government Bonds	—	1,696	—	1,696

Guaranteed Investment Contracts	—	974	—	974
Other Investments:				
Private Equity Funds	—	—	10,632	10,632
Commodities	—	9,206	—	9,206
Total Assets at Fair Value	\$ 6,189	\$ 494,062	\$ 10,632	\$ 510,883

The following provides descriptions for plan asset categories with significant balances in the tables above:

- (a) Investments in various funds that track international indices.
- (b) Investments in European Union government securities with credit ratings of primarily AAA.
- (c) Investments in European fixed interest securities with credit ratings of primarily BBB and above.
- (d) Investments predominantly in U.K. Treasury securities with credit ratings of primarily AAA.
- (e) Investments predominantly in U.K. fixed interest securities with credit ratings of primarily BBB and above.
- (f) Investments predominantly in various international fixed income obligations that are individually insignificant.

Level 3 Assets

The following table presents the activity in these funds for 2012 and 2011:

	Years Ended	
	December 31,	
	2012	2011
Beginning Balance	\$ 10,632	\$10,776
Actual return on plan assets	—	(11)
Purchases, sales and settlements	10,632)	28
Translation loss	—	(161)
Ending Balance	\$—	\$10,632

Assumed Health Care Cost Trends by One Percentage Point

Increasing (decreasing) the assumed health care cost trends by one percentage point for our U.S. program is estimated to increase (decrease) the total of the service and interest cost components of net postretirement health care cost for 2012 and the accumulated postretirement benefit obligation at December 31, 2012, as follows:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost	\$ 66	\$ (59)
Effect on postretirement benefit obligation	\$ 1,406	\$ (1,262)

[Additional Information
Regarding Significant Multi-
Employer Pension Plans](#)

The following table provides additional information regarding our significant multi-employer defined benefit pension plans, including the funding level of each plan (or zone status, as defined by the Pension Protection Act), whether actions to improve the funding level of the plan have been implemented, where required (a funding improvement plan (“FIP”) or rehabilitation plan (“RP”)), our contributions to each significant plan and total contributions for 2012, 2011 and 2010, among other disclosures:

Pension Fund	EIN/Plan Number	Pension Protection Act (% Funded) ⁽¹⁾		FIP/ RP Plan (1)	Total Company Contributions ⁽²⁾			Expiration Date of Collective- Bargaining Agreement
		2012	2011		2012	2011	2010	
Boilermaker- Blacksmith National Pension Trust	48-6168020-001	65%-80%	65%-80%	Yes	\$6,910	\$5,748	\$3,238	10/13
Twin City Carpenters and Joiners Pension Fund	41-6043137-001	65%-80%	65%-80%	Yes	1,665	1,714	1,312	04/13
Minnesota Laborers Pension Plan (3)	41-6159599-001	Not Available	>80%	No	745	866	654	04/13
Twin City Iron Workers Pension Plan	41-6084127-001	65%-80%	65%-80%	Yes	657	699	475	04/13
Boilermakers’ National Pension Plan (Canada)	366708	N/A	N/A	N/A	9,748	7,154	6,634	04/15
Edmonton Pipe Industry Pension Plan (Canada)	546028	N/A	N/A	N/A	5,623	1,469	338	04/15
Alberta Ironworkers Pension Fund (Canada)	555656	N/A	N/A	N/A	1,480	1,156	459	04/15
All Other (4)					565	644	572	
					<u>\$27,393</u>	<u>\$19,450</u>	<u>\$13,682</u>	

- (1) Pension Protection Act Zone Status and FIP/RP plans are applicable to our U.S.-registered plans only, as these terms are not defined within Canadian pension legislation. In the U.S., plans funded less than 65% are in the red zone, plans funded at least 65%, but less than 80% are in the yellow zone, and plans funded at least 80% are in the green zone. The requirement for FIP or RP plans in the U.S. is based on the funding level or zone status of the applicable plan.
- (2) For 2012, our contributions as a percentage of total plan contributions were not available for any of our plans. For 2011, our contributions to the Boilermakers’ National Pension Plan (Canada) and the Alberta Ironworkers Pension Fund (Canada) exceeded 5% of total plan contributions. For 2010, only our contributions to the Boilermakers’ National Pension Plan (Canada) exceeded 5% of total

plan contributions. The level of our contributions to each plan noted above varies from period to period based upon the level of work being performed that is covered under the applicable collective-bargaining agreement.

- (3) The funding level (zone status) for the 2012 plan year was not available for this plan. However, based on total plan assets and accumulated benefit obligations, the Minnesota Laborers Pension Plan was greater than 80% funded (green zone status) as of January 1, 2012.
- (4) Our remaining contributions are to various U.S. and Canadian plans, which are immaterial individually and in the aggregate.

**Finite-Lived Intangible Asset
Balances Including
Weighted-Average Useful
Lives (Parenthetical) (Detail)
(USD \$)**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

**In Thousands, unless
otherwise specified**

Finite-Lived Intangible Assets [Line Items]

Amortization of intangible asset \$ 22,613 \$ 26,302 \$ 23,690

Tradenames

Finite-Lived Intangible Assets [Line Items]

Amortization of intangible asset 27,990

Backlog

Finite-Lived Intangible Assets [Line Items]

Amortization of intangible asset \$ 10,669

**Total Value, by Underlying
Risk, Recognized in Other
Comprehensive Income and
Reclassified from
Accumulated Other
Comprehensive Income to
Interest Expense and Cost of
Revenue (Parenthetical)
(Detail) (Derivatives
Designated As Cash Flow
Hedges, USD \$)
In Thousands, unless
otherwise specified**

**12 Months
Ended**

Dec. 31, 2012

Derivatives Designated As Cash Flow Hedges

Derivative Instruments, Gain (Loss) [Line Items]

Net unrealized gains(losses) anticipated to be reclassified into earnings during the next 12 months

\$ 403

Outstanding Debt (Parenthetical) (Detail) (USD \$) In Thousands, unless otherwise specified	12 Months Ended		Dec. 21, 2012
	Dec. 31, 2012	Dec. 31, 2011	
Minimum			
Debt Disclosure [Line Items]			
Senior Notes, Series A-D:senior notes interest range	4.15%	4.15%	
Maximum			
Debt Disclosure [Line Items]			
Senior Notes, Series A-D:senior notes interest range	5.30%	5.30%	
Revolving Credit Facility | Revolving Credit Facility One			
Debt Disclosure [Line Items]			
Letter of credit, maximum borrowing capacity	\$ 1,100,000	\$ 1,100,000	
Debt instrument, interest rate terms	Interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin	Interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin	
Revolving Credit Facility | Five-year revolver			
Debt Disclosure [Line Items]			
Letter of credit, maximum borrowing capacity	650,000	650,000	650,000
Debt instrument, interest rate terms	Interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin	Interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin	
LC Agreements			
Debt Disclosure [Line Items]			
Letter of credit, maximum borrowing capacity	125,000	125,000	
Term loan interest	1.75%	1.75%	
Term Loan | Term Loan One			
Debt Disclosure [Line Items]			
Unsecured term loan	200,000	200,000	
Debt instrument, interest rate terms	Interest at LIBOR plus an applicable floating margin	Interest at LIBOR plus an applicable floating margin	
Term Loan | Term Loan Two			
Debt Disclosure [Line Items]			
Unsecured term loan	\$ 1,000,000	\$ 1,000,000	
Debt instrument, interest rate terms	Interest at LIBOR plus an applicable floating margin	Interest at LIBOR plus an applicable floating margin	

**Reconciliation of Weighted
Average Basic Shares
Outstanding to Diluted
Shares Outstanding and
Computation of Basic and
Diluted EPS (Parenthetical)
(Detail)**

12 Months Ended

Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
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Schedule of Earnings Per Share, Basic and Diluted, by Common Class

[Line Items]

<u>Antidilutive shares excluded from diluted EPS</u>	165,420	170,384	429,308
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**CONSOLIDATED
STATEMENTS OF
CHANGES IN
SHAREHOLDERS'
EQUITY (Parenthetical)
(USD \$)**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

<u>Dividends paid, per share</u>	\$ 0.20	\$ 0.20
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**Quarterly Operating Results
(Unaudited) (Tables)**

[Consolidated Financial Information On
A Quarterly Basis](#)

**12 Months Ended
Dec. 31, 2012**

The following table presents selected unaudited consolidated financial information on a quarterly basis for 2012 and 2011:

Quarter Ended 2012

	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
<i>(In thousands, except per share data)</i>				
Revenue	\$1,201,267	\$1,299,529	\$1,446,942	\$1,537,468
Gross profit	\$153,264	\$158,885	\$188,890	\$197,668
Net income	\$60,974	\$72,844	\$86,253	\$96,992
Net income attributable to CB&I	\$59,487	\$72,320	\$80,231	\$89,617
Net income attributable to CB&I per share—basic	\$0.61	\$0.75	\$0.83	\$0.93
Net income attributable to CB&I per share—diluted	\$0.60	\$0.74	\$0.82	\$0.91

Quarter Ended 2011

	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
<i>(In thousands, except per share data)</i>				
Revenue	\$954,271	\$1,085,705	\$1,255,344	\$1,255,222
Gross profit	\$136,716	\$140,093	\$146,812	\$146,615
Net income	\$51,564	\$61,703	\$71,403	\$70,528
Net income attributable to CB&I	\$50,506	\$61,894	\$72,164	\$70,468
Net income attributable to CB&I per share—basic	\$0.51	\$0.63	\$0.74	\$0.72
Net income attributable to CB&I per share—diluted	\$0.50	\$0.62	\$0.72	\$0.70

Significant Accounting Policies (Policies)

**12 Months Ended
Dec. 31, 2012**

Basis of Accounting and Consolidation

Basis of Accounting and Consolidation—These Consolidated Financial Statements (“Financial Statements”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all wholly-owned subsidiaries and those entities which we are required to consolidate in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Consolidations Topic 810 (“FASB ASC 810”). See the “Joint Venture Arrangements” section of this footnote for further discussion of our consolidation policy for those entities that are not wholly-owned. Significant intercompany balances and transactions are eliminated in consolidation. Certain December 31, 2011 income tax payable, income tax receivable and deferred tax asset and liability balances have been reclassified to conform to our December 31, 2012 presentation.

Use of Estimates

Use of Estimates—The preparation of our Financial Statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We believe the most significant estimates and judgments are associated with revenue recognition on engineering and construction and technology contracts; recoverability assessments that must be periodically performed with respect to goodwill and other intangible asset balances; valuation of financial instruments and deferred tax assets; and the determination of liabilities related to self-insurance programs and income taxes. If the underlying estimates and assumptions upon which our Financial Statements are based change in the future, actual amounts may differ from those included in the accompanying Financial Statements.

Revenue Recognition

Revenue Recognition—Our contracts are awarded on a competitive bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Our contract revenue is primarily recognized using the percentage of completion (“POC”) method, based on the percentage that actual costs-to-date bear to total estimated costs to complete each contract. We follow the guidance of FASB ASC Revenue Recognition Topic 605-35 for accounting policies relating to our use of the POC method, estimating costs, and revenue recognition, including the recognition of profit incentives, unapproved change orders and claims, and combining and segmenting contracts. We utilize the cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. Under the cost-to-cost approach, the use of estimated costs to complete each contract is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts in progress. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for approved change orders and estimated recoveries on unapproved change orders and claims. We recognize revenue associated with unapproved change orders and claims to the extent that related costs have been incurred, recovery is probable and the value can be reliably estimated. Profit incentives are generally included in the determination of contract revenue upon achievement of the relevant performance

requirements and customer approval. At December 31, 2012 and 2011, we had unapproved change orders and claims of approximately \$47,100 and \$27,000, respectively, factored into the determination of revenue and estimated costs for a project in our Project Engineering and Construction sector, but had no material profit incentives factored into the determination of revenue. Our recorded unapproved change orders and claims reflect our best estimate of recovery amounts; however, the ultimate resolution and amounts received could differ from these estimates.

The timing of our revenue recognition may be impacted by the contracting structure of our contracts. Fixed-price contracts, and hybrid contracts with a more significant fixed-price component, tend to provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Cost-reimbursable contracts, or hybrid contracts with a more significant cost-reimbursable component, generally provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of revenue recognition.

With respect to our EPC services, our contracts are generally not segmented between types of services, such as engineering and construction, if each of the EPC components is negotiated concurrently or if the pricing of any such services is subject to the ultimate negotiation and agreement of the entire EPC contract. If an EPC contract includes both technology and EPC services, such contract is segmented between technology and the EPC services when the technology scope is independently negotiated and priced. In some instances, we may combine contracts that are entered into in multiple phases, but are interdependent and include pricing considerations by us and the customer that are impacted by all phases of the project. Otherwise, if each phase is independent of the other and pricing considerations do not give effect to another phase, the contracts will not be combined.

Cost of revenue includes direct contract costs, such as materials and labor, and indirect costs that are attributable to contract activity. The timing of when we bill our customers is generally dependent upon advance billing terms or completion of certain phases of the work. Cumulative costs and estimated earnings recognized to date in excess of cumulative billings is reported on the Consolidated Balance Sheets ("Balance Sheets") as costs and estimated earnings in excess of billings. Cumulative billings in excess of cumulative costs and estimated earnings recognized to date is reported on the Balance Sheets as billings in excess of costs and estimated earnings. Any uncollected billed revenue, including contract retentions, is reported as accounts receivable. At December 31, 2012 and 2011, accounts receivable included contract retentions of approximately \$37,200 and \$23,700, respectively. Contract retentions due beyond one year were not significant at December 31, 2012 or 2011.

Our billed and unbilled revenue may be exposed to potential credit risk if our customers should encounter financial difficulties, and we maintain reserves for specifically identified potential uncollectible receivables. At December 31, 2012 and 2011, allowances for doubtful accounts were approximately \$1,300 and \$1,800, respectively.

Precontract Costs

Precontract Costs—Precontract costs are generally charged to cost of revenue as incurred, but, in certain cases, their recognition may be deferred if specific probability criteria are met. We had no significant deferred precontract costs at December 31, 2012 or 2011.

Research and Development

Research and Development—Expenditures for research and development activities are charged to cost of revenue as incurred and were \$27,606 in 2012, \$27,548 in 2011 and \$18,634 in 2010.

Other Operating Expense (Income), Net

Other Operating Expense (Income), Net—Other operating expense (income), net, generally represents losses (gains) on the sale of property and equipment. However, 2012 included transaction costs of approximately \$11,000 associated with our acquisition of The Shaw Group, Inc. (“Shaw”), as further described in Note 4.

Depreciation Expense

Depreciation Expense—Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, including buildings and improvements (10 to 40 years) and plant and field equipment (1 to 15 years). Renewals and betterments that substantially extend the useful life of an asset are capitalized and depreciated. Leasehold improvements are depreciated over the lesser of the useful life of the asset or the applicable lease term. Depreciation expense is primarily included within cost of revenue and was \$43,808 in 2012, \$43,882 in 2011 and \$49,195 in 2010. See Note 7 for disclosure of the components of property and equipment.

Impairment of Long-Lived Assets

Impairment of Long-Lived Assets—Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of the beginning of that year’s fourth quarter. As part of our annual impairment assessment, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units. If, based on future qualitative assessments, the two-phase quantitative assessment is deemed necessary, the first phase would screen for impairment, while the second phase, if necessary, would measure impairment. If required, the implied fair value of a reporting unit would be derived by estimating the units discounted future cash flows.

Finite-lived identifiable intangible assets are amortized on a straight-line basis over estimated useful lives ranging from 6 to 20 years, absent any indicators of impairment. We review tangible assets and finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, the estimated future cash flow associated with the asset or asset group will be compared to the carrying amount to determine if impairment exists. We noted no indicators of impairment in 2012 or 2011. See Note 5 for additional discussion of our goodwill impairment assessment and intangible asset amortization.

Earnings Per Share ("EPS")

Earnings Per Share (“EPS”)—Basic EPS is calculated by dividing net income attributable to CB&I by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the assumed conversion of dilutive securities, consisting of restricted shares, performance shares (where performance criteria have been met), employee stock options and directors’ deferred-fee shares. See Note 3 for calculations associated with basic and diluted EPS.

Cash Equivalents

Cash Equivalents—Cash equivalents are considered to be all highly liquid securities with original maturities of three months or less.

Foreign Currency

Foreign Currency—The nature of our business activities involves the management of various financial and market risks, including those related to changes in foreign currency exchange rates. The effects of translating financial statements of foreign operations into our reporting currency

are recognized as a cumulative translation adjustment in accumulated other comprehensive income (loss) ("AOCI"). This balance is net of tax, where applicable. Foreign currency exchange gains (losses) are included within cost of revenue and were immaterial in 2012, 2011 and 2010.

Financial Instruments

Financial Instruments—We utilize derivative instruments in certain circumstances to mitigate the effects of changes in foreign currency exchange rates and interest rates, as described below:

- *Foreign Currency Exchange Rate Derivatives*—We do not engage in currency speculation; however, we do utilize foreign currency exchange rate derivatives on an on-going basis to hedge against certain foreign currency-related operating exposures. We generally seek hedge accounting treatment for contracts used to hedge operating exposures and designate them as cash flow hedges. Therefore, gains and losses exclusive of credit risk and forward points (which represent the time-value component of the fair value of our derivative positions), are included in AOCI until the associated underlying operating exposure impacts our earnings. Changes in the fair value of credit risk and forward points, instruments deemed ineffective during the period and instruments that we do not designate as cash flow hedges are recognized within cost of revenue.
- *Interest Rate Derivatives*—During 2012, our interest rate derivatives were limited to a swap arrangement in place to hedge against interest rate variability associated with our unsecured term loan (the "Term Loan"). The swap arrangement was designated as a cash flow hedge, as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40,000. Accordingly, changes in the fair value of the swap arrangement were included in AOCI until the associated underlying exposure impacted our earnings.

For those contracts designated as cash flow hedges, we document all relationships between the derivative instruments and associated hedged items, as well as our risk-management objectives and strategy for undertaking hedge transactions. This process includes linking all derivatives to specific firm commitments or highly-probable forecasted transactions. We continually assess, at inception and on an on-going basis, the effectiveness of derivative instruments in offsetting changes in the cash flow of the designated hedged items. Hedge accounting designation is discontinued when (1) it is determined that the derivative is no longer highly effective in offsetting changes in the cash flow of the hedged item, including firm commitments or forecasted transactions, (2) the derivative is sold, terminated, exercised, or expires, (3) it is no longer probable that the forecasted transaction will occur, or (4) we determine that designating the derivative as a hedging instrument is no longer appropriate. See Note 10 for additional discussion of our financial instruments.

Income Taxes

Income Taxes—Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis using currently enacted income tax rates for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The final realization of deferred tax assets depends upon our ability to generate sufficient future taxable income of the appropriate character and in the appropriate jurisdictions. We continually review our facts and circumstances and as further information is known or events occur, changes in our deferred tax assets may be recorded.

We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not that additional tax will be due in excess of amounts reflected in income tax returns filed worldwide. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within income tax expense and interest expense, respectively.

Joint Venture Arrangements

Joint Venture Arrangements—In the ordinary course of business, we execute specific projects and conduct certain operations through joint venture arrangements. We have various ownership interests in the joint ventures, with such ownership typically being proportionate to our decision-making and distribution rights. The joint ventures generally contract directly with the third party customer; however, services may be performed directly by the joint venture, or may be performed by us or our joint venture partners, or a combination thereof.

Joint venture net assets consist primarily of cash and working capital, and assets may be restricted from being used to fund obligations outside of the joint venture. These joint ventures typically do not have third-party debt; however, they may provide for capital calls to fund operations or require the joint venture partners to provide additional financial support, including advance payment or retention letters of credit.

Each joint venture is assessed at inception and on an ongoing basis as to whether it qualifies as a variable interest entity (“VIE”) under the consolidations guidance in FASB ASC 810. Joint ventures generally qualify as a VIE when they (1) meet the definition of a legal entity, (2) absorb the operational risk of the projects being executed, creating a variable interest, and (3) lack sufficient capital investment from the partners, potentially resulting in the joint venture requiring additional subordinated financial support, if necessary, to finance its future activities.

If at any time a joint venture qualifies as a VIE, we are required to perform a qualitative assessment to determine whether we are the primary beneficiary of the VIE and therefore, need to consolidate the VIE. We are the primary beneficiary if we have (1) the power to direct the economically significant activities of the VIE and (2) the right to receive benefits from, and obligation to absorb losses of, the VIE. If the joint venture is a VIE and we are the primary beneficiary, or we otherwise have the ability to control the joint venture, we consolidate the joint venture. If we are not determined to be the primary beneficiary of the VIE, or only have the ability to significantly influence, rather than control, the joint venture, we do not consolidate the joint venture. We account for unconsolidated joint ventures using the equity method or proportionate consolidation. At December 31, 2012 and 2011, we had no material proportionately consolidated joint ventures. See Note 6 for additional discussion of our material joint venture arrangements.

New Accounting Standards

New Accounting Standards—There are no recently issued accounting standards that we believe will have a material impact on our financial position, results of operations or cash flow.

**Supplemental Information
on Valuation and Qualifying
Accounts and Reserves**

[Supplemental Information on Valuation and
Qualifying Accounts and Reserves](#)

12 Months Ended

Dec. 31, 2012

**Schedule II. Supplemental Information on Valuation and Qualifying
Accounts and Reserves
For Each of the Three Years Ended December 31, 2012**

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>	<u>Column F</u>
			Additions		
	Balance	Additions	Charged to		Balance
	At	Associated with	Costs and		at
				Deductions	
<u>Descriptions</u>	<u>January 1</u>	<u>Acquisitions</u>	<u>Expenses</u>	<u>(1)</u>	<u>December 31</u>
	(in thousands)				
Allowance for doubtful accounts					
2012	\$ 1,761	\$ —	\$ 399	\$(846)	\$ 1,314
2011	\$ 1,849	\$ —	\$ 946	\$(1,034)	\$ 1,761
2010	\$ 3,858	\$ —	\$ 1,660	\$(3,669)	\$ 1,849

⁽¹⁾ Deductions generally represent utilization of previously established reserves or the reversal of unnecessary reserves due to subsequent collections.

Total Revenue by Country (Detail) (USD \$) In Thousands, unless otherwise specified	3 Months Ended							12 Months Ended			
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Geographic Reporting Disclosure [Line Items] Revenue	\$ 1,537,468	\$ 1,446,942	\$ 1,299,529	\$ 1,201,267	\$ 1,255,222	\$ 1,255,344	\$ 1,085,705	\$ 954,271	\$ 5,485,206	\$ 4,550,542	\$ 3,642,318
UNITED STATES											
Geographic Reporting Disclosure [Line Items] Revenue									1,114,148	831,534	867,893
COLOMBIA											
Geographic Reporting Disclosure [Line Items] Revenue									917,553	694,565	217,644
Australia											
Geographic Reporting Disclosure [Line Items] Revenue									666,688	351,081	179,582
CANADA											
Geographic Reporting Disclosure [Line Items] Revenue									665,907	509,038	398,259
Papua New Guinea											
Geographic Reporting Disclosure [Line Items] Revenue									606,532	461,148	168,421
Other											
Geographic Reporting Disclosure [Line Items] Revenue									\$ 1,514,378	\$ 1,703,176	\$ 1,810,519
									[1]	[1]	[1]

[1] Revenue earned in other countries, including The Netherlands (our country of domicile), was not individually greater than 10% of our consolidated revenue in 2012, 2011 or 2010.

**Components of Property and
Equipment, Accrued
Liabilities and Other Non-
current Liabilities
(Parenthetical) (Detail)**

Dec. 31, 2012

Accrued Liabilities

[Maximum percentage accounted by individual expense Of total current liabilities](#) 5.00%

Other Noncurrent Liabilities

[Maximum percentage accounted by individual expense Of total current liabilities](#) 5.00%

**Organization And Nature Of
Operations - Additional
Information (Detail)**

**12 Months Ended
Dec. 31, 2012**

Organization and Nature of Operations [Line Items]

Date founded

1889

Earnings per Share (Tables)

[Reconciliation of Weighted Average Basic Shares Outstanding to Diluted Shares Outstanding and Computation of Basic and Diluted EPS](#)

12 Months Ended Dec. 31, 2012

A reconciliation of weighted average basic shares outstanding to weighted average diluted shares outstanding and the computation of basic and diluted EPS are as follows:

	Years Ended December 31,		
	2012	2011	2010
Net income attributable to CB&I	\$301,655	\$255,032	\$204,559
Weighted average shares			
outstanding—basic	96,632,700	98,021,950	98,300,175
Effect of restricted shares/performance shares/stock options (1)	1,528,067	2,115,345	2,090,009
Effect of directors' deferred-fee shares (1)	70,057	67,516	68,497
Weighted average shares outstanding—diluted	<u>98,230,824</u>	<u>100,204,811</u>	<u>100,458,681</u>
Net income attributable to CB&I per share:			
Basic	\$3.12	\$2.60	\$2.08
Diluted	\$3.07	\$2.55	\$2.04
(1) Antidilutive shares excluded from diluted EPS	165,420	170,384	429,308

**Goodwill and Other
Intangibles (Tables)**

**12 Months Ended
Dec. 31, 2012**

Change in Goodwill by
Business Sector

The change in goodwill by business sector for 2012 and 2011 was as follows:

	Project			
	Steel Plate Structures	Engineering and Construction	Lummus Technology	Total
Balance at December 31, 2010	\$48,497	\$ 454,237	\$436,121	\$938,855
Foreign currency translation	—	(7,387)	—	(7,387)
Amortization of tax goodwill in excess of book goodwill	(177)	(2,425)	(3,724)	(6,326)
Purchase price allocation adjustments (1)	—	—	1,251	1,251
Balance at December 31, 2011	\$48,320	\$ 444,425	\$433,648	\$926,393
Foreign currency translation	—	5,019	—	5,019
Amortization of tax goodwill in excess of book goodwill	(96)	(1,793)	(2,812)	(4,701)
Balance at December 31, 2012	\$48,224	\$ 447,651	\$430,836	\$926,711

- (1) This change was associated with the acquisition of CDTECH on December 31, 2010. See Note 4 above for additional discussion of the acquisition.

Finite- Lived Intangible Assets
Balances Including Weighted-
Average Useful Lives

The following table provides a summary of our acquired finite-lived intangible assets at December 31, 2012 and 2011, including weighted-average useful lives for each major intangible asset class and in total:

	December 31, 2012		December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets (weighted average life)				
Process technologies (16 years) (1)	\$228,304	\$(71,391)	\$228,363	\$(57,381)
Tradenames (20 years) (2)	10,417	(2,659)	38,346	(25,814)
Backlog (2)	—	—	10,669	(8,782)
Lease agreements (6 years)	7,409	(6,599)	7,279	(5,792)
Non-compete agreements (7 years)	2,929	(2,102)	2,895	(1,664)
Total (15 years)	\$249,059	\$(82,751)	\$287,552	\$(99,433)

- (1) Our technologies primarily relate to process licenses for the gas processing, hydrocarbon refining and petrochemical industries. The technologies were valued based upon their ability to generate earnings in excess of those associated with standard products. The valuation included an analysis of current and potential industry and competitive factors, including market share, barriers to entry, pricing, competitor and customer technologies, research and development budgets, patent protection and potential for product line extensions. The amortization periods were estimated based upon a combination of the expectations of general

industry refurbishment rates for the types of technologies we provide, remaining patent protection periods for our patented technologies, and the expected lives of those technologies for which we do not seek patent protection.

- (2) Tradename and backlog intangibles totaling \$27,990 and \$10,669, respectively, became fully amortized in 2012 and were therefore removed from the gross carrying and accumulated amortization balances above.

**CONSOLIDATED
STATEMENTS OF
CHANGES IN
SHAREHOLDERS'
EQUITY (USD \$)**

In Thousands

	Total	Common Stock	Additional Paid-In Capital	Retained Earnings	Stock Held in Trust	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests
<u>Beginning Balance at Dec. 31, 2009</u>	\$ 897,290	\$ 1,190	\$ 359,283	\$ 578,612	\$ (33,576)	\$ (30,872)	\$ (817)	\$ 23,470
<u>Beginning Balance (in shares) at Dec. 31, 2009</u>		100,204			2,122	1,319		
<u>Net income</u>	211,563			204,559				7,004
<u>Change in cumulative translation adjustment, net</u>	(1,638)						(2,608)	970
<u>Change in unrealized fair value of cash flow hedges, net</u>	2,013						2,013	
<u>Change in unrecognized prior service pension credits/costs, net</u>	(144)						(144)	
<u>Change in unrecognized actuarial pension gains/losses, net</u>	(19,436)						(19,436)	
<u>Distributions to noncontrolling interests</u>	(3,061)							(3,061)
<u>Stock-based compensation expense</u>	31,286		31,286					
<u>Release of trust shares</u>	1,055		(12,360)		13,415			
<u>Release of trust shares (in shares)</u>					(743)			
<u>Purchase of treasury stock (in shares)</u>		(2,698)				2,698		
<u>Purchase of treasury stock</u>	(51,460)					(51,460)		
<u>Issuance of stock (in shares)</u>		1,837				(1,837)		
<u>Issuance of stock</u>	16,377		(25,789)			42,166		
<u>Ending Balance at Dec. 31, 2010</u>	1,083,845	1,190	352,420	783,171	(20,161)	(40,166)	(20,992)	28,383
<u>Ending Balance (in shares) at Dec. 31, 2010</u>		99,343			1,379	2,180		
<u>Net income</u>	255,198			255,032				166
<u>Change in cumulative translation adjustment, net</u>	(18,802)						(19,693)	891
<u>Change in unrealized fair value of cash flow hedges, net</u>	1,335						1,335	
<u>Change in unrecognized prior service pension credits/costs, net</u>	2,517						2,517	
<u>Change in unrecognized actuarial pension gains/losses, net</u>	(24,319)						(24,319)	
<u>Distributions to noncontrolling interests</u>	(10,744)							(10,744)

Dividends paid (\$0.20 per share)	(19,722)		(19,722)					
Stock-based compensation expense	35,298	35,298						
Release of trust shares	3,295	(2,429)	10,373	(4,649)				
Release of trust shares (in shares)	(114)		(627)	114				
Purchase of treasury stock (in shares)	(3,685)			3,685				
Purchase of treasury stock	(135,598)			(135,598)				
Issuance of stock (in shares)	2,052			(2,052)				
Issuance of stock	24,127	(13,620)		37,747				
Ending Balance at Dec. 31, 2011	1,196,430	1,190	371,669	1,018,481	(9,788)	(142,666)	(61,152)	18,696
Ending Balance (in shares) at Dec. 31, 2011	97,596			752	3,927			
Net income	317,063		301,655					15,408
Change in cumulative translation adjustment, net	7,659				4,877			2,782
Change in unrealized fair value of cash flow hedges, net	1,093				1,093			
Change in unrecognized prior service pension credits/costs, net	(539)				(539)			
Change in unrecognized actuarial pension gains/losses, net	(45,311)				(45,311)			
Distributions to noncontrolling interests	(8,329)							(8,329)
Dividends paid (\$0.20 per share)	(19,394)		(19,394)					
Stock-based compensation expense	41,000	41,000						
Release of trust shares	5,035	(1,722)	6,757					
Release of trust shares (in shares)			(436)					
Purchase of treasury stock (in shares)	(2,779)				2,779			
Purchase of treasury stock	(123,255)				(123,255)			
Issuance of stock (in shares)	2,018				(2,018)			
Issuance of stock	24,858	(47,530)			72,388			
Ending Balance at Dec. 31, 2012	\$ 1,396,310	\$ 1,190	\$ 363,417	\$ 1,300,742	\$ (3,031)	\$ (193,533)	\$ (101,032)	\$ 28,557
Ending Balance (in shares) at Dec. 31, 2012	96,835			316	4,688			

**Joint Venture Arrangements
(Tables)**

[Summarized Balance Sheet Information of
Variable Interest Entities](#)

**12 Months Ended
Dec. 31, 2012**

The following table presents summarized balance sheet information for the aforementioned VIEs:

	December 31,	
	2012	2011
CBI Kentz Joint Venture		
Current assets	\$82,421	\$26,415
Current liabilities	\$39,276	\$17,417
CBI Clough Joint Venture		
Current assets	\$145,666	\$81,773
Current liabilities	\$79,523	\$22,498

**Future Minimum Payments
under Non-cancelable
Operating Leases
(Parenthetical) (Detail) (USD
\$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012

Operating Leased Assets [Line Items]

Minimum lease payments, contractually recoverable through cost-reimbursable projects amount \$ 24,000

Stock Plans (Tables)

**12 Months Ended
Dec. 31, 2012**

[Stock Option Activity](#)

The following table represents stock option activity for 2012:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding options at beginning of year	1,267,160	\$ 17.72		
Granted	—	\$ —		
Exercised	(297,697)	\$ 10.68		
Forfeited / Expired	(1,926)	\$ 30.84		
Outstanding options at end of year (1)	967,537	\$ 19.86	5.2	\$25,686
Exercisable options at end of year	756,825	\$ 17.42	5.0	\$21,935

- (1) We estimate that 952,131 of these options will ultimately vest. These options have a weighted-average exercise price per share of \$19.71, a weighted-average remaining contractual life of 5.2 years and a current aggregate intrinsic value of \$25,412.

[Weighted-Average Assumptions Method for Estimating Fair Value of Option Grant](#)

Using the Black-Scholes option-pricing model, the fair value of each option granted during 2011 and 2010 was estimated on the grant date based upon the following weighted-average assumptions:

	2011	2010
Risk-free interest rate	2.85 %	3.24 %
Expected dividend yield	0.59 %	0.00 %
Expected volatility	69.65%	68.71%
Expected life in years	6	6

[Restricted Share Activity](#)

The following table presents restricted share activity for 2012:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Nonvested restricted shares		
Balance at beginning of year	1,562,688	\$ 21.54
Granted	354,258	\$ 44.20
Vested	(699,491)	\$ 20.57
Forfeited	(22,940)	\$ 29.88
Balance at end of year	<u>1,194,515</u>	\$ 28.67
Directors' shares subject to restrictions		

Balance at beginning of year	22,302	\$ 39.23
Granted	26,976	\$ 44.48
Vested	<u>(22,302)</u>	\$ 39.23
Balance at end of year	<u>26,976</u>	\$ 44.48

	12 Months Ended				12 Months Ended						Dec. 31,
Joint Venture Arrangements - Additional Information (Detail) (USD \$)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012 CBI Kentz Joint Venture	Dec. 31, 2012 CBI Clough Joint Venture	Dec. 31, 2011 CB&I	Dec. 31, 2009 CB&I	Dec. 31, 2011 Kentz	Dec. 31, 2009 Clough	Dec. 31, 2012 CLG	2010 Distillation Technologies ("CD Tech")
Schedule of Investments											
[Line Items]											
Percentage of equity investment										50.00%	
Acquisition of remaining equity interest in CD Tech											50.00%
Dividends received for equity investments	\$ 20,286,000	\$ 9,605,000	\$ 26,853,000								
Percentage of ownership in joint venture						65.00%	65.00%	35.00%	35.00%		
Joint venture contract value				\$ 3,400,000	\$ 2,100,000						

**Change in Benefit Obligation
and Plan Assets
(Parenthetical) (Detail) (USD
\$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012

Pension Plans

Defined Benefit Plan Disclosure [Line Items]

<u>Expected contribution in 2013 fiscal year</u>	\$ 16,800
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<u>Previously unrecognized net prior service cost expected to be recognized in 2013 fiscal year</u>	728
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<u>Previously unrecognized net actuarial losses expected to be recognized in 2013 fiscal year</u>	3,741
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Other Postretirement Plans

Defined Benefit Plan Disclosure [Line Items]

<u>Expected contribution in 2013 fiscal year</u>	\$ 2,900
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**CONSOLIDATED
STATEMENTS OF
OPERATIONS (USD \$)
In Thousands, except Per
Share data, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

<u>Revenue</u>	\$ 5,485,206	\$ 4,550,542	\$ 3,642,318
<u>Cost of revenue</u>	4,786,499	3,980,306	3,150,255
<u>Gross profit</u>	698,707	570,236	492,063
<u>Selling and administrative expense</u>	227,948	205,550	185,213
<u>Intangibles amortization</u>	22,613	26,302	23,690
<u>Other operating expense (income), net</u>	10,434	74	(636)
<u>Equity earnings</u>	(17,931)	(16,887)	(19,464)
<u>Income from operations</u>	455,643	355,197	303,260
<u>Interest expense</u>	(19,606)	(11,030)	(16,686)
<u>Interest income</u>	8,029	7,796	4,955
<u>Income before taxes</u>	444,066	351,963	291,529
<u>Income tax expense</u>	(127,003)	(96,765)	(79,966)
<u>Net income</u>	317,063	255,198	211,563
<u>Less: Net income attributable to noncontrolling interests</u>	(15,408)	(166)	(7,004)
<u>Net income attributable to CB&I</u>	301,655	255,032	204,559
<u>Net income attributable to CB&I per share:</u>			
<u>Basic</u>	\$ 3.12	\$ 2.60	\$ 2.08
<u>Diluted</u>	\$ 3.07	\$ 2.55	\$ 2.04
<u>Cash dividends on shares:</u>			
<u>Amount</u>	\$ 19,394	\$ 19,722	
<u>Per share</u>	\$ 0.20	\$ 0.20	

**Significant Accounting
Policies - Additional
Information (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

**Dec. 31,
2012** **Dec. 31,
2011** **Dec. 31,
2010**

Significant Accounting Policies [Line Items]

<u>Unapproved change orders/claims, amount</u>	\$ 47,100	\$ 27,000	
<u>Contract retentions</u>	37,200	23,700	
<u>Allowance for doubtful accounts</u>	1,300	1,800	
<u>Research and development expenditures</u>	27,606	27,548	18,634
<u>Transaction fees associated with the Shaw acquisition</u>	11,000		
<u>Depreciation expense</u>	43,808	43,882	49,195
<u>Repayment of debt</u>	\$ 40,000	\$ 40,000	\$ 40,000

Minimum

Significant Accounting Policies [Line Items]

<u>Finite-lived identifiable intangible assets, estimated useful lives, (in years)</u>	6 years
--	---------

Minimum | Buildings and improvements

Significant Accounting Policies [Line Items]

<u>Property and equipment, estimated useful lives(in years)</u>	10 years
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Minimum | Plant and Field Equipment

Significant Accounting Policies [Line Items]

<u>Property and equipment, estimated useful lives(in years)</u>	1 year
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Maximum

Significant Accounting Policies [Line Items]

<u>Finite-lived identifiable intangible assets, estimated useful lives, (in years)</u>	20 years
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Maximum | Buildings and improvements

Significant Accounting Policies [Line Items]

<u>Property and equipment, estimated useful lives(in years)</u>	40 years
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Maximum | Plant and Field Equipment

Significant Accounting Policies [Line Items]

<u>Property and equipment, estimated useful lives(in years)</u>	15 years
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[illegible]

CONSOLIDATED BALANCE SHEETS (Parenthetical) In Thousands, except Share data, unless otherwise specified					Dec. 31, 2012	Dec. 31, 2011
	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2011	Variable Interest Entity, Primary Beneficiary USD (\$)	Variable Interest Entity, Primary Beneficiary USD (\$)
	USD (\$)	EUR (€)	USD (\$)	EUR (€)		
<u>Cash and cash equivalents related to variable interest entities (VIEs)</u>	\$ 643,395		\$ 671,811		\$ 142,285	\$ 88,986
<u>Accounts receivable, net related to VIE</u>	752,985		494,853		63,649	12,406
<u>Costs and estimated earnings in excess of billings related to VIEs)</u>	303,540		239,536		38,967	24,043
<u>Accounts payable related to VIEs</u>	654,504		518,749		87,301	32,125
<u>Billings in excess of costs and estimated earnings related to VIEs</u>	\$ 758,938		\$ 917,067		\$ 39,105	\$ 25,207
<u>Common stock, par value</u>		€ 0.01		€ 0.01		
<u>Common stock, shares authorized</u>	250,000,000	250,000,000	250,000,000	250,000,000		
<u>Common stock, shares issued</u>	101,522,318	101,522,318	101,522,318	101,522,318		
<u>Common stock, shares outstanding</u>	96,835,010	96,835,010	97,595,735	97,595,735		
<u>Treasury stock, shares</u>	4,687,308	4,687,308	3,926,583	3,926,583		

**Reconciliation of Income
 Taxes at Netherlands'
 Statutory Rate and Income
 Tax Expense (Parenthetical)
 (Detail)**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Reconciliation of Effective Income Tax Rate [Line Items]

<u>Statutory rate</u>	25.00%	25.00%	25.50%
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**Change in Facility
Realignment Liability
(Parenthetical) (Detail) (USD
\$)**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

**In Thousands, unless
otherwise specified**

Restructuring Cost and Reserve [Line Items]

<u>Total charges</u>	\$ 2,581	\$ 13,342	\$ 10,616
<u>Operating lease obligation Year 2013</u>	7,500		
<u>Operating lease obligation Year 2014</u>	1,500		
<u>Operating lease obligation Year 2015</u>	3,500		
<u>Operating lease obligation Year 2016</u>	200		
<u>Operating lease obligation Year 2017</u>	100		

Steel Plate Structures

Restructuring Cost and Reserve [Line Items]

<u>Total charges</u>	2,581	2,816	
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Project Engineering and Construction

Restructuring Cost and Reserve [Line Items]

<u>Total charges</u>		\$ 7,265	
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Total Revenue and Income from Operations by Reporting Segment (Detail) (USD \$) In Thousands, unless otherwise specified	3 Months Ended							12 Months Ended			
	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	2012	2012	2012	2012	2011	2011	2011	2011	2012	2011	2010
Segment Reporting											
Information [Line Items]											
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,537,468	1,446,942	1,299,529	1,201,267	1,255,222	1,255,344	1,085,705	954,271	5,485,206	4,550,542	3,642,318
Depreciation and amortization									66,421	70,184	72,885
Equity earnings									17,931	16,887	19,464
Income from operations									455,643	355,197	303,260
Capital expenditures									72,279	40,945	24,089
Assets	4,329,675				3,279,349				4,329,675	3,279,349	2,909,534
Steel Plate Structures											
Segment Reporting											
Information [Line Items]											
Revenue									1,957,681	1,812,180	1,442,145
Depreciation and amortization									27,062	28,775	29,513
Income from operations									192,593	167,283	134,430
Capital expenditures									36,963	22,311	15,379
Assets	1,214,743				1,086,337				1,214,743	1,086,337	732,558
Project Engineering and Construction											
Segment Reporting											
Information [Line Items]											
Revenue									3,040,229	2,289,788	1,904,850
Depreciation and amortization									16,722	18,548	23,259
Equity earnings										572	1,873
Income from operations									136,689	91,576	82,574
Capital expenditures									6,395	10,587	7,316
Assets	1,795,503				1,183,964				1,795,503	1,183,964	1,208,732
Lummus Technology											
Segment Reporting											
Information [Line Items]											
Revenue									487,296	448,574	295,323
Depreciation and amortization									22,637	22,861	20,113
Equity earnings									17,931	16,315	17,591
Income from operations									126,361	96,338	86,256
Capital expenditures									28,921	8,047	1,394
Assets	\$				\$				\$	\$	\$
	1,319,429				1,009,048				1,319,429	1,009,048	\$ 968,244

Debt (Tables)

12 Months Ended Dec. 31, 2012

[Summary of Outstanding Debt](#)

Our outstanding debt at December 31, 2012 and 2011 was as follows:

	December 31,	
	2012	2011
Current		
Current maturity of long-term debt	\$—	\$40,000
Current debt	<u>\$—</u>	<u>\$40,000</u>
Long-Term		
Revolving Facility: \$1,100,000 four-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	\$—	\$—
Revolving Facility: \$650,000 five-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	—	—
LC Agreement: \$125,000 letter of credit and term loan agreement (term loan interest at LIBOR plus 1.75%)	—	—
Term Loan: \$200,000 term loan (interest at LIBOR plus an applicable floating margin)	—	40,000
Term Loan: \$1,000,000 term loan (interest at LIBOR plus an applicable floating margin)	—	—
Senior Notes, Series A-D: \$800,000 senior notes (fixed interest ranging from 4.15% to 5.30%)	800,000	—
Less: current maturity of long-term debt	<u>—</u>	<u>(40,000)</u>
Long-term debt	<u>\$800,000</u>	<u>\$—</u>

**Total Fair Value by
Underlying Risk and
Balance Sheet Classification
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

	Dec. 31, 2012	Dec. 31, 2011
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Asset Derivatives Fair Value</u>	\$ 1,736	\$ 3,034
<u>Liability Derivatives Fair Value</u>	(5,569)	(4,847)
Derivatives Designated As Cash Flow Hedges		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Asset Derivatives Fair Value</u>	628	750
<u>Liability Derivatives Fair Value</u>	(862)	(2,465)
Derivatives Designated As Cash Flow Hedges | Interest Rate | Accrued And Other Non-Current Liabilities		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Liability Derivatives Fair Value</u>		(1,274)
Derivatives Designated As Cash Flow Hedges | Foreign Currency | Other Current And Non-Current Asset		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Asset Derivatives Fair Value</u>	628	750
Derivatives Designated As Cash Flow Hedges | Foreign Currency | Accrued And Other Non-Current Liabilities		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Liability Derivatives Fair Value</u>	(862)	(1,191)
Derivatives Not Designated As Cash Flow Hedges		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Asset Derivatives Fair Value</u>	1,108	2,284
<u>Liability Derivatives Fair Value</u>	(4,707)	(2,382)
Derivatives Not Designated As Cash Flow Hedges | Foreign Currency | Other Current And Non-Current Asset		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Asset Derivatives Fair Value</u>	1,108	2,284
Derivatives Not Designated As Cash Flow Hedges | Foreign Currency | Accrued And Other Non-Current Liabilities		
<u>Derivatives, Fair Value [Line Items]</u>		
<u>Liability Derivatives Fair Value</u>	\$ (4,707)	\$ (2,382)

Shareholders' Equity

**12 Months Ended
Dec. 31, 2012**

Shareholders' Equity

13. SHAREHOLDERS' EQUITY

Stock Held in Trust—From time to time, we grant restricted shares to key employees under our Long-Term Incentive Plan (see Note 14). Prior to 2010, restricted shares granted were transferred to a rabbi trust (the “Trust”), and the shares remaining in the Trust are held until the vesting restrictions lapse, at which time the shares are released from the Trust and distributed to the applicable employees. Beginning in 2010, restricted shares were no longer transferred to the Trust upon grant, but instead are distributed directly to the applicable employees upon vesting.

Treasury Stock—Under Dutch law and our Articles of Association, we may hold no more than 10% of our issued share capital at any time.

AOCI—At December 31, 2012 and 2011, the components of AOCI, net of tax, were as follows:

	December 31,	
	2012	2011
Currency translation adjustment	\$(21,843)	\$(26,720)
Unrealized fair value of cash flow hedges	296	(797)
Unrecognized net prior service pension credits	1,874	2,413
Unrecognized net actuarial pension losses (1)	(81,359)	(36,048)
Total	<u>\$(101,032)</u>	<u>\$(61,152)</u>

- (1) The increase in unrecognized net actuarial pension losses was primarily due to the impact of lower discount rates utilized in the determination of our projected benefit obligation for our international pension plans.

Other—Changes in common stock, additional paid-in capital, stock held in trust and treasury stock during 2012 and 2011 primarily relate to activity associated with our stock-based compensation plans and share repurchases.

**Financial Instruments
(Tables)**

**12 Months Ended
Dec. 31, 2012**

**Financial Instruments Carried
at Fair Value**

The following table presents the fair value of our cash and cash equivalents, restricted cash, foreign currency exchange rate derivatives and interest rate derivatives at December 31, 2012 and 2011, respectively, by valuation hierarchy and balance sheet classification:

	December 31, 2012				December 31, 2011			
	Level 1	Level 2 (1)	Level 3	Total	Level 1	Level 2 (1)	Level 3	Total
Assets								
Cash and cash equivalents	\$643,395	\$—	\$—	\$643,395	\$671,811	\$—	\$—	\$671,811
Restricted cash	800,000	—	—	800,000	—	—	—	—
Other current assets	—	1,731	—	1,731	—	2,983	—	2,983
Other non-current assets	—	5	—	5	—	51	—	51
Total assets at fair value	<u>\$1,443,395</u>	<u>\$1,736</u>	<u>\$—</u>	<u>\$1,445,131</u>	<u>\$671,811</u>	<u>\$3,034</u>	<u>\$—</u>	<u>\$674,845</u>
Liabilities								
Accrued liabilities	\$—	\$(5,072)	\$—	\$(5,072)	\$—	\$(4,414)	\$—	\$(4,414)
Other non-current liabilities	—	(497)	—	(497)	—	(433)	—	(433)
Total liabilities at fair value	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(4,847)</u>	<u>\$—</u>	<u>\$(4,847)</u>

(1) We are exposed to credit risk on our hedging instruments associated with potential counterparty non-performance, and the fair value of our derivatives reflects this credit risk. The total assets at fair value above represent the maximum loss that would be incurred on our outstanding hedges if the applicable counterparties failed to perform according to the hedge contracts. To help mitigate counterparty credit risk, we transact only with counterparties that are rated as investment grade or higher and monitor all such counterparties on a continuous basis.

**Total Fair Value by Underlying
Risk and Balance Sheet
Classification**

The following table presents the total fair value by underlying risk and balance sheet classification for derivatives designated as cash flow hedges and derivatives not designated as cash flow hedges at December 31, 2012 and 2011:

	Asset Derivatives			Liability Derivatives		
	Fair Value			Fair Value		
	Balance Sheet Classification	December 31, 2012	December 31, 2011	Balance Sheet Classification	December 31, 2012	December 31, 2011
Derivatives designated as cash flow hedges						

Interest rate	Other current and non-current assets	\$ —	\$ —	Accrued and other non-current liabilities	\$ —	\$ (1,274)
Foreign currency	Other current and non-current assets	628	750	Accrued and other non-current liabilities	(862)	(1,191)
		<u>\$ 628</u>	<u>\$ 750</u>		<u>\$ (862)</u>	<u>\$ (2,465)</u>
Derivatives not designated as cash flow hedges						
Interest rate	Other current and non-current assets	\$ —	\$ —	Accrued and other non-current liabilities	\$ —	\$ —
Foreign currency	Other current and non-current assets	1,108	2,284	Accrued and other non-current liabilities	(4,707)	(2,382)
		<u>\$ 1,108</u>	<u>\$ 2,284</u>		<u>\$ (4,707)</u>	<u>\$ (2,382)</u>
Total fair value		<u>\$ 1,736</u>	<u>\$ 3,034</u>		<u>\$ (5,569)</u>	<u>\$ (4,847)</u>

[Total Value, by Underlying Risk, Recognized in Other Comprehensive Income and Reclassified from Accumulated Other Comprehensive Income to Interest Expense and Cost of Revenue](#)

The following table presents the total value, by underlying risk, recognized in other comprehensive income (“OCI”) and reclassified from AOCI to interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) during 2012 and 2011 for derivatives designated as cash flow hedges:

	Amount of Gain (Loss) on Effective Derivative Portion			
	Recognized in OCI	Reclassified from AOCI into Earnings ⁽¹⁾		
	Years Ended December 31,			
	2012	2011	2012	2011
Derivatives designated as cash flow hedges				
Interest rate	\$—	\$(150)	\$(1,341)	\$(3,243)
Foreign currency	318	(444)	117	720
Total	\$318	\$(594)	\$(1,224)	\$(2,523)

⁽¹⁾ Unrealized gains of \$403 are anticipated to be reclassified from AOCI into earnings during the next 12 months due to settlement of the associated underlying obligations.

The following table presents the total value, by underlying risk, recognized in interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) for 2012 and 2011 for derivatives not designated as cash flow hedges:

[Total Value Recognized in Cost of Revenue for Derivatives which Do Not Seek Hedge Accounting Treatment, by Underlying Risk](#)

**Amount of Gain (Loss)
Recognized in Earnings**

	Years Ended December 31,	
	2012	2011
Derivatives not designated as cash flow hedges		
Interest rate	\$—	\$—
Foreign currency	(6,985)	(3,919)
Total	<u>\$ (6,985)</u>	<u>\$ (3,919)</u>

**Segment and Related
Information - Additional
Information (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended					
Dec. 31, 2012 Segment	Dec. 31, 2012 CB&I Lummus	Dec. 31, 2011 CB&I Lummus	Dec. 31, 2012 UNITED STATES	Dec. 31, 2011 UNITED STATES	Dec. 31, 2010 UNITED STATES

**Segment Reporting Information [Line
Items]**

<u>Number of business sectors</u>	3				
<u>Percentage of net assets located in the U.S</u>			65.00%	65.00%	65.00%
<u>Total revenue from one customer within CB&I Lummus</u>		\$ 914,970	\$ 690,923		
<u>Percentage of total revenue from one customer within CB&I Lummus</u>		17.00%	15.00%		

Income Taxes

12 Months Ended Dec. 31, 2012

Income Taxes

15. INCOME TAXES

Income Tax Expense—The following table presents the sources of income before taxes and income tax expense, by tax jurisdiction for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Sources of Income Before Taxes			
U.S	\$126,438	\$115,693	\$74,342
Non-U.S	317,628	236,270	217,187
Total	<u>\$444,066</u>	<u>\$351,963</u>	<u>\$291,529</u>
Sources of Income Tax Expense			
Current income taxes			
U.S.—Federal (1)	\$(28,327)	\$(12,411)	\$(13,651)
U.S.—State	(5,532)	(3,255)	(5,799)
Non-U.S	(51,645)	(67,903)	(60,533)
Total current income taxes	<u>(85,504)</u>	<u>(83,569)</u>	<u>(79,983)</u>
Deferred income taxes			
U.S.—Federal	(22,634)	(19,667)	893
U.S.—State	(953)	(4,276)	(1,532)
Non-U.S	(17,912)	10,747	656
Total deferred income taxes	<u>(41,499)</u>	<u>(13,196)</u>	<u>17</u>
Total income tax expense	<u><u>\$(127,003)</u></u>	<u><u>\$(96,765)</u></u>	<u><u>\$(79,966)</u></u>

- ⁽¹⁾ Tax benefits of \$17,963, \$14,618 and \$6,326 associated with share-based compensation were recorded in additional paid-in capital in 2012, 2011 and 2010, respectively.

The following is a reconciliation of income taxes at The Netherlands' statutory rate to income tax expense for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Income tax expense at statutory rate (25.0% for 2012 and 2011 and 25.5% for 2010)	\$(111,016)	\$(87,992)	\$(74,340)
U.S. state income taxes	(3,659)	(5,252)	(5,688)
Non-deductible meals and entertainment	(2,750)	(2,088)	(1,967)
Valuation allowance established	(11,375)	(11,351)	(6,404)
Valuation allowance utilized	20,983	14,182	12,567
Tax exempt interest, net	2,973	2,765	3,530
Statutory tax rate differential	(7,717)	2,773	10,363
Branch and withholding taxes (net of tax benefit)	(16,940)	(14,873)	(23,166)
Noncontrolling interests	6,719	1,631	1,968
Acquisition related costs	(2,757)	—	—

Manufacturer's production exclusion/ R&D credit	1,451	39	1,781
Contingent liability accrual	2,205	5,053	4,028
Other, net	(5,120)	(1,652)	(2,638)
Income tax expense	<u>\$(127,003)</u>	<u>\$(96,765)</u>	<u>\$(79,966)</u>
Effective tax rate	<u>28.6 %</u>	<u>27.5 %</u>	<u>27.4 %</u>

Deferred Taxes—The principal temporary differences included in deferred income taxes reported on the December 31, 2012 and 2011 Balance Sheets were as follows:

	December 31,	
	2012	2011
Current Deferred Taxes		
Tax benefit of non-U.S. operating losses and credits, net	\$41,811	\$21,951
Contract revenue and cost	45,926	83,030
Employee compensation and benefit plan reserves	14,028	15,707
Legal reserves	1,293	2,636
Other	(4,958)	2,240
Current deferred tax asset	\$98,100	\$125,564
Less: valuation allowance	(13,799)	(21,680)
Net current deferred tax asset	<u>\$84,301</u>	<u>\$103,884</u>
Non-Current Deferred Taxes		
Tax benefit of U.S. State operating losses and credits, net	\$220	\$288
Tax benefit of non-U.S. operating losses and credits, net	141,030	163,814
Tax benefit of non-U.S. credits and long term receivables	3,621	7,598
Employee compensation and benefit plan reserves	23,738	23,891
Investment in foreign subsidiaries	28,639	18,886
Insurance and legal reserves	5,531	4,498
Depreciation and amortization	(117,844)	(108,145)
Other	5,914	1,018
Non-current deferred tax asset	\$90,849	\$111,848
Less: valuation allowance	(106,048)	(119,810)
Net non-current deferred tax liability	<u>\$(15,199)</u>	<u>\$(7,962)</u>
Net total deferred tax asset	<u>\$69,102</u>	<u>\$95,922</u>

As of December 31, 2012, neither Netherlands income taxes from dividends and other profit remittances, nor other worldwide withholding taxes due on profit distributions have been accrued on the estimated \$1,300,000 of undistributed earnings of our U.S., Netherlands, and subsidiary companies thereof. Distribution of earnings from our European Union subsidiaries to their Netherlands parents are not subject to taxation. With respect to our non-European Union Netherlands subsidiaries and our U.S. companies and their subsidiaries, to the extent that taxes apply, we intend to permanently reinvest the undistributed earnings of these subsidiaries in their

respective businesses, and therefore, have not provided for deferred taxes on such unremitted foreign earnings. The determination of any unrecognized deferred tax liability related to permanently reinvested earnings is not practical. Further, we did not record any Netherlands deferred income taxes on undistributed earnings of our other subsidiaries and affiliates at December 31, 2012 since, if any such undistributed earnings were distributed, under current Dutch tax law The Netherlands Participation Exemption should become available to significantly reduce or eliminate any resulting Netherlands income tax liability.

As of December 31, 2012, we had total Non-U.S. net operating losses (“NOLs”) of \$702,598, including \$419,508 in the U.K. and \$283,090 in other jurisdictions. We believe it is more likely than not that \$324,498 of U.K. NOLs and \$118,307 of other Non-U.S. NOLs will not be utilized and have placed a valuation allowance against these NOLs. Accordingly, as of December 31, 2012, our net deferred tax asset (“DTA”) associated with U.K. NOLs and other Non-U.S. NOLs was \$21,852 and \$39,880, respectively. The U.K. NOL DTA was recorded primarily in 2007 and 2008 and relates to losses incurred during those years on two large fixed-price projects that were completed in the first quarter of 2010. We have had no material release of valuation allowance since it was initially recorded. On a periodic and ongoing basis we evaluate our recorded U.K. NOL and assess the appropriateness of our valuation allowance. Our assessment includes, among other things, the value and quality of backlog, an evaluation of existing and anticipated market conditions, analysis of historical results and projections of future income, and strategic plans and alternatives for our U.K. operations. We consider the impact of these and other factors, including the indefinite-lived nature of the U.K. NOLs, and determine whether an adjustment to our valuation allowance is required. Based on this analysis, we believe it is more likely than not that we will generate sufficient future taxable income to realize our U.K. NOL DTA. In order to realize the U.K. NOL DTA, our U.K. operations will need to generate future taxable income of approximately \$95,000. Based on this same analysis and as described above, we do not believe it is more likely than not that we will utilize U.K. NOLs in excess of the amounts recorded. However, better than anticipated future operating results or a significant increase in backlog could impact our assessment and result in future changes in U.K. valuation allowance. Approximately \$31,900 of our other Non-U.S. NOLs relate to tax losses resulting from differences between recorded revenue and revenue recognized for tax purposes. These differences are temporary and there is an offsetting deferred tax liability included in “contract revenue and cost” in the table above. Excluding NOLs having an indefinite carryforward, principally in the U.K., the Non-U.S. NOLs will expire from 2013 to 2032. As of December 31, 2012, we also have approximately \$37,170 of deferred tax assets, excluded from the table above, related to U.S. foreign tax credits against which a full valuation allowance has been recorded.

As of December 31, 2012, we had U.S.-State NOLs of \$4,407, net of apportionment. We believe it is more likely than not that \$1,597 of the U.S.-State NOLs, net of apportionment, will not be utilized and accordingly, a valuation allowance has been placed against these U.S.-State NOLs. The U.S.-State NOLs will expire from 2013 to 2032.

Unrecognized Income Tax Benefits—As of December 31, 2012, our unrecognized income tax benefits totaled \$5,169 and we do not anticipate significant changes in this balance in the next twelve months. If these income tax benefits are ultimately recognized, \$2,030 would affect the effective tax rate. The following is a reconciliation of our unrecognized income tax benefits for the years ended December 31, 2012 and 2011:

	Years Ended	
	December 31,	
	2012	2011
Unrecognized tax benefits at the beginning of the year	\$7,374	\$12,881
Increase as a result of:		
Tax positions taken during the current period	1,530	4,235
Decreases as a result of:		
Tax positions taken during prior periods	—	(700)
Lapse of applicable statute of limitations	—	(9,042)
Settlements with taxing authorities	(3,735)	—
Unrecognized income tax benefits at the end of the year	<u>\$5,169</u>	<u>\$7,374</u>

We have operations, and are subject to taxation, in various jurisdictions, including significant operations in the U.S., The Netherlands, Canada, the U.K., Australia, South America and the Middle East. Tax years remaining subject to examination by worldwide tax jurisdictions vary by country and legal entity, but are generally open for tax years ending after 2004. To the extent penalties and associated interest are assessed on any underpayment of income tax, such amounts are accrued and classified as a component of income tax expense and interest expense, respectively. For 2012 and 2010, interest was not significant. However, in 2011, the net decrease in unrecognized tax benefits noted above resulted in a net reversal of associated accrued interest of approximately \$3,900. For 2012, 2011, and 2010, penalties were not significant.

**Total Value Recognized in
Cost of Revenue for
Derivatives which Do Not
Seek Hedge Accounting
Treatment, by Underlying
Risk (Detail) (Derivatives
Not Designated As Cash
Flow Hedges, USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

Derivative Instruments, Gain (Loss) [Line Items]

Amount of Gain (Loss) Recognized in Cost of Revenue on Derivatives \$ (6,985) \$ (3,919)

Foreign Currency

Derivative Instruments, Gain (Loss) [Line Items]

Amount of Gain (Loss) Recognized in Cost of Revenue on Derivatives \$ (6,985) \$ (3,919)

**CONSOLIDATED
STATEMENTS OF CASH
FLOWS (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Cash Flows from Operating Activities</u>			
Net income	\$ 317,063	\$ 255,198	\$ 211,563
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>			
Depreciation and amortization	66,421	70,184	72,885
Deferred taxes	63,402	29,839	9,715
Stock-based compensation expense	41,000	35,298	31,286
Equity earnings	(17,931)	(16,887)	(16,296)
(Gain) loss on property and equipment transactions	(566)	7,512	4,637
Unrealized loss (gain) on foreign currency hedge ineffectiveness	3,838	(7)	340
Excess tax benefits from stock-based compensation	(18,467)	(15,388)	(7,625)
<u>Changes in operating assets and liabilities:</u>			
(Increase) decrease in receivables, net	(258,132)	(130,192)	127,349
Change in contracts in progress, net	(222,133)	16,419	(37,017)
Increase (decrease) in accounts payable	135,755	159,524	(112,558)
Decrease (increase) in other current and non-current assets	21,704	(50,255)	(7,774)
Increase (decrease) in accrued and other non-current liabilities	59,118	38,093	(28,350)
Decrease in equity investments	20,286	9,605	26,853
Change in other, net	(8,854)	4,212	13,398
Net cash provided by operating activities	202,504	413,155	288,406
<u>Cash Flows from Investing Activities</u>			
Cost of business acquisitions, net of cash acquired			(42,813)
Capital expenditures	(72,279)	(40,945)	(24,089)
Proceeds from sale of property and equipment	5,494	8,192	8,526
Net cash used in investing activities	(66,785)	(32,753)	(58,376)
<u>Cash Flows from Financing Activities</u>			
Decrease in notes payable		(334)	(376)
Repayment of debt	(40,000)	(40,000)	(40,000)
Borrowings from issuances of Senior Notes	800,000		
Cash deposited into restricted cash	(800,000)		
Excess tax benefits from stock-based compensation	18,467	15,388	7,625
Purchase of treasury stock	(123,255)	(135,598)	(51,460)
Issuance of stock	11,325	12,215	10,808
Dividends paid	(19,394)	(19,722)	
Distributions to noncontrolling interests	(8,329)	(10,744)	(3,061)
Revolving facility and deferred financing costs	(12,925)		(9,879)
Net cash used in financing activities	(174,111)	(178,795)	(86,343)
Effect of exchange rate changes on cash and cash equivalents	9,976	(11,534)	12,051
(Decrease) increase in cash and cash equivalents	(28,416)	190,073	155,738

<u>Cash and cash equivalents, beginning of the year</u>	671,811	481,738	326,000
<u>Cash and cash equivalents, end of the year</u>	643,395	671,811	481,738
<u>Supplemental Cash Flow Disclosures</u>			
<u>Cash paid for interest</u>	6,866	9,739	12,571
<u>Cash paid for income taxes (net of refunds)</u>	\$ 66,385	\$ 44,868	\$ 71,838

**CONSOLIDATED
STATEMENTS OF
COMPREHENSIVE
INCOME (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Net income</u>	\$ 317,063	\$ 255,198	\$ 211,563
<u>Other comprehensive income (loss), net of tax:</u>			
<u>Change in cumulative translation adjustment (net of tax of (\$3,322), \$2,929 and \$10,861)</u>	7,659	(18,802)	(1,638)
<u>Change in unrealized fair value of cash flow hedges (net of tax of (\$442), (\$791) and (\$1,006))</u>	1,093	1,335	2,013
<u>Change in unrecognized prior service pension credits/costs (net of tax of \$140, (\$1,176) and (\$41))</u>	(539)	2,517	(144)
<u>Change in unrecognized actuarial pension gains/losses (net of tax of \$13,377, \$2,603 and \$8,116)</u>	(45,311)	(24,319)	(19,436)
<u>Comprehensive income</u>	279,965	215,929	192,358
<u>Less: Net income attributable to noncontrolling interests (net of tax of \$400, (\$466) and \$741)</u>	(15,408)	(166)	(7,004)
<u>Less: Change in cumulative translation adjustment attributable to noncontrolling interests (net of tax of \$0, \$0 and \$0)</u>	(2,782)	(891)	(970)
<u>Comprehensive income attributable to CB&I</u>	\$ 261,775	\$ 214,872	\$ 184,384

**Facility Realignment
Liability**

**12 Months Ended
Dec. 31, 2012**

Facility Realignment Liability **8. FACILITY REALIGNMENT LIABILITY**

We recognized charges of \$2,581, \$13,342 and \$10,616 for 2012, 2011 and 2010 respectively, within cost of revenue, associated with the consolidation or relocation of several of our leased U.S. and international engineering offices in support of the requirements of our backlog. The charges were primarily associated with the accelerated recognition of future operating lease expense for unutilized facility capacity in our Project Engineering and Construction and Steel Plate Structures sectors, where we remain contractually obligated to a lessor. The following table presents the total accelerated operating lease charges recognized during 2012 and 2011 and the remaining net operating lease obligation at December 31, 2012 and 2011:

	Years Ended December 31,	
	2012	2011
Beginning Balance	\$ 15,278	\$ 6,105
Charges (1)	2,581	10,081
Cash payments	(5,119)	(1,840)
Foreign exchange and other	12	932
Ending Balance (2)	<u>\$ 12,752</u>	<u>\$ 15,278</u>

- (1) During 2012, charges of \$2,581 were related to facilities in our Steel Plate Structures sector. During 2011, charges of \$2,816 and \$7,265 were related to facilities in our Steel Plate Structures and Project Engineering and Construction sectors, respectively.
- (2) The remaining net operating lease obligation was recorded in accrued liabilities and other non-current liabilities, based on the anticipated timing of payments. For the remaining obligation at December 31, 2012, cash payments are anticipated to be approximately \$7,500, \$1,500, \$3,500, \$200 and \$100 in 2013, 2014, 2015, 2016, and 2017, respectively.

Additionally, we recognized charges in 2011 and 2010 within cost of revenue associated with the write-down of leasehold improvements and other long-term assets in the facilities noted above. These charges were \$3,261 in 2011 (\$2,077 and \$1,184 for our Steel Plate Structures and Project Engineering and Construction sectors, respectively) and \$3,889 in 2010 (all of which related to our Project Engineering and Construction sector). There were no similar charges during 2012. We do not expect these consolidation activities to have a material effect on our future sector or consolidated results of operations or cash flow.

Consolidated Financial Information n Quarterly Basis (Detail) (USD \$) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended							12 Months Ended			
	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sep. 30,	Jun. 30,	Mar.	Dec. 31,	Dec. 31,	Dec. 31,
	2012	2012	2012	2012	2011	2011	2011	31, 2011	2012	2011	2010
Quarterly Financial Information [Line Items]											
Revenue	\$ 1,537,468	\$ 1,446,942	\$ 1,299,529	\$ 1,201,267	\$ 1,255,222	\$ 1,255,344	\$ 1,085,705	\$ 954,271	\$ 5,485,206	\$ 4,550,542	\$ 3,642,318
Gross profit	197,668	188,890	158,885	153,264	146,615	146,812	140,093	136,716	698,707	570,236	492,063
Net income	96,992	86,253	72,844	60,974	70,528	71,403	61,703	51,564	317,063	255,198	211,563
Net income attributable to CB&I	\$ 89,617	\$ 80,231	\$ 72,320	\$ 59,487	\$ 70,468	\$ 72,164	\$ 61,894	\$ 50,506	\$ 301,655	\$ 255,032	\$ 204,559
Net income attributable to CB&I per share-basic	\$ 0.93	\$ 0.83	\$ 0.75	\$ 0.61	\$ 0.72	\$ 0.74	\$ 0.63	\$ 0.51	\$ 3.12	\$ 2.60	\$ 2.08
Net income attributable to CB&I per share-diluted	\$ 0.91	\$ 0.82	\$ 0.74	\$ 0.60	\$ 0.70	\$ 0.72	\$ 0.62	\$ 0.50	\$ 3.07	\$ 2.55	\$ 2.04

**Reconciliation of Income
Taxes at Netherlands'
Statutory Rate and Income
Tax Expense (Detail) (USD
\$)
In Thousands, unless
otherwise specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Reconciliation of Income Taxes at The Netherlands' Statutory Rate and Income Tax Expense</u>			
<u>Income tax expense at statutory rate (25.0% for 2012 and 2011 and 25.5% for 2010)</u>	\$ (111,016)	\$ (87,992)	\$ (74,340)
<u>U.S. state income taxes</u>	(3,659)	(5,252)	(5,688)
<u>Non-deductible meals and entertainment</u>	(2,750)	(2,088)	(1,967)
<u>Valuation allowance established</u>	(11,375)	(11,351)	(6,404)
<u>Valuation allowance utilized</u>	20,983	14,182	12,567
<u>Tax exempt interest, net</u>	2,973	2,765	3,530
<u>Statutory tax rate differential</u>	(7,717)	2,773	10,363
<u>Branch and withholding taxes (net of tax benefit)</u>	(16,940)	(14,873)	(23,166)
<u>Noncontrolling interests</u>	6,719	1,631	1,968
<u>Acquisition related costs</u>	(2,757)		
<u>Manufacturer's production exclusion/R&D credit</u>	1,451	39	1,781
<u>Contingent liability accrual</u>	2,205	5,053	4,028
<u>Other, net</u>	(5,120)	(1,652)	(2,638)
<u>Income tax expense</u>	\$ (127,003)	\$ (96,765)	\$ (79,966)
<u>Effective tax rate</u>	28.60%	27.50%	27.40%

Income Taxes (Detail) (USD \$) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Sources of Income Before Taxes</u>			
<u>U.S.</u>	\$ 126,438	\$ 115,693	\$ 74,342
<u>Non-U.S.</u>	317,628	236,270	217,187
<u>Income before taxes</u>	444,066	351,963	291,529
<u>Current income taxes</u>			
<u>U.S.-Federal</u>	(28,327)	[1] (12,411)	[1] (13,651) [1]
<u>U.S.-State</u>	(5,532)	(3,255)	(5,799)
<u>Non-U.S.</u>	(51,645)	(67,903)	(60,533)
<u>Total current income taxes</u>	(85,504)	(83,569)	(79,983)
<u>Deferred income taxes</u>			
<u>U.S.-Federal</u>	(22,634)	(19,667)	893
<u>U.S.-State</u>	(953)	(4,276)	(1,532)
<u>Non-U.S.</u>	(17,912)	10,747	656
<u>Total deferred income taxes</u>	(41,499)	(13,196)	17
<u>Total income tax expense</u>	\$ (127,003)	\$ (96,765)	\$ (79,966)

[1] Tax benefits of \$17,963, \$14,618 and \$6,326 associated with share-based compensation were recorded in additional paid-in capital in 2012, 2011 and 2010, respectively.

Document and Entity Information (USD \$)	12 Months Ended		Feb. 13, 2013	Jun. 30, 2012
	Dec. 31, 2012			
Document Information [Line Items]				
Document Type	10-K			
Amendment Flag	false			
Document Period End Date	Dec. 31, 2012			
Document Fiscal Year Focus	2012			
Document Fiscal Period Focus	FY			
Trading Symbol	CBI			
Entity Registrant Name	CHICAGO BRIDGE & IRON CO N V			
Entity Central Index Key	0001027884			
Current Fiscal Year End Date	--12-31			
Entity Well-known Seasoned Issuer	Yes			
Entity Current Reporting Status	Yes			
Entity Voluntary Filers	No			
Entity Filer Category	Large Accelerated Filer			
Entity Common Stock, Shares Outstanding			105,808,960	
Entity Public Float				\$ 3,669,123,217

Debt

12 Months Ended Dec. 31, 2012

[Debt](#)

9. DEBT

Our outstanding debt at December 31, 2012 and 2011 was as follows:

	December 31,	
	2012	2011
Current		
Current maturity of long-term debt	\$—	\$40,000
Current debt	<u>\$—</u>	<u>\$40,000</u>
Long-Term		
Revolving Facility: \$1,100,000 four-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	\$—	\$—
Revolving Facility: \$650,000 five-year revolver (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)	—	—
LC Agreement: \$125,000 letter of credit and term loan agreement (term loan interest at LIBOR plus 1.75%)	—	—
Term Loan: \$200,000 term loan (interest at LIBOR plus an applicable floating margin)	—	40,000
Term Loan: \$1,000,000 term loan (interest at LIBOR plus an applicable floating margin)	—	—
Senior Notes, Series A-D: \$800,000 senior notes (fixed interest ranging from 4.15% to 5.30%)	800,000	—
Less: current maturity of long-term debt	<u>—</u>	<u>(40,000)</u>
Long-term debt	<u>\$800,000</u>	<u>\$—</u>

Revolving Facilities—We have a four-year, \$1,100,000, committed and unsecured revolving credit facility (the “Revolving Facility”) with JPMorgan Chase Bank, N.A. (“JPMorgan”), as administrative agent, and Bank of America, N.A. (“BofA”), as syndication agent, which expires in July 2014. The Revolving Facility was amended effective December 21, 2012 to allow for the Shaw Acquisition and related financing as further described below. The Revolving Facility, as amended, has a borrowing sublimit of \$550,000 and certain financial covenants, including a temporary maximum leverage ratio of 3.25 beginning at the Acquisition Closing Date, with such maximum declining to its previous level of 2.50 within six quarters of the Acquisition Closing Date, a minimum fixed charge coverage ratio of 1.75 and a minimum net worth level calculated as \$1,010,619 at December 31, 2012. The Revolving Facility also includes customary restrictions regarding subsidiary indebtedness, sales of assets, liens, investments, type of business conducted, and mergers and acquisitions, as well as a trailing twelve-month limitation of \$300,000 for dividend payments and share repurchases (subject to certain financial covenants), among other restrictions. In addition to interest on debt borrowings, we are assessed quarterly commitment fees on the unutilized portion of the facility as well as letter of credit fees on outstanding instruments. The interest, letter of credit fee, and commitment fee percentages are based upon our quarterly leverage ratio. In the event that we were to borrow funds under the facility, interest would be assessed at either prime plus an applicable floating margin or LIBOR plus an applicable floating margin. At December 31, 2012, we had issued \$264,836 of letters of credit under the

Revolving Facility, providing \$835,164 of available capacity under this facility. Such letters of credit are generally issued to customers in the ordinary course of business to support advance payments and performance guarantees, in lieu of retention on our contracts, or in certain cases, are issued in support of our insurance program.

On December 21, 2012, we also entered into a five-year, \$650,000, committed and unsecured revolving credit facility (the “Second Revolving Facility”) with BofA, as administrative agent, and Credit Agricole Corporate and Investment Bank (“Credit Agricole”), as syndication agent, which expires in February 2018. The Second Revolving Facility has a \$487,500 borrowing sublimit and financial and restrictive covenants similar to those noted above for the Revolving Facility. In addition to interest on debt borrowings, we are assessed quarterly commitment fees on the unutilized portion of the facility as well as letter of credit fees on outstanding instruments. The interest, letter of credit fee, and commitment fee percentages are based upon our quarterly leverage ratio. In the event that we were to borrow funds under the facility, interest would be assessed at either prime plus an applicable floating margin or LIBOR plus an applicable floating margin. The Second Revolving Facility will supplement our Revolving Facility and was used to replace \$186,842 of Shaw’s existing credit facilities on the Acquisition Closing Date. However, at December 31, 2012, we had issued no borrowings or outstanding letters of credit under the Second Revolving Facility, as none were permitted until the Acquisition Closing Date.

LC Agreement—In addition to our revolving facilities, at December 31, 2012, we had a \$125,000 committed and unsecured letter of credit and term loan agreement (the “LC Agreement”) with BofA, as administrative agent, JPMorgan, and various private placement note investors, which was terminated on February 12, 2013. At December 31, 2012, the LC Agreement was fully utilized; however, the letters of credit under the LC Agreement were replaced with capacity under our Revolving Facility upon termination of the LC Agreement. The LC Agreement had financial and restrictive covenants similar to those noted above for the Revolving Facility.

Term Loans—At December 31, 2011, we had \$40,000 remaining under our \$200,000 Term Loan with JPMorgan, as administrative agent, and BofA, as syndication agent. Interest under the Term Loan was paid quarterly in arrears and, at our election, was based upon LIBOR plus an applicable floating margin. However, we had an interest rate swap that provided for an interest rate of approximately 5.57%, inclusive of the applicable floating margin. The remaining Term Loan balance was repaid in November 2012.

On December 21, 2012, we entered into a four-year, \$1,000,000 unsecured term loan (the “Acquisition Term Loan”) with BofA as administrative agent, to fund a portion of the Shaw Acquisition; however, borrowings were not allowed or made until the Acquisition Closing Date, at which time the \$1,000,000 was funded. Interest and principal under the Acquisition Term Loan will be paid quarterly in arrears and, at our election, bears interest at LIBOR plus an applicable floating margin. Annual future maturities for the Acquisition Term Loan are \$75,000, \$100,000, \$100,000, \$150,000 and \$575,000 in 2013, 2014, 2015, 2016 and 2017 respectively. The Acquisition Term Loan has financial and restrictive covenants similar to those noted above for the Revolving Facility.

Senior Notes—On December 28, 2012, we issued a series of Senior Notes totaling \$800,000 in the aggregate, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Credit Agricole, as administrative agents, to fund a portion of the Shaw Acquisition. The Senior Notes were funded into an escrow account on December 28, 2012, and were restricted from use until the

Acquisition Closing Date. Accordingly, the escrowed funds were recorded as restricted cash, and the Senior Notes were recorded as long-term debt, on our Balance Sheet at December 31, 2012. The Senior Notes have financial and restrictive covenants similar to those noted above for the Revolving Facility and include Series A through D, which contain the following terms:

- Series A—Interest due semi-annually at a fixed rate of 4.15%, with principal of \$150,000 due in December 2017
- Series B—Interest due semi-annually at a fixed rate of 4.57%, with principal of \$225,000 due in December 2019
- Series C—Interest due semi-annually at a fixed rate of 5.15%, with principal of \$275,000 due in December 2022
- Series D—Interest due semi-annually at a fixed rate of 5.30%, with principal of \$150,000 due in December 2024

Shaw Acquisition Commitment Letter—To ensure sufficient financing for the Shaw Acquisition, on July 30, 2012, we entered into a commitment letter (the “Commitment Letter”) with BofA and Credit Agricole (collectively, the “Commitment Parties”), pursuant to which the Commitment Parties committed to provide new senior credit facilities. At December 31, 2012, the aggregate principal amount of the committed senior credit facilities totaled \$750,000. As discussed above, permanent financing consisting of our Acquisition Term Loan and Senior Notes was used to fund a portion of the Shaw Acquisition, replacing the Commitment Letter on the Acquisition Closing Date.

Uncommitted Facilities—We also have various short-term, uncommitted revolving credit facilities (the “Uncommitted Facilities”) across several geographic regions of approximately \$1,691,431. These facilities are generally used to provide letters of credit or bank guarantees to customers to support advance payments and performance guarantees in the ordinary course of business or in lieu of retention on our contracts. At December 31, 2012, we had issued \$691,132 under the Uncommitted Facilities, providing \$1,000,299 of available capacity under these facilities. Additionally, in conjunction with the Shaw Acquisition, the Uncommitted Facilities were used to replace \$99,588 million of Shaw’s existing credit facilities on the Acquisition Closing Date. In addition to providing letters of credit or bank guarantees, we also issue surety bonds in the ordinary course of business to support our contract performance.

Compliance and Other—During 2012, we had no material borrowings under the Revolving Facility, the Second Revolving Facility, the LC Agreement or the Uncommitted Facilities. As of December 31, 2012, we were in compliance with all of our restrictive and financial covenants. Capitalized interest was insignificant in 2012, 2011 and 2010.

**Additional Information
Regarding Significant Multi-
Employer Pension Plans
(Parenthetical) (Detail)
(Minimum)**

12 Months Ended

Dec. 31, 2011 Dec. 31, 2010

Boilermakers' National Pension Plan (Canada)

[**Multi Employer Pension Plans \[Line Items\]**](#)

Percentage of company contributions for pension plan of total plan contributions	5.00%	5.00%
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Alberta Ironworkers Pension Fund (Canada)

[**Multi Employer Pension Plans \[Line Items\]**](#)

Percentage of company contributions for pension plan of total plan contributions	5.00%	
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Restricted Share Activity (Detail) (USD \$)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Nonvested Restricted Stock			
<u>Shares</u>			
<u>Balance at beginning of year</u>	1,562,688		
<u>Granted</u>	354,258		
<u>Vested</u>	(699,491)		
<u>Forfeited</u>	(22,940)		
<u>Balance at end of year</u>	1,194,515		
<u>Weighted-Average Grant-Date Fair Value per Share</u>			
<u>Balance at beginning of year</u>	\$ 21.54		
<u>Granted</u>	\$ 44.20		
<u>Vested</u>	\$ 20.57		
<u>Forfeited</u>	\$ 29.88		
<u>Balance at end of year</u>	\$ 28.67		
Directors Shares Subject to Restrictions			
<u>Shares</u>			
<u>Balance at beginning of year</u>	22,302		
<u>Granted</u>	26,976	22,302	41,566
<u>Vested</u>	(22,302)		
<u>Balance at end of year</u>	26,976	22,302	
<u>Weighted-Average Grant-Date Fair Value per Share</u>			
<u>Balance at beginning of year</u>	\$ 39.23		
<u>Granted</u>	\$ 44.48		
<u>Vested</u>	\$ 39.23		
<u>Balance at end of year</u>	\$ 44.48	\$ 39.23	

**CONSOLIDATED
STATEMENTS OF
COMPREHENSIVE
INCOME (Parenthetical)
(USD \$)**

**In Thousands, unless
otherwise specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Change in cumulative translation adjustment, Net</u>	\$ (3,322)	\$ 2,929	\$ 10,861
<u>Change in unrealized fair value of cash flow hedges, tax</u>	(442)	(791)	(1,006)
<u>Change in unrecognized prior service pension (credits) costs, tax</u>	140	(1,176)	(41)
<u>Change in unrecognized actuarial pension (gains) losses, tax</u>	13,377	2,603	8,116
<u>Net income attributable to noncontrolling interests, tax</u>	400	(466)	741
<u>Change in cumulative translation adjustment attributable to noncontrolling interests, tax</u>	\$ 0	\$ 0	\$ 0

Earnings per Share

**12 Months Ended
Dec. 31, 2012**

Earnings per Share

3. EARNINGS PER SHARE

A reconciliation of weighted average basic shares outstanding to weighted average diluted shares outstanding and the computation of basic and diluted EPS are as follows:

	Years Ended December 31,		
	2012	2011	2010
Net income attributable to CB&I	\$301,655	\$255,032	\$204,559
Weighted average shares outstanding—basic	96,632,700	98,021,950	98,300,175
Effect of restricted shares/ performance shares/stock options (1)	1,528,067	2,115,345	2,090,009
Effect of directors' deferred-fee shares (1)	70,057	67,516	68,497
Weighted average shares outstanding—diluted	<u>98,230,824</u>	<u>100,204,811</u>	<u>100,458,681</u>
Net income attributable to CB&I per share:			
Basic	\$3.12	\$2.60	\$2.08
Diluted	\$3.07	\$2.55	\$2.04
(1) Antidilutive shares excluded from diluted EPS	165,420	170,384	429,308

Significant Accounting Policies

12 Months Ended
Dec. 31, 2012

Significant Accounting Policies

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation—These Consolidated Financial Statements (“Financial Statements”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all wholly-owned subsidiaries and those entities which we are required to consolidate in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Consolidations Topic 810 (“FASB ASC 810”). See the “Joint Venture Arrangements” section of this footnote for further discussion of our consolidation policy for those entities that are not wholly-owned. Significant intercompany balances and transactions are eliminated in consolidation. Certain December 31, 2011 income tax payable, income tax receivable and deferred tax asset and liability balances have been reclassified to conform to our December 31, 2012 presentation.

Use of Estimates—The preparation of our Financial Statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We believe the most significant estimates and judgments are associated with revenue recognition on engineering and construction and technology contracts; recoverability assessments that must be periodically performed with respect to goodwill and other intangible asset balances; valuation of financial instruments and deferred tax assets; and the determination of liabilities related to self-insurance programs and income taxes. If the underlying estimates and assumptions upon which our Financial Statements are based change in the future, actual amounts may differ from those included in the accompanying Financial Statements.

Revenue Recognition—Our contracts are awarded on a competitive bid and negotiated basis. We offer our customers a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. Our contract revenue is primarily recognized using the percentage of completion (“POC”) method, based on the percentage that actual costs-to-date bear to total estimated costs to complete each contract. We follow the guidance of FASB ASC Revenue Recognition Topic 605-35 for accounting policies relating to our use of the POC method, estimating costs, and revenue recognition, including the recognition of profit incentives, unapproved change orders and claims, and combining and segmenting contracts. We utilize the cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. Under the cost-to-cost approach, the use of estimated costs to complete each contract is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts in progress. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for approved change orders and estimated recoveries on unapproved change orders and claims. We recognize revenue associated with unapproved change orders and claims to the extent that related costs have been incurred,

recovery is probable and the value can be reliably estimated. Profit incentives are generally included in the determination of contract revenue upon achievement of the relevant performance requirements and customer approval. At December 31, 2012 and 2011, we had unapproved change orders and claims of approximately \$47,100 and \$27,000, respectively, factored into the determination of revenue and estimated costs for a project in our Project Engineering and Construction sector, but had no material profit incentives factored into the determination of revenue. Our recorded unapproved change orders and claims reflect our best estimate of recovery amounts; however, the ultimate resolution and amounts received could differ from these estimates.

The timing of our revenue recognition may be impacted by the contracting structure of our contracts. Fixed-price contracts, and hybrid contracts with a more significant fixed-price component, tend to provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Cost-reimbursable contracts, or hybrid contracts with a more significant cost-reimbursable component, generally provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of revenue recognition.

With respect to our EPC services, our contracts are generally not segmented between types of services, such as engineering and construction, if each of the EPC components is negotiated concurrently or if the pricing of any such services is subject to the ultimate negotiation and agreement of the entire EPC contract. If an EPC contract includes both technology and EPC services, such contract is segmented between technology and the EPC services when the technology scope is independently negotiated and priced. In some instances, we may combine contracts that are entered into in multiple phases, but are interdependent and include pricing considerations by us and the customer that are impacted by all phases of the project. Otherwise, if each phase is independent of the other and pricing considerations do not give effect to another phase, the contracts will not be combined.

Cost of revenue includes direct contract costs, such as materials and labor, and indirect costs that are attributable to contract activity. The timing of when we bill our customers is generally dependent upon advance billing terms or completion of certain phases of the work. Cumulative costs and estimated earnings recognized to date in excess of cumulative billings is reported on the Consolidated Balance Sheets ("Balance Sheets") as costs and estimated earnings in excess of billings. Cumulative billings in excess of cumulative costs and estimated earnings recognized to date is reported on the Balance Sheets as billings in excess of costs and estimated earnings. Any uncollected billed revenue, including contract retentions, is reported as accounts receivable. At December 31, 2012 and 2011, accounts receivable included contract retentions of approximately \$37,200 and \$23,700, respectively. Contract retentions due beyond one year were not significant at December 31, 2012 or 2011.

Our billed and unbilled revenue may be exposed to potential credit risk if our customers should encounter financial difficulties, and we maintain reserves for specifically identified potential uncollectible receivables. At December 31, 2012 and 2011, allowances for doubtful accounts were approximately \$1,300 and \$1,800, respectively.

Precontract Costs—Precontract costs are generally charged to cost of revenue as incurred, but, in certain cases, their recognition may be deferred if specific probability criteria are met. We had no significant deferred precontract costs at December 31, 2012 or 2011.

Research and Development—Expenditures for research and development activities are charged to cost of revenue as incurred and were \$27,606 in 2012, \$27,548 in 2011 and \$18,634 in 2010.

Other Operating Expense (Income), Net—Other operating expense (income), net, generally represents losses (gains) on the sale of property and equipment. However, 2012 included transaction costs of approximately \$11,000 associated with our acquisition of The Shaw Group, Inc. (“Shaw”), as further described in Note 4.

Depreciation Expense—Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, including buildings and improvements (10 to 40 years) and plant and field equipment (1 to 15 years). Renewals and betterments that substantially extend the useful life of an asset are capitalized and depreciated. Leasehold improvements are depreciated over the lesser of the useful life of the asset or the applicable lease term. Depreciation expense is primarily included within cost of revenue and was \$43,808 in 2012, \$43,882 in 2011 and \$49,195 in 2010. See Note 7 for disclosure of the components of property and equipment.

Impairment of Long-Lived Assets—Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of the beginning of that year’s fourth quarter. As part of our annual impairment assessment, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units. If, based on future qualitative assessments, the two-phase quantitative assessment is deemed necessary, the first phase would screen for impairment, while the second phase, if necessary, would measure impairment. If required, the implied fair value of a reporting unit would be derived by estimating the units discounted future cash flows.

Finite-lived identifiable intangible assets are amortized on a straight-line basis over estimated useful lives ranging from 6 to 20 years, absent any indicators of impairment. We review tangible assets and finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, the estimated future cash flow associated with the asset or asset group will be compared to the carrying amount to determine if impairment exists. We noted no indicators of impairment in 2012 or 2011. See Note 5 for additional discussion of our goodwill impairment assessment and intangible asset amortization.

Earnings Per Share (“EPS”)—Basic EPS is calculated by dividing net income attributable to CB&I by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the assumed conversion of dilutive securities, consisting of restricted shares, performance shares (where performance criteria have been met), employee stock options and directors’ deferred-fee shares. See Note 3 for calculations associated with basic and diluted EPS.

Cash Equivalents—Cash equivalents are considered to be all highly liquid securities with original maturities of three months or less.

Foreign Currency—The nature of our business activities involves the management of various financial and market risks, including those related to changes in foreign currency exchange rates. The effects of translating financial statements of foreign operations into our reporting currency are recognized as a cumulative translation adjustment in accumulated other comprehensive income (loss) (“AOCI”). This balance is net of tax, where applicable. Foreign currency exchange gains (losses) are included within cost of revenue and were immaterial in 2012, 2011 and 2010.

Financial Instruments—We utilize derivative instruments in certain circumstances to mitigate the effects of changes in foreign currency exchange rates and interest rates, as described below:

- *Foreign Currency Exchange Rate Derivatives*—We do not engage in currency speculation; however, we do utilize foreign currency exchange rate derivatives on an on-going basis to hedge against certain foreign currency-related operating exposures. We generally seek hedge accounting treatment for contracts used to hedge operating exposures and designate them as cash flow hedges. Therefore, gains and losses exclusive of credit risk and forward points (which represent the time-value component of the fair value of our derivative positions), are included in AOCI until the associated underlying operating exposure impacts our earnings. Changes in the fair value of credit risk and forward points, instruments deemed ineffective during the period and instruments that we do not designate as cash flow hedges are recognized within cost of revenue.
- *Interest Rate Derivatives*—During 2012, our interest rate derivatives were limited to a swap arrangement in place to hedge against interest rate variability associated with our unsecured term loan (the “Term Loan”). The swap arrangement was designated as a cash flow hedge, as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40,000. Accordingly, changes in the fair value of the swap arrangement were included in AOCI until the associated underlying exposure impacted our earnings.

For those contracts designated as cash flow hedges, we document all relationships between the derivative instruments and associated hedged items, as well as our risk-management objectives and strategy for undertaking hedge transactions. This process includes linking all derivatives to specific firm commitments or highly-probable forecasted transactions. We continually assess, at inception and on an on-going basis, the effectiveness of derivative instruments in offsetting changes in the cash flow of the designated hedged items. Hedge accounting designation is discontinued when (1) it is determined that the derivative is no longer highly effective in offsetting changes in the cash flow of the hedged item, including firm commitments or forecasted transactions, (2) the derivative is sold, terminated, exercised, or expires, (3) it is no longer probable that the forecasted transaction will occur, or (4) we determine that designating the derivative as a hedging instrument is no longer appropriate. See Note 10 for additional discussion of our financial instruments.

Income Taxes—Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis using currently enacted income tax rates for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets if, based upon the available evidence, it is more

likely than not that some or all of the deferred tax assets will not be realized. The final realization of deferred tax assets depends upon our ability to generate sufficient future taxable income of the appropriate character and in the appropriate jurisdictions. We continually review our facts and circumstances and as further information is known or events occur, changes in our deferred tax assets may be recorded.

We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not that additional tax will be due in excess of amounts reflected in income tax returns filed worldwide. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within income tax expense and interest expense, respectively.

Joint Venture Arrangements—In the ordinary course of business, we execute specific projects and conduct certain operations through joint venture arrangements. We have various ownership interests in the joint ventures, with such ownership typically being proportionate to our decision-making and distribution rights. The joint ventures generally contract directly with the third party customer; however, services may be performed directly by the joint venture, or may be performed by us or our joint venture partners, or a combination thereof.

Joint venture net assets consist primarily of cash and working capital, and assets may be restricted from being used to fund obligations outside of the joint venture. These joint ventures typically do not have third-party debt; however, they may provide for capital calls to fund operations or require the joint venture partners to provide additional financial support, including advance payment or retention letters of credit.

Each joint venture is assessed at inception and on an ongoing basis as to whether it qualifies as a variable interest entity (“VIE”) under the consolidations guidance in FASB ASC 810. Joint ventures generally qualify as a VIE when they (1) meet the definition of a legal entity, (2) absorb the operational risk of the projects being executed, creating a variable interest, and (3) lack sufficient capital investment from the partners, potentially resulting in the joint venture requiring additional subordinated financial support, if necessary, to finance its future activities.

If at any time a joint venture qualifies as a VIE, we are required to perform a qualitative assessment to determine whether we are the primary beneficiary of the VIE and therefore, need to consolidate the VIE. We are the primary beneficiary if we have (1) the power to direct the economically significant activities of the VIE and (2) the right to receive benefits from, and obligation to absorb losses of, the VIE. If the joint venture is a VIE and we are the primary beneficiary, or we otherwise have the ability to control the joint venture, we consolidate the joint venture. If we are not determined to be the primary beneficiary of the VIE, or only have the ability to significantly influence, rather than control, the joint venture, we do not consolidate the joint venture. We account for unconsolidated joint ventures using the equity method or proportionate consolidation. At December 31, 2012 and 2011, we had no material proportionately consolidated joint ventures. See Note 6 for additional discussion of our material joint venture arrangements.

New Accounting Standards—There are no recently issued accounting standards that we believe will have a material impact on our financial position, results of operations or cash flow.

Stock Plans

**12 Months Ended
Dec. 31, 2012**

Stock Plans

14. STOCK PLANS

General—Under our employee stock purchase plan (“ESPP”), employees may make quarterly purchases of shares at a discount through regular payroll deductions for up to 8% of their compensation. The shares are purchased at 85% of the closing price per share on the first trading day following the end of the calendar quarter. Compensation expense related to our ESPP, representing the difference between the fair value on the date of purchase and the price paid, was \$1,474, \$1,329 and \$1,356 for 2012, 2011 and 2010, respectively. At December 31, 2012, 1,300,753 authorized shares remained available for purchase under the ESPP.

Under our Long-Term Incentive Plan (the “Incentive Plan”), we can issue shares to employees and directors in the form of stock options, restricted shares or performance shares. This plan is administered by the Organization and Compensation Committee of our Board of Supervisory Directors, which selects those employees eligible to receive awards and determines the number of shares or options subject to each award, as well as the terms, conditions, performance measures, and other provisions of the award. Compensation expense related to our Incentive Plan was \$39,526, \$33,969 and \$29,930 for 2012, 2011 and 2010, respectively. At December 31, 2012, 5,103,859 authorized shares remained available under the Incentive Plan for future stock option, restricted share or performance share grants.

Total stock-based compensation expense for our ESPP and the Incentive Plan was \$41,000, \$35,298 and \$31,286 during 2012, 2011 and 2010, respectively. At December 31, 2012, there was \$35,810 of unrecognized compensation cost related to share-based grants, which is expected to be recognized over a weighted-average period of 1.5 years.

We receive a tax deduction during the period in which certain options are exercised, generally for the difference in the option exercise price and the price of the shares at the date of exercise (“intrinsic value”). Additionally, we receive a tax deduction upon the vesting of restricted shares and performance shares for the price of the shares at the date of vesting. The total recognized tax benefit based on our compensation expense was \$13,309, \$11,331 and \$10,196 for 2012, 2011 and 2010, respectively. The amount of tax deductions in excess of accumulated tax benefits recognized is reflected as a financing cash flow.

Stock Options—Stock options are generally granted at the market value on the date of grant and expire after 10 years. Options granted to employees typically vest over a period ranging from three to seven years. Total initial fair value for these awards was determined based upon the calculated Black-Scholes fair value of each stock option at the date of grant applied to the total number of options that were anticipated to fully vest. This fair value is recognized as compensation expense on a straight-line basis over the estimated vesting period, subject to retirement eligibility expense acceleration, where applicable. There were no stock options granted during 2012. The weighted-average fair value per share of options granted during 2011 and 2010 was \$20.53 and \$14.16, respectively. The aggregate intrinsic value of options exercised during 2012, 2011 and 2010 was \$9,551, \$13,789 and \$8,692, respectively. From the exercise of stock options in 2012, we received net cash proceeds of \$3,180 and realized an actual income tax benefit of \$2,892.

The following table represents stock option activity for 2012:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding options at beginning of year	1,267,160	\$ 17.72		
Granted	—	\$ —		
Exercised	(297,697)	\$ 10.68		
Forfeited / Expired	(1,926)	\$ 30.84		
Outstanding options at end of year (1)	967,537	\$ 19.86	5.2	\$25,686
Exercisable options at end of year	756,825	\$ 17.42	5.0	\$21,935

- (1) We estimate that 952,131 of these options will ultimately vest. These options have a weighted-average exercise price per share of \$19.71, a weighted-average remaining contractual life of 5.2 years and a current aggregate intrinsic value of \$25,412.

Using the Black-Scholes option-pricing model, the fair value of each option granted during 2011 and 2010 was estimated on the grant date based upon the following weighted-average assumptions:

	2011	2010
Risk-free interest rate	2.85 %	3.24 %
Expected dividend yield	0.59 %	0.00 %
Expected volatility	69.65%	68.71%
Expected life in years	6	6

The risk-free interest rate was based on the U.S. Treasury yield curve on the grant date, expected dividend yield was based on dividend levels at the grant date, expected volatility was based on the historical volatility of our stock, and the expected life of options granted represents the period of time that they are expected to be outstanding. We also use historical information to estimate option exercises and forfeitures.

Restricted Shares—Our Incentive Plan allows for the issuance of restricted share awards that may not be sold or otherwise transferred until certain restrictions have lapsed, which is generally over a four-year graded vesting period. Total initial fair value for our restricted share awards was determined based upon the market price of our stock at the date of grant applied to the total number of shares that we anticipate will fully vest. This fair value is recognized as compensation expense on a straight-line basis over the vesting period, subject to retirement eligibility expense acceleration, where applicable. Restricted shares granted to directors vest, and are recognized as compensation expense, over one year.

The following table presents restricted share activity for 2012:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Nonvested restricted shares		
Balance at beginning of year	1,562,688	\$ 21.54
Granted	354,258	\$ 44.20
Vested	(699,491)	\$ 20.57
Forfeited	(22,940)	\$ 29.88
Balance at end of year	<u>1,194,515</u>	\$ 28.67
Directors' shares subject to restrictions		
Balance at beginning of year	22,302	\$ 39.23
Granted	26,976	\$ 44.48
Vested	(22,302)	\$ 39.23
Balance at end of year	<u>26,976</u>	\$ 44.48

During 2011, 465,821 restricted shares (including 22,302 directors' shares subject to restrictions) were granted with a weighted-average grant-date fair value per share of \$36.10. During 2010, 620,299 restricted shares (including 41,566 directors' shares subject to restrictions) were granted with a weighted-average grant-date fair value per share of \$22.04. The total fair value of restricted shares that vested during 2012, 2011, and 2010 was \$32,212, \$25,208 and \$17,568, respectively.

Performance Shares—Our Incentive Plan allows for the issuance of performance share awards that are subject to achievement of specific Company performance goals and generally vest over three years. Total initial fair value for these awards is determined based upon the market price of our stock at the date of grant applied to the total number of shares that we anticipate will fully vest. This fair value is expensed ratably over the vesting term, subject to retirement eligibility expense acceleration, where applicable. As a result of performance conditions being met during 2012, we recognized \$20,503 of compensation expense. During 2012, 300,813 performance shares were granted with a weighted-average grant-date fair value per share of \$44.42. During 2011, 286,140 performance shares were granted with a weighted-average grant-date fair value per share of \$36.15. During 2010, 447,069 performance shares were granted with a weighted-average grant-date fair value per share of \$22.10. During 2012, we distributed 1,193,874 performance shares upon vesting and achievement of certain performance goals. The total fair value of performance shares that vested during 2012 was \$53,032.

10. FINANCIAL INSTRUMENTS***Foreign Currency Exchange Rate Derivatives***

Operating Exposures—At December 31, 2012, the notional value of our outstanding forward contracts to hedge certain foreign exchange-related operating exposures was approximately \$125,400. These contracts vary in duration, maturing up to three years from period-end. We designate certain of these hedges as cash flow hedges and accordingly, changes in their fair value are recognized in AOCI until the associated underlying operating exposure impacts our earnings. We exclude forward points, which are recognized as ineffectiveness within cost of revenue and are not material to our earnings, from our hedge assessment analysis.

Interest Rate Derivatives

Interest Rate Exposures—During 2012, we continued to utilize a swap arrangement to hedge against interest rate variability associated with our Term Loan. The swap arrangement was designated as a cash flow hedge as its critical terms matched those of the Term Loan at inception and through November 2012, when we paid the remaining Term Loan balance of \$40,000. Accordingly, changes in the fair value of the hedge were recognized in AOCI until the associated underlying exposure impacted our earnings.

Financial Instruments Disclosures

Financial instruments are required to be categorized within a valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. The three levels of the valuation hierarchy are as follows:

- *Level 1*—Fair value is based upon quoted prices in active markets. Our cash and cash equivalents and restricted cash are classified within Level 1 of the valuation hierarchy as they are valued at cost, which approximates fair value.
- *Level 2*—Fair value is based upon internally-developed models that use, as their basis, readily observable market parameters. Our derivative positions are classified within Level 2 of the valuation hierarchy as they are valued using quoted market prices for similar assets and liabilities in active markets. These level 2 derivatives are valued utilizing an income approach, which discounts future cash flow based upon current market expectations and adjusts for credit risk.
- *Level 3*—Fair value is based upon internally-developed models that use, as their basis, significant unobservable market parameters. We did not have any Level 3 classifications at December 31, 2012 or 2011.

The following table presents the fair value of our cash and cash equivalents, restricted cash, foreign currency exchange rate derivatives and interest rate derivatives at December 31, 2012 and 2011, respectively, by valuation hierarchy and balance sheet classification:

	December 31, 2012				December 31, 2011			
	Level 2				Level 2			
	Level 1	(1)	Level 3	Total	Level 1	(1)	Level 3	Total
Assets								
Cash and cash equivalents	\$643,395	\$—	\$—	\$643,395	\$671,811	\$—	\$—	\$671,811
Restricted cash	800,000	—	—	800,000	—	—	—	—

Other current assets	—	1,731	—	1,731	—	2,983	—	2,983
Other non-current assets	—	5	—	5	—	51	—	51
Total assets at fair value	<u>\$1,443,395</u>	<u>\$1,736</u>	<u>\$—</u>	<u>\$1,445,131</u>	<u>\$671,811</u>	<u>\$3,034</u>	<u>\$—</u>	<u>\$674,845</u>
Liabilities								
Accrued liabilities	\$—	\$(5,072)	\$—	\$(5,072)	\$—	\$(4,414)	\$—	\$(4,414)
Other non-current liabilities	—	(497)	—	(497)	—	(433)	—	(433)
Total liabilities at fair value	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(5,569)</u>	<u>\$—</u>	<u>\$(4,847)</u>	<u>\$—</u>	<u>\$(4,847)</u>

⁽¹⁾ We are exposed to credit risk on our hedging instruments associated with potential counterparty non-performance, and the fair value of our derivatives reflects this credit risk. The total assets at fair value above represent the maximum loss that would be incurred on our outstanding hedges if the applicable counterparties failed to perform according to the hedge contracts. To help mitigate counterparty credit risk, we transact only with counterparties that are rated as investment grade or higher and monitor all such counterparties on a continuous basis.

The carrying values of our accounts receivable and accounts payable approximate their fair values because of the short-term nature of these instruments. At December 31, 2012, the fair value of our \$800,000 Senior Notes, which were issued and funded into an escrow account on December 28, 2012, approximated their carrying value. At December 31, 2011, the fair value of our Term Loan, based upon the current market rates for debt with similar credit risk and maturity, approximated its carrying value as interest was based upon LIBOR plus an applicable floating spread and was paid quarterly in arrears. As noted above, our remaining Term Loan balance was paid in November 2012.

Derivatives Disclosures

The following table presents the total fair value by underlying risk and balance sheet classification for derivatives designated as cash flow hedges and derivatives not designated as cash flow hedges at December 31, 2012 and 2011:

		Asset Derivatives		Liability Derivatives	
		Fair Value		Fair Value	
	Balance Sheet Classification	December 31, 2012	December 31, 2011	Balance Sheet Classification	December 31, 2012 December 31, 2011
Derivatives designated as cash flow hedges					
Interest rate	Other current and non-current assets	\$ —	\$ —	Accrued and other non-current liabilities	\$ — \$(1,274)
Foreign currency	Other current and non-	628	750	Accrued and other non-current liabilities	(862) (1,191)

current assets					
		\$ 628	\$ 750	\$ (862)	\$ (2,465)
Derivatives not designated as cash flow hedges					
Interest rate	Other current and non-current assets	\$ —	\$ —	Accrued and other non-current liabilities	\$ —
Foreign currency	Other current and non-current assets	1,108	2,284	Accrued and other non-current liabilities	(4,707)
		\$ 1,108	\$ 2,284		\$ (2,382)
Total fair value		\$ 1,736	\$ 3,034		\$ (5,569)
					\$ (4,847)

The following table presents the total value, by underlying risk, recognized in other comprehensive income (“OCI”) and reclassified from AOCI to interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) during 2012 and 2011 for derivatives designated as cash flow hedges:

	Amount of Gain (Loss) on Effective Derivative Portion			
	Recognized in OCI	Reclassified from AOCI into Earnings ⁽¹⁾		
	Years Ended December 31,			
	2012	2011	2012	2011
Derivatives designated as cash flow hedges				
Interest rate	\$—	\$(150)	\$(1,341)	\$(3,243)
Foreign currency	318	(444)	117	720
Total	\$318	\$(594)	\$(1,224)	\$(2,523)

- ⁽¹⁾ Unrealized gains of \$403 are anticipated to be reclassified from AOCI into earnings during the next 12 months due to settlement of the associated underlying obligations.

The following table presents the total value, by underlying risk, recognized in interest expense (interest rate derivatives) and cost of revenue (foreign currency derivatives) for 2012 and 2011 for derivatives not designated as cash flow hedges:

	Amount of Gain (Loss) Recognized in Earnings	
	Years Ended December 31,	
	2012	2011
Derivatives not designated as cash flow hedges		
Interest rate	\$—	\$—
Foreign currency	(6,985)	(3,919)

Total

\$ (6,985) \$ (3,919)

**Shareholder's Equity -
Additional Information
(Detail)**

Dec. 31, 2012

Equity, Class of Treasury Stock [Line Items]

Treasury stock restrictions, percentage of issued share capital, maximum 10.00%

6. JOINT VENTURE ARRANGEMENTS

As discussed in Note 2, we account for our unconsolidated joint ventures primarily using the equity method of accounting. Further, we consolidate any joint venture that is determined to be a VIE for which we are the primary beneficiary, or which we otherwise effectively control.

Unconsolidated Joint Ventures—The following is a summary description of our material unconsolidated joint ventures, which have been accounted for using the equity method:

- *Chevron-Lummus Global*—We have a 50% equity interest in Chevron-Lummus Global (“CLG”), which provides licenses, basic engineering services and catalyst supply for deep conversion (e.g. hydrocracking), residual hydroprocessing and lubes processing. The business primarily focuses on converting/upgrading heavy/sour crude that is produced in the refinery process to more marketable products. As sufficient capital investments in CLG have been made by the joint venture partners, it does not qualify as a VIE. Additionally, we do not effectively control CLG and therefore do not consolidate the joint venture.
- *CDTECH*—As discussed in Note 4, on December 31, 2010, we acquired the remaining 50% equity interest in CDTECH, and accordingly, we consolidated the entity as of that date. Our 2012 and 2011 Statements of Operations include the results of operations of CDTECH and our Balance Sheets at December 31, 2012 and 2011 include the assets acquired and liabilities assumed in the acquisition.

We have no other material unconsolidated joint ventures. Dividends received from equity method joint ventures were \$20,286, \$9,605 and \$26,853 during 2012, 2011 and 2010, respectively.

Consolidated Joint Ventures—The following is a summary description of the material joint ventures we consolidate due to their designation as VIEs for which we are the primary beneficiary:

- *CBI Kentz Joint Venture*—In 2011, a joint venture between CB&I (65%) and Kentz (35%) was formed to perform the structural, mechanical, piping, electrical and instrumentation work on, and to provide commissioning support for, three Liquefied Natural Gas (“LNG”) trains, including associated utilities and a domestic gas processing and compression plant for the Gorgon LNG project, located on Barrow Island, Australia. The contract value is approximately \$3.4 billion.
- *CBI Clough Joint Venture*—In 2009, a joint venture between CB&I (65%) and Clough (35%) was formed to perform the EPC work for a gas conditioning plant, nearby wellheads, and associated piping and infrastructure for the Papua New Guinea LNG project, located in the Southern Highlands of Papua New Guinea. The contract value is approximately \$2.1 billion.

The following table presents summarized balance sheet information for the aforementioned VIEs:

December 31,

	2012	2011
CBI Kentz Joint Venture		
Current assets	\$82,421	\$26,415
Current liabilities	\$39,276	\$17,417
CBI Clough Joint Venture		
Current assets	\$145,666	\$81,773
Current liabilities	\$79,523	\$22,498

The use of these joint venture arrangements exposes us to a number of risks, including the risk that our partners may be unable or unwilling to provide their share of capital investment to fund the operations of the joint venture or to complete their obligations to us, the joint venture, or ultimately, our customer. This could result in unanticipated costs to achieve contractual performance requirements, liquidated damages or contract disputes, including claims against our partners.

Outstanding Debt (Detail)
(USD \$)
In Thousands, unless
otherwise specified

	Dec. 31, 2012	Dec. 28, 2012	Dec. 31, 2011
<u>Current</u>			
<u>Current maturity of long-term debt</u>			\$ 40,000
<u>Current debt</u>			40,000
<u>Long-Term</u>			
<u>Senior Notes, Series A-D: \$800,000 senior notes (fixed interest ranging from 4.15% to 5.30%)</u>	800,000	800,000	
<u>Less: current maturity of long-term debt</u>			(40,000)
<u>Long-term debt</u>	800,000		
Revolving Credit Facility | Revolving Credit Facility One			
<u>Long-Term</u>			
<u>Revolving Facility (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)</u>			
Revolving Credit Facility | Five-year revolver			
<u>Long-Term</u>			
<u>Revolving Facility (interest at prime plus an applicable floating margin or LIBOR plus an applicable floating margin)</u>			
LC Agreements			
<u>Long-Term</u>			
<u>\$125,000 letter of credit and term loan agreement (term loan interest at LIBOR plus 1.75%)</u>			
Term Loan | Term Loan One			
<u>Current</u>			
<u>Current maturity of long-term debt</u>			40,000
<u>Long-Term</u>			
<u>Term loan (interest at LIBOR plus an applicable floating margin)</u>			40,000
<u>Less: current maturity of long-term debt</u>			\$ (40,000)

4. ACQUISITIONS*Shaw*

On July 30, 2012, we entered into a definitive agreement (the “Acquisition Agreement”) to acquire Shaw (the “Shaw Acquisition”). On February 13, 2013 (the “Acquisition Closing Date”), we completed the Shaw Acquisition for a purchase price of approximately \$3,340,900, comprised of approximately \$2,851,200 in cash consideration and approximately \$489,700 in equity consideration. The cash consideration was funded using approximately \$1,051,200 from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using debt financing as further described in Note 9.

Pursuant to the Acquisition Agreement, at the Acquisition Closing Date, each issued and outstanding share of common stock, no par value, of Shaw (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or their respective subsidiaries) was cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in Euros equal to the par value of 0.12883 shares of CB&I common stock, which cash was not actually paid, but was instead converted automatically into 0.12883 shares of CB&I common stock (the “Acquisition Consideration”). Pursuant to the Acquisition Agreement, equity awards relating to shares of Shaw’s common stock were either cancelled and converted into the right to receive the Acquisition Consideration (or the cash value thereof) or were converted into comparable CB&I equity awards on generally the same terms and conditions as prior to the Acquisition Closing Date. On the Acquisition Closing Date, we issued approximately 8,900,000 shares of CB&I common stock and 1,400,000 CB&I equity awards in conjunction with the Acquisition.

Shaw is a global provider of technology, engineering, procurement, construction, maintenance, fabrication, manufacturing, consulting, remediation, and facilities management services to a diverse client base that includes regulated electric utilities, independent and merchant power producers, government agencies, multinational and national oil companies, and industrial corporations. Shaw provides services through four existing business sectors: Power; Plant Services; Environmental and Infrastructure; and Fabrication and Manufacturing. Combining CB&I and Shaw will create one of the most complete energy focused companies in the world.

In connection with the Shaw Acquisition, during 2012 we incurred approximately \$11,000 and \$7,200 of transaction costs and financing-related costs, respectively, which were recognized in other operating expense (income), net and interest expense, respectively. Also, on December 28, 2012, we issued a series of senior notes totaling \$800,000 in the aggregate (the “Senior Notes”) to fund a portion of the Shaw Acquisition. The Senior Notes were funded into an escrow account on December 28, 2012, and were restricted from use until the Acquisition Closing Date. Accordingly, the escrowed funds were recorded as restricted cash, and the Senior Notes were recorded as long-term debt, on our Balance Sheet at December 31, 2012. The Senior Notes are more fully described in Note 9 to our Financial Statements.

The Acquisition Closing Date balance sheet data for Shaw was not available given the proximity of the Acquisition Closing Date to the filing date of this Form 10-K. Our preliminary

allocation of purchase price to the assets acquired and liabilities assumed, as well as pro forma financial information for the combined companies, will be included in our future filings.

Catalytic Distillation Technologies ("CDTECH")

On December 31, 2010, we acquired the remaining 50% equity interest in CDTECH and a related research and development and catalyst manufacturing facility for approximately \$38,400, net of cash acquired. CDTECH provides license, basic engineering and catalyst supply for catalytic distillation applications, including gasoline desulphurization and alkylation processes and was accounted for by the equity method within Lummus Technology through December 31, 2010. CDTECH operations subsequent to the acquisition have been consolidated and integrated into Lummus Technology.

We had no acquisitions in 2012 or 2011, and no other acquisitions during 2010 were material.

**Goodwill and Other
Intangibles**

**12 Months Ended
Dec. 31, 2012**

Goodwill and Other
Intangibles

5. GOODWILL AND OTHER INTANGIBLES

Goodwill—At December 31, 2012 and 2011, our goodwill balances were \$926,711 and \$926,393, respectively, attributable to the excess of the purchase price over the fair value of net assets acquired as part of previous acquisitions. The change in goodwill by business sector for 2012 and 2011 was as follows:

	Project			
	Steel Plate Structures	Engineering and Construction	Lummus Technology	Total
Balance at December 31, 2010	\$48,497	\$ 454,237	\$436,121	\$938,855
Foreign currency translation	—	(7,387)	—	(7,387)
Amortization of tax goodwill in excess of book goodwill	(177)	(2,425)	(3,724)	(6,326)
Purchase price allocation adjustments (1)	—	—	1,251	1,251
Balance at December 31, 2011	\$48,320	\$ 444,425	\$433,648	\$926,393
Foreign currency translation	—	5,019	—	5,019
Amortization of tax goodwill in excess of book goodwill	(96)	(1,793)	(2,812)	(4,701)
Balance at December 31, 2012	\$48,224	\$ 447,651	\$430,836	\$926,711

- (1) This change was associated with the acquisition of CDTECH on December 31, 2010. See Note 4 above for additional discussion of the acquisition.

As discussed in Note 2, in the fourth quarter of 2012, we performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying value. Based upon this qualitative assessment, a two-phase quantitative assessment was not required to be performed for any of our reporting units and no impairment charge was necessary during 2012. There can be no assurance that future goodwill impairment tests will not result in charges to earnings.

Other Intangible Assets—The following table provides a summary of our acquired finite-lived intangible assets at December 31, 2012 and 2011, including weighted-average useful lives for each major intangible asset class and in total:

	December 31, 2012		December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets (weighted average life)				
Process technologies (16 years) (1)	\$228,304	\$ (71,391)	\$228,363	\$ (57,381)
Tradenames (20 years) (2)	10,417	(2,659)	38,346	(25,814)
Backlog (2)	—	—	10,669	(8,782)

Lease agreements (6 years)	7,409	(6,599)	7,279	(5,792)
Non-compete agreements (7 years)	2,929	(2,102)	2,895	(1,664)
Total (15 years)	<u>\$249,059</u>	<u>\$ (82,751)</u>	<u>\$287,552</u>	<u>\$ (99,433)</u>

- (1) Our technologies primarily relate to process licenses for the gas processing, hydrocarbon refining and petrochemical industries. The technologies were valued based upon their ability to generate earnings in excess of those associated with standard products. The valuation included an analysis of current and potential industry and competitive factors, including market share, barriers to entry, pricing, competitor and customer technologies, research and development budgets, patent protection and potential for product line extensions. The amortization periods were estimated based upon a combination of the expectations of general industry refurbishment rates for the types of technologies we provide, remaining patent protection periods for our patented technologies, and the expected lives of those technologies for which we do not seek patent protection.
- (2) Tradename and backlog intangibles totaling \$27,990 and \$10,669, respectively, became fully amortized in 2012 and were therefore removed from the gross carrying and accumulated amortization balances above.

The decrease in other intangibles during 2012 related to amortization expense partly offset by the impact of foreign currency translation. Amortization expense for 2012, 2011 and 2010 was \$22,613, \$26,302, and \$23,690, respectively. For intangibles existing at December 31, 2012, the amortization for 2013, 2014, 2015, 2016 and 2017 is anticipated to be approximately \$16,500, \$15,900, \$15,400, \$15,400 and \$15,400, respectively.

**Supplemental Balance Sheet
Detail**

**12 Months Ended
Dec. 31, 2012**

[Supplemental Balance Sheet
Detail](#)

7. SUPPLEMENTAL BALANCE SHEET DETAIL

The components of property and equipment, accrued liabilities and other non-current liabilities at December 31, 2012 and 2011 were as follows:

	December 31,	
	2012	2011
Components of Property and Equipment		
Land and improvements	\$59,090	\$55,406
Buildings and improvements	167,593	141,102
Plant, field equipment and other	378,749	352,392
Total property and equipment	605,432	548,900
Accumulated depreciation	(319,561)	(286,897)
Property and equipment, net	<u>\$285,871</u>	<u>\$262,003</u>
Components of Accrued Liabilities		
Payroll-related obligations	\$168,404	\$125,862
Income taxes payable	29,714	33,458
Self-insurance, retention and other reserves	4,447	4,284
Pension obligations	3,251	3,327
Postretirement medical benefit obligations	2,864	3,808
Other (1)	146,020	107,857
Accrued liabilities	<u>\$354,700</u>	<u>\$278,596</u>
Components of Other Non-Current Liabilities		
Pension obligations	\$104,728	\$62,667
Postretirement medical benefit obligations	47,739	51,250
Self-insurance, retention and other reserves	17,605	19,103
Income tax reserves	5,169	7,374
Other (2)	97,202	103,590
Other non-current liabilities	<u>\$272,443</u>	<u>\$243,984</u>

- (1) Represents various accruals that are each individually less than 5% of total current liabilities, including accruals for non-contract payables, operating lease obligations, country-specific employee benefits, derivatives, and medical and legal obligations.
- (2) Represents various accruals that are each individually less than 5% of total liabilities, including accruals for taxes, operating lease obligations, deferred rent, and country-specific employee benefits.

**Financial Instruments
Carried at Fair Value
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011

Assets

<u>Cash and cash equivalents</u>	\$ 643,395	\$ 671,811
<u>Restricted cash</u>	800,000	
<u>Other current assets</u>	1,731	2,983
<u>Other non-current assets</u>	5	51
<u>Total assets at fair value</u>	1,445,131	674,845

Liabilities

<u>Accrued liabilities</u>	(5,072)	(4,414)
<u>Other non-current liabilities</u>	(497)	(433)
<u>Total liabilities at fair value</u>	(5,569)	(4,847)

Quoted Market Prices In Active Markets (Level 1)

Assets

<u>Cash and cash equivalents</u>	643,395	671,811
<u>Restricted cash</u>	800,000	
<u>Total assets at fair value</u>	1,443,395	671,811

Internal Models With Significant Observable Market Parameters (Level 2)

Assets

<u>Other current assets</u>	1,731	[1] 2,983	[1]
<u>Other non-current assets</u>	5	[1] 51	[1]
<u>Total assets at fair value</u>	1,736	[1] 3,034	[1]

Liabilities

<u>Accrued liabilities</u>	(5,072)	[1] (4,414)	[1]
<u>Other non-current liabilities</u>	(497)	[1] (433)	[1]
<u>Total liabilities at fair value</u>	\$ (5,569)	[1] \$ (4,847)	[1]

[1] We are exposed to credit risk on our hedging instruments associated with potential counterparty non-performance, and the fair value of our derivatives reflects this credit risk. The total assets at fair value above represent the maximum loss that would be incurred on our outstanding hedges if the applicable counterparties failed to perform according to the hedge contracts. To help mitigate counterparty credit risk, we transact only with counterparties that are rated as investment grade or higher and monitor all such counterparties on a continuous basis.

**Components of Accumulated
Other Comprehensive (Loss)
Income, Net of Tax (Detail)
(USD \$)**

**In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011

Accumulated Other Comprehensive Income (Loss) [Line Items]

<u>Currency translation adjustment</u>	\$ (21,843)		\$ (26,720)	
<u>Unrealized fair value of cash flow hedges</u>	296		(797)	
<u>Unrecognized net prior service pension credits</u>	1,874		2,413	
<u>Unrecognized net actuarial pension losses</u>	(81,359)	[1]	(36,048)	[1]
<u>Total</u>	\$ (101,032)		\$ (61,152)	

[1] The increase in unrecognized net actuarial pension losses was primarily due to the impact of lower discount rates utilized in the determination of our projected benefit obligation for our international pension plans.

**Total Value, by Underlying
Risk, Recognized in Other
Comprehensive Income and
Reclassified from
Accumulated Other
Comprehensive Income to
Interest Expense and Cost of
Revenue (Detail)
(Derivatives Designated As
Cash Flow Hedges, USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

**Dec. 31,
2012 Dec. 31,
2011**

Derivative Instruments, Gain (Loss) [Line Items]

<u>Amount of Gain (Loss) on Effective Derivative Portion Recognized in OCI</u>	\$ 318		\$ (594)	
<u>Amount of Gain (Loss) on Effective Derivative Portion Reclassified from AOCI into Earnings</u>	(1,224)	[1]	(2,523)	[1]

Interest Rate

Derivative Instruments, Gain (Loss) [Line Items]

<u>Amount of Gain (Loss) on Effective Derivative Portion Recognized in OCI</u>			(150)	
<u>Amount of Gain (Loss) on Effective Derivative Portion Reclassified from AOCI into Earnings</u>	(1,341)	[1]	(3,243)	[1]

Foreign Currency

Derivative Instruments, Gain (Loss) [Line Items]

<u>Amount of Gain (Loss) on Effective Derivative Portion Recognized in OCI</u>	318		(444)	
<u>Amount of Gain (Loss) on Effective Derivative Portion Reclassified from AOCI into Earnings</u>	\$ 117	[1]	\$ 720	[1]

[1] Unrealized gains of \$403 are anticipated to be reclassified from AOCI into earnings during the next 12 months due to settlement of the associated underlying obligations.

**Subsequent Event -
Additional Information
(Detail) (Subsequent Event,
Shaw Group Inc, USD \$)
In Thousands, unless
otherwise specified**

Feb. 13, 2013

Subsequent Event | Shaw Group Inc

Subsequent Event [Line Items]

<u>Business acquisition, cost of acquired entity, purchase price</u>	\$ 3,340,900
<u>Business acquisition, purchase price cash</u>	2,851,200
<u>Business acquisition, cost of acquired entity, equity consideration</u>	489,700
<u>Cash consideration funded using existing cash balance</u>	\$ 1,051,200

**Financial Instruments -
Additional Information
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Derivative [Line Items]

Repayment of debt \$ 40,000 \$ 40,000 \$ 40,000

Escrow Deposit

Derivative [Line Items]

Fair value of senior notes, which were funded in escrow account 800,000

Foreign Exchange Contract Operating Exposure

Derivative [Line Items]

Notional value of outstanding forward contracts \$ 125,400

Foreign Exchange Contract Operating Exposure | Maximum

Derivative [Line Items]

Maturity of foreign currency derivatives from period-end 3 years

Income Taxes (Parenthetical)
(Detail) (USD \$)
In Thousands, unless
otherwise specified

12 Months Ended

Dec. 31, Dec. 31, Dec. 31,
2012 2011 2010

Income Taxes [Line Items]

Tax expense (benefit) associated with share-based compensation recorded in additional paid-in capital

\$ 17,963 \$ 14,618 \$ 6,326

**Facility Realignment
Liability (Tables)**
[Schedule of Restructuring and
Related Costs](#)

**12 Months Ended
Dec. 31, 2012**

The following table presents the total accelerated operating lease charges recognized during 2012 and 2011 and the remaining net operating lease obligation at December 31, 2012 and 2011:

	<u>Years Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Beginning Balance	\$ 15,278	\$ 6,105
Charges (1)	2,581	10,081
Cash payments	(5,119)	(1,840)
Foreign exchange and other	12	932
Ending Balance (2)	<u>\$ 12,752</u>	<u>\$ 15,278</u>

- (1) During 2012, charges of \$2,581 were related to facilities in our Steel Plate Structures sector. During 2011, charges of \$2,816 and \$7,265 were related to facilities in our Steel Plate Structures and Project Engineering and Construction sectors, respectively.
- (2) The remaining net operating lease obligation was recorded in accrued liabilities and other non-current liabilities, based on the anticipated timing of payments. For the remaining obligation at December 31, 2012, cash payments are anticipated to be approximately \$7,500, \$1,500, \$3,500, \$200 and \$100 in 2013, 2014, 2015, 2016, and 2017, respectively.

Finite-Lived Intangible Asset Balances Including Weighted-Average Useful Lives (Detail) (USD \$) In Thousands, unless otherwise specified	12 Months Ended			
	Dec. 31, 2012		Dec. 31, 2011	
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount	\$ 249,059		\$ 287,552	
Accumulated Amortization	(82,751)		(99,433)	
Finite-lived intangible assets (weighted average life)	15 years		15 years	
Process technologies				
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount	228,304	[1]	228,363	[1]
Accumulated Amortization	(71,391)	[1]	(57,381)	[1]
Finite-lived intangible assets (weighted average life)	16 years	[1]	16 years	[1]
Tradenames				
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount	10,417	[2]	38,346	[2]
Accumulated Amortization	(2,659)	[2]	(25,814)	[2]
Finite-lived intangible assets (weighted average life)	20 years	[2]	20 years	[2]
Lease agreements				
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount	7,409		7,279	
Accumulated Amortization	(6,599)		(5,792)	
Finite-lived intangible assets (weighted average life)	6 years		6 years	
Non-compete agreements				
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount	2,929		2,895	
Accumulated Amortization	(2,102)		(1,664)	
Finite-lived intangible assets (weighted average life)	7 years		7 years	
Backlog				
Finite-Lived Intangible Assets [Line Items]				
Gross Carrying Amount			10,669	[2]
Accumulated Amortization			\$ (8,782)	[2]

[1] Our technologies primarily relate to process licenses for the gas processing, hydrocarbon refining and petrochemical industries. The technologies were valued based upon their ability to generate earnings in excess of those associated with standard products. The valuation included an analysis of current and potential industry and competitive factors, including market share, barriers to entry, pricing, competitor and customer technologies, research and development budgets, patent protection and potential for product line extensions. The amortization periods were estimated based upon a combination of the expectations of general industry refurbishment rates for the types of technologies we provide, remaining patent protection periods for our

patented technologies, and the expected lives of those technologies for which we do not seek patent protection.

[2] Tradename and backlog intangibles totaling \$27,990 and \$10,669, respectively, became fully amortized in 2012 and were therefore removed from the gross carrying and accumulated amortization balances above.

Commitments And Contingencies

12 Months Ended
Dec. 31, 2012

[Commitments And Contingencies](#)

12. COMMITMENTS AND CONTINGENCIES

Leases—Certain facilities and equipment, including project-related field equipment, are rented under operating leases that expire at various dates through 2022. Rent expense for operating leases was \$76,880, \$73,835 and \$60,529 in 2012, 2011 and 2010, respectively. Future minimum payments under non-cancelable operating leases having initial terms of one year or more are as follows:

Year	Amount
2013	\$67,826
2014	41,980
2015	32,328
2016	24,588
2017	20,811
Thereafter	57,466
Total (1)	<u>\$244,999</u>

- (1) Approximately \$24,000 of minimum lease payments above are contractually recoverable through our cost-reimbursable projects.

Certain lease agreements contain escalation provisions based upon specific future inflation indices which could impact the future minimum payments presented above. The costs related to leases with an initial term of less than one year have been reflected in rent expense but have been excluded from the future minimum payments presented above.

Legal Proceedings—We have been and may from time to time be named as a defendant in legal actions claiming damages in connection with engineering and construction projects, technology licenses and other matters. These are typically claims that arise in the normal course of business, including employment-related claims and contractual disputes or claims for personal injury or property damage which occur in connection with services performed relating to project or construction sites. Contractual disputes normally involve claims relating to the timely completion of projects, performance of equipment or technologies, design or other engineering services or project construction services provided by us. We do not believe that any of our pending contractual, employment-related personal injury or property damage claims and disputes will have a material adverse effect on our future results of operations, financial position or cash flow.

Asbestos Litigation—We are a defendant in lawsuits wherein plaintiffs allege exposure to asbestos due to work we may have performed at various locations. We have never been a manufacturer, distributor or supplier of asbestos products. Over the past several decades and through December 31, 2012, we have been named a defendant in lawsuits alleging exposure to asbestos involving approximately 5,200 plaintiffs and, of those claims, approximately 1,300 claims were pending and 3,900 have been closed through dismissals or settlements. Over the past several decades and through December 31, 2012, the claims alleging exposure to asbestos that have been resolved have been dismissed or settled for an average settlement amount of approximately one thousand dollars per claim. We review each case on its own merits and make accruals based upon the probability of loss and our estimates of the amount of liability and related expenses, if any. We do not believe that any unresolved asserted claims will have a material

adverse effect on our future results of operations, financial position or cash flow, and, at December 31, 2012, we had approximately \$1,900 accrued for liability and related expenses. With respect to unasserted asbestos claims, we cannot identify a population of potential claimants with sufficient certainty to determine the probability of a loss and to make a reasonable estimate of liability, if any. While we continue to pursue recovery for recognized and unrecognized contingent losses through insurance, indemnification arrangements or other sources, we are unable to quantify the amount, if any, that we may expect to recover because of the variability in coverage amounts, limitations and deductibles, or the viability of carriers, with respect to our insurance policies for the years in question.

Environmental Matters—Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards, among others, relate to air and water pollutants and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes.

In connection with the historical operation of our facilities, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. In addition, we have agreed to indemnify parties from whom we have purchased or to whom we have sold facilities for certain environmental liabilities arising from acts occurring before the dates those facilities were transferred.

We believe that we are in compliance, in all material respects, with all environmental laws and regulations. We do not believe that any environmental matters will have a material adverse effect on our future results of operations, financial position or cash flow. We do not anticipate that we will incur material capital expenditures for environmental controls or for the investigation or remediation of environmental conditions during 2013 or 2014.

Litigation Against CB&I and Shaw—In connection with the Shaw Acquisition, purported shareholders of Shaw filed shareholder class action lawsuits against Shaw, CB&I, and the directors of Shaw. On December 13, 2012, the class action lawsuits were settled for an amount that was not material to our results of operations, financial position or cash flow.

Letters of Credit/Bank Guarantees/Surety Bonds—In the ordinary course of business, we may obtain surety bonds and letters of credit, which we provide to our customers to secure advance payment or our performance under our contracts, or in lieu of retention being withheld on our contracts. In the event of our non-performance under a contract and an advance being made by a bank pursuant to a draw on a letter of credit, the advance would become a borrowing under a credit facility and thus our direct obligation. Where a surety incurs such a loss, an indemnity agreement between the parties and us may require payment from our excess cash or a borrowing under our credit facilities. When a contract is completed, the contingent obligation terminates and the bonds or letters of credit are returned. At December 31, 2012, we had provided \$1,305,852 of surety bonds and letters of credit to support our contracting activities in the ordinary course of business. This amount fluctuates based upon the mix and level of contracting activity.

Insurance—We have elected to retain portions of future losses, if any, through the use of deductibles and self-insured retentions for our exposures related to third-party liability and workers' compensation. Liabilities in excess of these amounts are the responsibilities of an insurance carrier. To the extent we are self-insured for these exposures, reserves (see Note 7) have been provided based upon our best estimates, with input from our legal and insurance advisors.

Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the near term. We believe that reasonably possible losses, if any, for these matters, to the extent not otherwise disclosed and net of recorded reserves, will not have a material adverse effect on our future results of operations, financial position or cash flow. At December 31, 2012, we had outstanding surety bonds and letters of credit of \$25,854 relating to our insurance programs.

Income Taxes—We provide income tax and associated interest reserves, where applicable, in situations where we have and have not received tax assessments. Tax and associated interest reserves are provided in those instances where we consider it more likely than not, that additional taxes will be due in excess of amounts reflected in income tax returns filed worldwide. As a matter of standard policy, we continually review our exposure to additional income tax obligations and as further information is known or events occur, changes in our tax and interest reserves may be recorded within tax expense and interest expense, respectively.

Subsequent Event

**12 Months Ended
Dec. 31, 2012**

Subsequent Event

17. SUBSEQUENT EVENT

On February 13, 2013, we completed the Shaw Acquisition for a purchase price of approximately \$3,340,900, comprised of approximately \$2,851,200 in cash consideration and approximately \$489,700 in equity consideration. The cash consideration was funded using approximately \$1,051,200 from existing cash balances of CB&I and Shaw on the Acquisition Closing Date, and the remainder was funded using debt financing as further described in Note 9. The Acquisition Consideration is more fully described in Note 4.

**Principal Temporary
Differences Included in
Deferred Income Taxes
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012 Dec. 31, 2011

Schedule of Deferred Income Tax Assets and Liabilities [Line Items]

<u>Current deferred tax asset</u>	\$ 98,100	\$ 125,564
<u>Less: valuation allowance</u>	(13,799)	(21,680)
<u>Net current deferred tax asset</u>	84,301	103,884
<u>Non-current deferred tax asset</u>	90,849	111,848
<u>Less: valuation allowance</u>	(106,048)	(119,810)
<u>Net non-current deferred tax liability</u>	(15,199)	(7,962)
<u>Net total deferred tax asset</u>	69,102	95,922

Current Assets

Schedule of Deferred Income Tax Assets and Liabilities [Line Items]

<u>Tax benefit of non-U.S. operating losses and credits, net</u>	41,811	21,951
<u>Contract revenue and cost</u>	45,926	83,030
<u>Employee compensation and benefit plan reserves</u>	14,028	15,707
<u>Legal reserves</u>	1,293	2,636
<u>Other</u>	(4,958)	2,240

Noncurrent Assets

Schedule of Deferred Income Tax Assets and Liabilities [Line Items]

<u>Tax benefit of U.S. State operating losses and credits, net</u>	220	288
<u>Tax benefit of non-U.S. operating losses and credits, net</u>	141,030	163,814
<u>Tax benefit of non-U.S. credits and long term receivables</u>	3,621	7,598
<u>Employee compensation and benefit plan reserves</u>	23,738	23,891
<u>Investment in foreign subsidiaries</u>	28,639	18,886
<u>Insurance and legal reserves</u>	5,531	4,498
<u>Depreciation and amortization</u>	(117,844)	(108,145)
<u>Other</u>	\$ 5,914	\$ 1,018

**Goodwill and Other
Intangibles - Additional
Information (Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Goodwill and Intangible Assets Disclosure [Line Items]

<u>Goodwill</u>	\$ 926,711	\$ 926,393	\$ 938,855
<u>Amortization expense</u>	22,613	26,302	23,690
<u>Anticipated amortization expense in 2013</u>	16,500		
<u>Anticipated amortization expense in 2014</u>	15,900		
<u>Anticipated amortization expense in 2015</u>	15,400		
<u>Anticipated amortization expense in 2016</u>	15,400		
<u>Anticipated amortization expense in 2017</u>	\$ 15,400		

Income Taxes (Tables)

12 Months Ended Dec. 31, 2012

[Sources of Income \(Loss\) Before Income Taxes and Non Controlling Interests](#)

The following table presents the sources of income before taxes and income tax expense, by tax jurisdiction for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Sources of Income Before Taxes			
U.S.	\$126,438	\$115,693	\$74,342
Non-U.S.	317,628	236,270	217,187
Total	<u>\$444,066</u>	<u>\$351,963</u>	<u>\$291,529</u>
Sources of Income Tax Expense			
Current income taxes			
U.S.—Federal (1)	\$(28,327)	\$(12,411)	\$(13,651)
U.S.—State	(5,532)	(3,255)	(5,799)
Non-U.S.	(51,645)	(67,903)	(60,533)
Total current income taxes	<u>(85,504)</u>	<u>(83,569)</u>	<u>(79,983)</u>
Deferred income taxes			
U.S.—Federal	(22,634)	(19,667)	893
U.S.—State	(953)	(4,276)	(1,532)
Non-U.S.	(17,912)	10,747	656
Total deferred income taxes	<u>(41,499)</u>	<u>(13,196)</u>	<u>17</u>
Total income tax expense	<u><u>\$(127,003)</u></u>	<u><u>\$96,765</u></u>	<u><u>\$(79,966)</u></u>

- (1) Tax benefits of \$17,963, \$14,618 and \$6,326 associated with share-based compensation were recorded in additional paid-in capital in 2012, 2011 and 2010, respectively.

[Reconciliation of Income Taxes at the Netherlands' Statutory Rate and Income Tax Expense](#)

The following is a reconciliation of income taxes at The Netherlands' statutory rate to income tax expense for 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
Income tax expense at statutory rate (25.0% for 2012 and 2011 and 25.5% for 2010)	\$(111,016)	\$(87,992)	\$(74,340)
U.S. state income taxes	(3,659)	(5,252)	(5,688)
Non-deductible meals and entertainment	(2,750)	(2,088)	(1,967)
Valuation allowance established	(11,375)	(11,351)	(6,404)
Valuation allowance utilized	20,983	14,182	12,567
Tax exempt interest, net	2,973	2,765	3,530

Statutory tax rate differential	(7,717)	2,773	10,363
Branch and withholding taxes (net of tax benefit)	(16,940)	(14,873)	(23,166)
Noncontrolling interests	6,719	1,631	1,968
Acquisition related costs	(2,757)	—	—
Manufacturer's production exclusion/R&D credit	1,451	39	1,781
Contingent liability accrual	2,205	5,053	4,028
Other, net	(5,120)	(1,652)	(2,638)
Income tax expense	<u>\$(127,003)</u>	<u>\$(96,765)</u>	<u>\$(79,966)</u>
Effective tax rate	<u>28.6 %</u>	<u>27.5 %</u>	<u>27.4 %</u>

Principal Temporary Differences Included in Deferred Income Taxes

The principal temporary differences included in deferred income taxes reported on the December 31, 2012 and 2011 Balance Sheets were as follows:

	December 31,	
	2012	2011
Current Deferred Taxes		
Tax benefit of non-U.S. operating losses and credits, net	\$41,811	\$21,951
Contract revenue and cost	45,926	83,030
Employee compensation and benefit plan reserves	14,028	15,707
Legal reserves	1,293	2,636
Other	(4,958)	2,240
Current deferred tax asset	\$98,100	\$125,564
Less: valuation allowance	(13,799)	(21,680)
Net current deferred tax asset	<u>\$84,301</u>	<u>\$103,884</u>
Non-Current Deferred Taxes		
Tax benefit of U.S. State operating losses and credits, net	\$220	\$288
Tax benefit of non-U.S. operating losses and credits, net	141,030	163,814
Tax benefit of non-U.S. credits and long term receivables	3,621	7,598
Employee compensation and benefit plan reserves	23,738	23,891
Investment in foreign subsidiaries	28,639	18,886
Insurance and legal reserves	5,531	4,498
Depreciation and amortization	(117,844)	(108,145)
Other	5,914	1,018
Non-current deferred tax asset	<u>\$90,849</u>	<u>\$111,848</u>
Less: valuation allowance	<u>(106,048)</u>	<u>(119,810)</u>

Net non-current deferred tax liability	<u>\$(15,199)</u>	<u>\$(7,962)</u>
Net total deferred tax asset	<u>\$69,102</u>	<u>\$95,922</u>

Reconciliation of Unrecognized Income Tax Benefits

The following is a reconciliation of our unrecognized income tax benefits for the years ended December 31, 2012 and 2011:

	Years Ended	
	December 31,	
	2012	2011
Unrecognized tax benefits at the beginning of the year	\$7,374	\$12,881
Increase as a result of:		
Tax positions taken during the current period	1,530	4,235
Decreases as a result of:		
Tax positions taken during prior periods	—	(700)
Lapse of applicable statute of limitations	—	(9,042)
Settlements with taxing authorities	<u>(3,735)</u>	<u>—</u>
Unrecognized income tax benefits at the end of the year	<u>\$5,169</u>	<u>\$7,374</u>

**CONSOLIDATED
BALANCE SHEETS (USD
\$)
In Thousands, unless
otherwise specified**

**Dec. 31, Dec. 31,
2012 2011**

Assets

<u>Cash and cash equivalents (\$142,285 and \$88,986 related to variable interest entities ("VIEs"))</u>	\$ 643,395	\$ 671,811
<u>Restricted cash (Note 9)</u>	800,000	
<u>Accounts receivable, net (\$63,649 and \$12,406 related to VIEs)</u>	752,985	494,853
<u>Costs and estimated earnings in excess of billings (\$38,967 and \$24,043 related to VIEs)</u>	303,540	239,536
<u>Deferred income taxes (Note 15)</u>	88,681	106,351
<u>Other current assets</u>	132,954	140,545
<u>Total current assets</u>	2,721,555	1,653,096
<u>Equity investments (Note 6)</u>	97,267	95,687
<u>Property and equipment, net (Note 7)</u>	285,871	262,003
<u>Deferred income taxes (Note 15)</u>	73,201	74,094
<u>Goodwill (Note 5)</u>	926,711	926,393
<u>Other intangibles, net (Note 5)</u>	166,308	188,119
<u>Other non-current assets</u>	58,762	79,957
<u>Total assets</u>	4,329,675	3,279,349

Liabilities

<u>Current maturity of long-term debt (Note 9)</u>		40,000
<u>Accounts payable (\$87,301 and \$32,125 related to VIEs)</u>	654,504	518,749
<u>Accrued liabilities (Note 7)</u>	354,700	278,596
<u>Billings in excess of costs and estimated earnings (\$39,105 and \$25,207 related to VIEs)</u>	758,938	917,067
<u>Deferred income taxes (Note 15)</u>	4,380	2,467
<u>Total current liabilities</u>	1,772,522	1,756,879
<u>Long-term debt (Note 9)</u>	800,000	
<u>Other non-current liabilities (Note 7)</u>	272,443	243,984
<u>Deferred income taxes (Note 15)</u>	88,400	82,056
<u>Total liabilities</u>	2,933,365	2,082,919
<u>Commitments and contingencies (Note 12)</u>		

Shareholders' Equity

<u>Common stock, Euro .01 par value; shares authorized: 250,000,000; shares issued: 101,522,318; shares outstanding: 96,835,010 and 97,595,735</u>	1,190	1,190
<u>Additional paid-in capital</u>	363,417	371,669
<u>Retained earnings</u>	1,300,742	1,018,481
<u>Stock held in trust (Note 13)</u>	(3,031)	(9,788)
<u>Treasury stock, at cost: 4,687,308 and 3,926,583 shares</u>	(193,533)	(142,666)
<u>Accumulated other comprehensive loss (Note 13)</u>	(101,032)	(61,152)
<u>Total CB&I shareholders' equity</u>	1,367,753	1,177,734
<u>Noncontrolling interests</u>	28,557	18,696
<u>Total shareholders' equity</u>	1,396,310	1,196,430

Total liabilities and shareholders' equity

\$ \$
4,329,675 3,279,349

Stock Option Activity
(Parenthetical) (Detail) (USD
)
In Thousands, except Share
data, unless otherwise
specified

12 Months Ended

Dec. 31, 2012

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

<u>Unvested option outstanding</u>	952,131
<u>Weighted-average exercise price of unvested option</u>	\$ 19.71
<u>Weighted-average remaining contractual life of unvested option</u>	5 years 2 months 12 days
<u>Aggregate intrinsic value of unvested option</u>	\$ 25,412

Organization and Nature of Operations

**12 Months Ended
Dec. 31, 2012**

Organization and Nature of Operations

1. ORGANIZATION AND NATURE OF OPERATIONS

Organization and Nature of Operations—Chicago Bridge & Iron Company N.V. (“CB&I” or “the Company”) is an integrated engineering, procurement and construction (“EPC”) services provider and major process technology licensor. Founded in 1889, CB&I provides conceptual design, technology, engineering, procurement, fabrication, construction and commissioning services. Natural gas, petroleum and petrochemical projects for the worldwide energy and natural resource industries accounted for a majority of our revenue in 2012, 2011 and 2010.

**Change in Facility
Realignment Liability
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

Dec. 31, 2012

Dec. 31, 2011

Restructuring Cost and Reserve [Line Items]

<u>Beginning Balance</u>	\$ 15,278	[1]	\$ 6,105	
<u>Charges</u>	2,581	[2]	10,081	[2]
<u>Cash payments</u>	(5,119)		(1,840)	
<u>Foreign exchange and other</u>	12		932	
<u>Ending Balance</u>	\$ 12,752	[1]	\$ 15,278	[1]

[1] The remaining net operating lease obligation was recorded in accrued liabilities and other non-current liabilities, based on the anticipated timing of payments. For the remaining obligation at December 31, 2012, cash payments are anticipated to be approximately \$7,500, \$1,500, \$3,500, \$200 and \$100 in 2013, 2014, 2015, 2016, and 2017, respectively.

[2] During 2011, charges of \$2,816 and \$7,265 were related to facilities in our Steel Plate Structures and Project Engineering and Construction sectors, respectively.

**Future Minimum Payments
under Non-cancelable
Operating Leases (Detail)
(USD \$)
In Thousands, unless
otherwise specified**

Dec. 31, 2012

Operating Leased Assets [Line Items]

<u>2013</u>	\$ 67,826	
<u>2014</u>	41,980	
<u>2015</u>	32,328	
<u>2016</u>	24,588	
<u>2017</u>	20,811	
<u>Thereafter</u>	57,466	
<u>Total</u>	\$ 244,999	[1]

[1] Approximately \$24,000 of minimum lease payments above are contractually recoverable through our cost-reimbursable projects.

**Retirement Benefits -
Additional Information
(Detail) (USD \$)
In Thousands, unless
otherwise specified**

12 Months Ended

**Dec. 31,
2012 Dec. 31,
2011 Dec. 31,
2010**

Defined Benefit Plan Disclosure [Line Items]

<u>Defined contribution plan cost recognized</u>	\$ 53,189	\$ 43,530	\$ 43,451
<u>Accumulated benefit obligation for all defined benefit plans</u>	661,291	554,804	
<u>Contributions to multi-employer plans for additional benefits</u>	27,393	^[1] 19,450	^[1] 13,682

Other Postretirement Benefit Plans

Defined Benefit Plan Disclosure [Line Items]

<u>Contributions to multi-employer plans for additional benefits</u>	\$ 13,271	\$ 12,170	\$ 8,796
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United States Postretirement Benefit Plans of US Entity, Defined Benefit

Defined Benefit Plan Disclosure [Line Items]

<u>Health care cost trend rates projected at annual rates in 2012 fiscal year</u>	7.50%
<u>Health care cost trend rates projected at annual rates</u>	5.00%
<u>Health care cost trend rates, year that rate reaches ultimate trend rate</u>	2017

Equity Securities

Defined Benefit Plan Disclosure [Line Items]

<u>Weighted average asset allocation in securities, minimum</u>	20.00%
<u>Weighted average asset allocation in securities, maximum</u>	30.00%

Debt Securities

Defined Benefit Plan Disclosure [Line Items]

<u>Weighted average asset allocation in securities, minimum</u>	60.00%
<u>Weighted average asset allocation in securities, maximum</u>	70.00%

Other Investments

Defined Benefit Plan Disclosure [Line Items]

<u>Weighted average asset allocation in securities, minimum</u>	0.00%
<u>Weighted average asset allocation in securities, maximum</u>	10.00%

[1] For 2012, our contributions as a percentage of total plan contributions were not available for any of our plans. For 2011, our contributions to the Boilermakers' National Pension Plan (Canada) and the Alberta Ironworkers Pension Fund (Canada) exceeded 5% of total plan contributions. For 2010, only our contributions to the Boilermakers' National Pension Plan (Canada) exceeded 5% of total plan contributions. The level of our contributions to each plan noted above varies from period to period based upon the level of work being performed that is covered under the applicable collective-bargaining agreement.

**Quarterly Operating Results
(Unaudited)**

**12 Months Ended
Dec. 31, 2012**

[Quarterly Operating Results
\(Unaudited\)](#)

18. QUARTERLY OPERATING RESULTS (UNAUDITED)

The following table presents selected unaudited consolidated financial information on a quarterly basis for 2012 and 2011:

Quarter Ended 2012

	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
<i>(In thousands, except per share data)</i>				
Revenue	\$1,201,267	\$1,299,529	\$1,446,942	\$1,537,468
Gross profit	\$153,264	\$158,885	\$188,890	\$197,668
Net income	\$60,974	\$72,844	\$86,253	\$96,992
Net income attributable to CB&I	\$59,487	\$72,320	\$80,231	\$89,617
Net income attributable to CB&I per share—basic	\$0.61	\$0.75	\$0.83	\$0.93
Net income attributable to CB&I per share—diluted	\$0.60	\$0.74	\$0.82	\$0.91

Quarter Ended 2011

	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
<i>(In thousands, except per share data)</i>				
Revenue	\$954,271	\$1,085,705	\$1,255,344	\$1,255,222
Gross profit	\$136,716	\$140,093	\$146,812	\$146,615
Net income	\$51,564	\$61,703	\$71,403	\$70,528
Net income attributable to CB&I	\$50,506	\$61,894	\$72,164	\$70,468
Net income attributable to CB&I per share—basic	\$0.51	\$0.63	\$0.74	\$0.72
Net income attributable to CB&I per share—diluted	\$0.50	\$0.62	\$0.72	\$0.70

**Weighted-Average
Assumptions Used to
Measure Defined Benefit
Pension and Other
Postretirement Plans (Detail)**

12 Months Ended

Dec. 31, Dec. 31,
2012 2011

Pension Plans

Weighted-average assumptions used to determine benefit obligations at December 31,

<u>Discount rate</u>	3.81%	4.82%
<u>Rate of compensation increase</u>	3.90% [1]	3.64% [1]

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,

<u>Discount rate</u>	4.82%	5.45%
<u>Expected long-term return on plan assets</u>	4.40% [2]	4.61% [2]
<u>Rate of compensation increase</u>	3.90% [1]	3.64% [1]

Other Postretirement Plans

Weighted-average assumptions used to determine benefit obligations at December 31,

<u>Discount rate</u>	4.05%	4.85%
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Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,

<u>Discount rate</u>	4.85%	5.74%
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[1] The rate of compensation increase relates solely to the defined benefit plans that factor compensation increases into the valuation.

[2] The expected long-term rate of return on plan assets was derived using historical returns by asset category and expectations for future performance.

**Commitments And
Contingencies (Tables)**

[Future Minimum Payments under Non-cancelable Operating Leases](#)

**12 Months Ended
Dec. 31, 2012**

Future minimum payments under non-cancelable operating leases having initial terms of one year or more are as follows:

Year	Amount
2013	\$67,826
2014	41,980
2015	32,328
2016	24,588
2017	20,811
Thereafter	57,466
Total (1)	<u>\$244,999</u>

- (1) Approximately \$24,000 of minimum lease payments above are contractually recoverable through our cost-reimbursable projects.

Retirement Benefits

**12 Months Ended
Dec. 31, 2012**

Retirement Benefits

11. RETIREMENT BENEFITS

Defined Contribution Plans

We sponsor multiple contributory defined contribution plans for eligible employees with various features including voluntary pre-tax salary deferral features, matching contributions, and savings plan contributions in the form of cash or our common stock, to be determined annually. During 2012, 2011 and 2010, we expensed \$53,189, \$43,530 and \$43,451, respectively, for these plans. In addition, we sponsor several other defined contribution plans that cover salaried and hourly employees for which we do not provide contributions. The cost of these plans was not significant to us in 2012, 2011 or 2010.

Defined Benefit Pension and Other Postretirement Plans

We currently sponsor various defined benefit pension plans covering certain employees in our business sectors. We also provide certain health care and life insurance benefits for our retired employees through health care and life insurance benefit programs. Retiree health care benefits are provided under an established formula, which limits costs based upon prior years of service of retired employees. These plans may be changed or terminated by us at any time. The following tables provide combined information for our defined benefit pension and other postretirement plans:

Components of Net Periodic Benefit Cost

	Pension Plans			Other Postretirement Plans		
	2012	2011	2010	2012	2011	2010
Service cost	\$3,862	\$4,020	\$3,236	\$1,124	\$966	\$1,092
Interest cost	26,623	29,296	26,868	2,571	2,918	2,984
Expected return on plan assets	(23,856)	(26,197)	(23,561)	—	—	—
Amortization of prior service (credits) costs	(452)	(489)	96	(269)	(269)	(269)
Recognized net actuarial losses (gains)	2,718	1,152	1,427	(348)	(476)	(369)
Settlement/curtailment (1)	—	—	3,763	(2,841)	—	—
Net periodic benefit expense	\$8,895	\$7,782	\$11,829	\$237	\$3,139	\$3,438

Change in Benefit Obligation

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Benefit obligation at beginning of year	\$563,194	\$537,948	\$55,058	\$51,412
Service cost	3,862	4,020	1,124	966
Interest cost	26,623	29,296	2,571	2,918
Actuarial loss (2)	89,165	31,293	302	1,931
Plan participants' contributions	2,868	3,172	1,707	1,711
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Settlement/curtailment (1)	—	—	(6,493)	—
Currency translation	15,530	(15,742)	138	(31)
Benefit obligation at end of year	\$673,686	\$563,194	\$50,603	\$55,058

Change in Plan Assets

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
Fair value at beginning of year	\$510,883	\$494,416	\$—	\$—
Actual return on plan assets	51,521	35,338	—	—
Benefits paid	(27,556)	(26,793)	(3,804)	(3,849)
Employer contributions (3)	14,865	19,201	2,097	2,138
Plan participants' contributions	2,868	3,172	1,707	1,711
Currency translation	13,126	(14,451)	—	—
Fair value at end of year	\$565,707	\$510,883	\$—	\$—
Funded status	<u>\$(107,979)</u>	<u>\$(52,311)</u>	<u>\$(50,603)</u>	<u>\$(55,058)</u>
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost within other non-current assets	\$—	\$13,683	\$—	\$—
Accrued benefit cost within accrued liabilities	(3,251)	(3,327)	(2,864)	(3,808)
Accrued benefit cost within other non-current liabilities	(104,728)	(62,667)	(47,739)	(51,250)
Net funded status recognized	<u>\$(107,979)</u>	<u>\$(52,311)</u>	<u>\$(50,603)</u>	<u>\$(55,058)</u>
Unrecognized net prior service credits	\$(2,402)	\$(2,812)	\$(266)	\$(535)
Unrecognized net actuarial losses (gains)	109,898	48,280	(12,696)	(9,767)
Accumulated other comprehensive loss (income), before taxes (4)	<u>\$107,496</u>	<u>\$45,468</u>	<u>\$(12,962)</u>	<u>\$(10,302)</u>

- (1) The settlement/curtailment amounts were primarily associated with termination of benefits for our U.K. postretirement plan in 2012 and accelerated benefit accruals for our Germany pension plan in 2010.
- (2) The actuarial loss for 2012 and 2011 was primarily associated with a decrease in discount rate assumptions for our international pension plans.
- (3) During 2013, we expect to contribute approximately \$16,800 and \$2,900 to our pension and other postretirement plans, respectively.
- (4) During 2013, we expect to recognize \$728 and \$3,741 of previously unrecognized net prior service pension credits and net actuarial pension losses, respectively.

Accumulated Benefit Obligation—At December 31, 2012 and 2011, the accumulated benefit obligation for all defined benefit pension plans was \$661,291 and \$554,804, respectively. The following table includes summary information for those defined benefit plans with an accumulated benefit obligation in excess of plan assets:

	December 31,	
	2012	2011
Projected benefit obligation	\$673,686	\$185,974
Accumulated benefit obligation	\$661,291	\$185,212
Fair value of plan assets	\$565,707	\$119,988

Plan Assumptions—The following table reflects the weighted-average assumptions used to measure our defined benefit pension and other postretirement plans:

	Pension Plans		Other Postretirement Plans	
	2012	2011	2012	2011
<i>Weighted-average assumptions used to determine benefit obligations at December 31,</i>				
Discount rate	3.81%	4.82%	4.05 %	4.85 %
Rate of compensation increase (1)	3.90%	3.64%	n/a	n/a
<i>Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,</i>				
Discount rate	4.82%	5.45%	4.85 %	5.74 %
Expected long-term return on plan assets (2)	4.40%	4.61%	n/a	n/a
Rate of compensation increase (1)	3.90%	3.64%	n/a	n/a

- (1) The rate of compensation increase relates solely to the defined benefit plans that factor compensation increases into the valuation.
- (2) The expected long-term rate of return on plan assets was derived using historical returns by asset category and expectations for future performance.

Benefit Payments—The following table includes the expected defined benefit pension and other postretirement plan payments for the next 10 years:

Year	Pension Plans	Other Postretirement Plans
2013	\$28,345	\$ 2,864
2014	\$29,258	\$ 3,138
2015	\$29,771	\$ 3,303
2016	\$31,045	\$ 3,430
2017	\$37,166	\$ 3,484
2018-2022	\$168,916	\$ 17,349

Plan Assets—Our investment strategy for defined benefit plan assets seeks to optimize the proper risk-return relationship considered appropriate for each respective plan's investment goals, using a global portfolio of various asset classes diversified by market segment, economic sector and issuer. The primary goal is to optimize the asset mix to fund future benefit obligations, while managing various risk factors and each plan's investment return objectives.

Our defined benefit pension plan assets in the U.S. are invested in a well-diversified portfolio of equities (including U.S. large, mid and small-capitalization and international equities) and fixed income securities (including corporate and government bonds). Non-U.S. defined benefit pension plan assets are similarly invested in well-diversified portfolios of equity, fixed income and other securities. At December 31, 2012, our target weighted-average asset allocations by asset category were: equity securities (20%-30%), fixed income securities (60%-70%), and other investments (0%-10%).

The following tables present the fair value of our plan assets by investment category and valuation hierarchy level as of December 31, 2012 and 2011:

December 31, 2012

Asset Category	Internal Models			
	Quoted Market Prices In Active Markets (Level 1)	With Significant	Internal Models	Total Carrying Value On The Consolidated Balance Sheet
		Observable Market	With Significant	
		Parameters (Level 2)	Unobservable Market Parameters (Level 3)	
Equity Securities:				
Global Equities	\$ 5,772	\$ —	\$ —	\$ 5,772
International Funds				
(a)	—	158,302	—	158,302
Emerging Markets				
Growth Funds	—	12,636	—	12,636
U.S. Large-Cap				
Growth Funds	—	3,012	—	3,012
U.S. Mid-Cap				
Growth Funds	—	711	—	711
U.S. Small-Cap				
Growth Funds	—	400	—	400
U.S. Small-Cap				
Value Funds	—	414	—	414
Fixed Income Securities:				
Euro Government				
Bonds (b)	—	183,993	—	183,993
Euro Corporate				
Bonds (c)	—	90,620	—	90,620
U.K. Government				
Index-Linked				
Bonds (d)	—	23,543	—	23,543
U.K. Corporate				
Bonds (e)	—	17,299	—	17,299
Other International				
Bonds (f)	—	56,194	—	56,194
U.S. Corporate and				
Government				
Bonds	—	2,315	—	2,315
Guaranteed				
Investment				
Contracts	—	918	—	918
Other Investments:				
Private Equity				
Funds	—	—	—	—
Commodities	—	9,578	—	9,578
Total Assets at Fair				
Value	\$ 5,772	\$ 559,935	\$ —	\$ 565,707

December 31, 2011			
Asset Category	Internal Models		Total Carrying Value On The Consolidated Balance Sheet
	Quoted Market Prices In Active Markets (Level 1)	With Significant Observable Market Parameters (Level 2)	
		Internal Models With Significant Unobservable Market Parameters (Level 3)	

Equity Securities:

Global Equities	\$ 6,189	\$ —	\$ —	\$ 6,189
International Funds				
(a)	—	119,666	—	119,666
Emerging Markets				
Growth Funds	—	10,717	—	10,717
U.S. Large-Cap				
Growth Funds	—	2,862	—	2,862
U.S. Mid-Cap				
Growth Funds	—	630	—	630
U.S. Small-Cap				
Growth Funds	—	396	—	396
U.S. Small-Cap				
Value Funds	—	382	—	382

Fixed Income Securities:

Euro Government				
Bonds (b)	—	166,713	—	166,713
Euro Corporate				
Bonds (c)	—	84,726	—	84,726
U.K. Government				
Index-Linked				
Bonds (d)	—	22,918	—	22,918
U.K. Corporate				
Bonds (e)	—	13,564	—	13,564
Other International				
Bonds (f)	—	59,612	—	59,612
U.S. Corporate and				
Government				
Bonds	—	1,696	—	1,696
Guaranteed				
Investment				
Contracts	—	974	—	974

Other Investments:

Private Equity				
Funds	—	—	10,632	10,632
Commodities	—	9,206	—	9,206
Total Assets at Fair				
Value	<u>\$ 6,189</u>	<u>\$ 494,062</u>	<u>\$ 10,632</u>	<u>\$ 510,883</u>

The following provides descriptions for plan asset categories with significant balances in the tables above:

- (a) Investments in various funds that track international indices.
- (b) Investments in European Union government securities with credit ratings of primarily AAA.
- (c) Investments in European fixed interest securities with credit ratings of primarily BBB and above.
- (d) Investments predominantly in U.K. Treasury securities with credit ratings of primarily AAA.

- (e) Investments predominantly in U.K. fixed interest securities with credit ratings of primarily BBB and above.
- (f) Investments predominantly in various international fixed income obligations that are individually insignificant.

Our pension assets are categorized within the valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. Assets that are valued using quoted prices are classified within level 1 of the valuation hierarchy, assets that are valued using internally-developed models that use, as their basis, readily observable market parameters, are classified within level 2 of the valuation hierarchy and assets that are valued based upon models with significant unobservable market parameters are classified within level 3 of the valuation hierarchy.

Level 3 assets include private equity hedge funds for which the principal investment objective is to invest in a portfolio that delivers returns with low volatility and near zero betas to traditional asset classes, when measured over an economic cycle. The following table presents the activity in these funds for 2012 and 2011:

	Years Ended December 31,	
	2012	2011
Beginning Balance	\$ 10,632	\$10,776
Actual return on plan assets	—	(11)
Purchases, sales and settlements	10,632)	28
Translation loss	—	(161)
Ending Balance	<u>\$—</u>	<u>\$10,632</u>

Health Care Cost Inflation—During 2012, we maintained multiple medical plans for certain groups of retirees and their dependents in the U.S. and the U.K., subject to vesting requirements. Under our program in the U.S., certain eligible current and future retirees are covered by a defined fixed dollar benefit, under which our costs for each participant are fixed. Additionally, there is a closed group of U.S. retirees for which we assume some or all of the cost of coverage. For this group, health care cost trend rates are projected at annual rates ranging from 7.5% in 2013 down to 5.0% in 2017 and beyond. Under the U.S. program, since 2011, new employees are not eligible for post-retirement medical benefits. As previously noted, during 2012, benefits under our U.K. plan were terminated.

Increasing (decreasing) the assumed health care cost trends by one percentage point for our U.S. program is estimated to increase (decrease) the total of the service and interest cost components of net postretirement health care cost for 2012 and the accumulated postretirement benefit obligation at December 31, 2012, as follows:

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost	\$ 66	\$ (59)
Effect on postretirement benefit obligation	\$ 1,406	\$ (1,262)

Multi-employer Pension Plans—We contribute to certain union sponsored multi-employer defined benefit pension plans, primarily in the U.S. and Canada. Benefits under these plans are generally based upon years of service and compensation levels. Under U.S. legislation regarding such pension plans, the risks of participation are different than single-employer pension plans as (1) assets contributed to the plan by a company may be used to provide benefits to participants of other companies, (2) if a participating

company discontinues contributions to a plan, other participating companies may have to cover any unfunded liability that may exist, and (3) a company is required to continue funding its proportionate share of a plan's unfunded vested benefits in the event of withdrawal (as defined by the legislation) from a plan or plan termination. The following table provides additional information regarding our significant multi-employer defined benefit pension plans, including the funding level of each plan (or zone status, as defined by the Pension Protection Act), whether actions to improve the funding level of the plan have been implemented, where required (a funding improvement plan ("FIP") or rehabilitation plan ("RP")), our contributions to each significant plan and total contributions for 2012, 2011 and 2010, among other disclosures:

Pension Fund	EIN/Plan Number	Pension Protection Act (% Funded) ⁽¹⁾		FIP/ RP Plan ⁽¹⁾	Total Company Contributions ⁽²⁾			Expiration Date of Collective-Bargaining Agreement
		2012	2011		2012	2011	2010	
Boilermaker-Blacksmith National Pension Trust	48-6168020-001	65%-80%	65%-80%	Yes	\$6,910	\$5,748	\$3,238	10/13
Twin City Carpenters and Joiners Pension Fund	41-6043137-001	65%-80%	65%-80%	Yes	1,665	1,714	1,312	04/13
Minnesota Laborers Pension Plan (3)	41-6159599-001	Not Available	>80%	No	745	866	654	04/13
Twin City Iron Workers Pension Plan	41-6084127-001	65%-80%	65%-80%	Yes	657	699	475	04/13
Boilermakers' National Pension Plan (Canada)	366708	N/A	N/A	N/A	9,748	7,154	6,634	04/15
Edmonton Pipe Industry Pension Plan (Canada)	546028	N/A	N/A	N/A	5,623	1,469	338	04/15
Alberta Ironworkers Pension Fund (Canada)	555656	N/A	N/A	N/A	1,480	1,156	459	04/15
All Other (4)					565	644	572	
					<u>\$27,393</u>	<u>\$19,450</u>	<u>\$13,682</u>	

- ⁽¹⁾ Pension Protection Act Zone Status and FIP/RP plans are applicable to our U.S.-registered plans only, as these terms are not defined within Canadian pension legislation. In the U.S., plans funded less than 65% are in the red zone, plans funded at least 65%, but less than 80% are in the yellow zone, and plans funded at least 80% are in the green zone. The requirement for FIP or RP plans in the U.S. is based on the funding level or zone status of the applicable plan.

- (2) For 2012, our contributions as a percentage of total plan contributions were not available for any of our plans. For 2011, our contributions to the Boilermakers' National Pension Plan (Canada) and the Alberta Ironworkers Pension Fund (Canada) exceeded 5% of total plan contributions. For 2010, only our contributions to the Boilermakers' National Pension Plan (Canada) exceeded 5% of total plan contributions. The level of our contributions to each plan noted above varies from period to period based upon the level of work being performed that is covered under the applicable collective-bargaining agreement.
- (3) The funding level (zone status) for the 2012 plan year was not available for this plan. However, based on total plan assets and accumulated benefit obligations, the Minnesota Laborers Pension Plan was greater than 80% funded (green zone status) as of January 1, 2012.
- (4) Our remaining contributions are to various U.S. and Canadian plans, which are immaterial individually and in the aggregate.

We also contribute to our multi-employer plans for annuity benefits covered under the defined contribution portion of the plans as well as health benefits. We made contributions to our multi-employer plans of \$13,271, \$12,170 and \$8,796 during 2012, 2011, and 2010, respectively, for these additional benefits.

Total Revenue by Country (Parenthetical) (Detail) (Other, Maximum)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Other | Maximum			
Geographic Reporting Disclosure [Line Items]			
Maximum percentage of revenue earned in other individual country	10.00%	10.00%	10.00%