CHICAGO BRIDGE & IRON CO N V
Form 10-K
February 28, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **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:	Name of each exchange on which registered:
Common Stock; Euro .01 par value	**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 x 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 x

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

Indicate by check mark whether the registrant 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 x 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	x	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 x

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

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.

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.

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.

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.

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.

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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, continue, potential, expect, believe, anticipate, project, estimate, predict, intend, should, could, may, might, or simila 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 Per Share
	High	Low	Close	
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:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (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	$ 301,655	$ 255,032	$ 204,559	$ 174,289	$ (21,146)
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	$ 0.20	$ 0.20	$	$	$ 0.16
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	$ 1,396,310	$ 1,196,430	$ 1,083,845	$ 897,290	$ 573,853
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	$ 72,279	$ 40,945	$ 24,089	$ 47,839	$ 124,595
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.

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.

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	2010	% of Total
New Awards						
Steel Plate Structures	$ 2,495,358	34%	$ 4,079,599	60%	$ 1,303,930	39%
Project Engineering and Construction	4,083,891	56%	2,190,272	32%	1,634,683	49%
Lummus Technology	726,721	10%	537,844	8%	422,514	12%
Total new awards	$ 7,305,970		$ 6,807,715		$ 3,361,127	

	2012	% of Total	2011	% of Total	2010	% of Total
Revenue						
Steel Plate Structures	$ 1,957,681	36%	$ 1,812,180	40%	$ 1,442,145	40%
Project Engineering and Construction	3,040,229	55%	2,289,788	50%	1,904,850	52%
Lummus Technology	487,296	9%	448,574	10%	295,323	8%
Total revenue	$ 5,485,206		$ 4,550,542		$ 3,642,318	

	2012	% of Revenue	2011	% of Revenue	2010	% of Revenue
Income From Operations						
Steel Plate Structures	$ 192,593	9.8%	$ 167,283	9.2%	$ 134,430	9.3%
Project Engineering and Construction	136,689	4.5%	91,576	4.0%	82,574	4.3%
Lummus Technology	126,361	25.9%	96,338	21.5%	86,256	29.2%
Total income from operations	$ 455,643	8.3%	$ 355,197	7.8%	$ 303,260	8.3%

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.

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).

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.

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.

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.

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

Contractual Obligations

		Payments Due by Period			
(In thousands)	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	$ 1,409,274	$ 130,593	$ 151,548	$ 272,639	$ 854,494

(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.

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.

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.

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
February 27, 2013

/s/ Ronald A. Ballschmiede
Ronald A. Ballschmiede
Executive Vice President and
Chief Financial Officer

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	$ 301,655	$ 255,032	$ 204,559
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	$ 261,775	$ 214,872	$ 184,384

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

	Common Stock		**Additional Paid-In**	**Retained**	**Stock Held in Trust**		**Treasury Stock**		**(Note 13) Accumulated Other Comprehensive (Loss)**	**Noncontrolling**	**Total Shareholders**
	Shares	**Amount**	**Capital**	**Earnings**	**Shares**	**Amount**	**Shares**	**Amount**	**Income**	**Interests**	**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 service pension credits/costs, net									2,517		2,517
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	1,196,430
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)		(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			(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.

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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.

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.

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	98,230,824	100,204,811	100,458,681
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.

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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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)	$ 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.

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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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	$ 285,871	$ 262,003
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	$ 354,700	$ 278,596
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	$ 272,443	$ 243,984

(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.

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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)	$ 12,752	$ 15,278

(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	December 31, 2011
Current		
Current maturity of long-term debt	$	$ 40,000
Current debt	$	$ 40,000
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	$ 800,000	$

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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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	$ 1,443,395	$ 1,736	$	$ 1,445,131	$ 671,811	$ 3,034	$	$ 674,845
Liabilities								
Accrued liabilities	$	$ (5,072)	$	$ (5,072)	$	$ (4,414)	$	$ (4,414)
Other non-current liabilities		(497)		(497)		(433)		(433)
Total liabilities at fair value	$	$ (5,569)	$	$ (5,569)	$	$ (4,847)	$	$ (4,847)

[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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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
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.

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	$ (6,985)	$ (3,919)

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

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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	$ 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	$ (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	$ (107,979)	$ (52,311)	$ (50,603)	$ (55,058)
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)	$ 107,496	$ 45,468	$ (12,962)	$ (10,302)

(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**
Weighted-average assumptions used to determine benefit obligations at December 31,				
Discount rate	3.81%	4.82%	4.05%	4.85%
Rate of compensation increase (1)	3.90%	3.64%	n/a	n/a
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31,				
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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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			
	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	$ 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			
	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

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	$	$ 10,632

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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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] 2012	2011	FIP/RP Plan [1]	Total Company Contributions [2] 2012	2011	2010	Expiration Date of Collective-Bargaining Agreement
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	
					$ 27,393	$ 19,450	$ 13,682	

(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)	$ 244,999

(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.

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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)	(81,359)	(36,048)
Total	$ (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.

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.

CHICAGO BRIDGE & IRON COMPANY N.V.

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	1,194,515	$ 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	26,976	$ 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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CHICAGO BRIDGE & IRON COMPANY N.V.

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	$ 444,066	$ 351,963	$ 291,529
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	(85,504)	(83,569)	(79,983)
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	(41,499)	(13,196)	17
Total income tax expense	$ (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.

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	$ (127,003)	$ (96,765)	$ (79,966)
Effective tax rate	28.6%	27.5%	27.4%

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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	December 31, 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	$ 84,301	$ 103,884
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	$ (15,199)	$ (7,962)
Net total deferred tax asset	$ 69,102	$ 95,922

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 statue of limitations		(9,042)
Settlements with taxing authorities	(3,735)	
Unrecognized income tax benefits at the end of the year	$ 5,169	$ 7,374

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.

CHICAGO BRIDGE & IRON COMPANY N.V.

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	$ 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	$ 455,643	$ 355,197	$ 303,260
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	$ 72,279	$ 40,945	$ 24,089

	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	$ 4,329,675	$ 3,279,349	$ 2,909,534

CHICAGO BRIDGE & IRON COMPANY N.V.

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]	1,514,378	1,703,176	1,810,519
Total revenue	$ 5,485,206	$ 4,550,542	$ 3,642,318

(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
	(In thousands, except per share data)			
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

	March 31	June 30	Sept. 30	Dec. 31
		(In thousands, except per share data)		
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.

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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.

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

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

Column A	Column B	Column C	Column D	Column E	Column F
Descriptions	Balance At January 1	Additions Associated with Acquisitions	Additions Charged to Costs and Expenses	Deductions [1]	Balance at December 31
	(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.

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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

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]

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

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)

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.

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

(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.