CHICAGO BRIDGE & IRON CO N V
Form 10-Q
November 06, 2015

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

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

o 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

Prinses Beatrixlaan 35
2595 AK The Hague
The Netherlands
31-70-3732010
(Address and telephone number of principal executive offices)

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

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 | o |
| Non-accelerated filer | o (Do not check if a smaller reporting company) | Smaller reporting company | o |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes x No

The number of shares outstanding of the registrant’s common stock as of October 30, 2015 – 104,864,525

CHICAGO BRIDGE & IRON COMPANY N.V.
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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | | | |
| Revenue | $3,321,682 | $3,380,733 | $9,654,540 | $9,603,244 |
| Cost of revenue | 2,943,965 | 2,987,539 | 8,523,529 | 8,527,473 |
| Gross profit | 377,717 | 393,194 | 1,131,011 | 1,075,771 |
| Selling and administrative expense | 93,672 | 92,585 | 287,926 | 309,783 |
| Intangibles amortization | 14,948 | 16,789 | 45,542 | 49,845 |
| Equity earnings | (1,154) | (6,673) | (5,750) | (14,003) |
| Goodwill impairment | 453,100 | — | 453,100 | — |
| Loss on assets held for sale and intangible assets impairment | 707,380 | — | 707,380 | — |
| Other operating (income) expense, net | (267) | (132) | 1,870 | (777) |
| Integration related costs | — | 4,563 | — | 22,167 |
| (Loss) income from operations | (889,962) | 286,062 | (359,057) | 708,756 |
| Interest expense | (25,025) | (21,337) | (68,425) | (61,899) |
| Interest income | 2,058 | 2,584 | 6,290 | 6,121 |
| (Loss) income before taxes | (912,929) | 267,309 | (421,192) | 652,978 |
| Income tax benefit (expense) | 187,375 | (83,419) | 38,275 | (199,276) |
| Net (loss) income | (725,554) | 183,890 | (382,917) | 453,702 |
| Less: Net income attributable to noncontrolling interests | (14,879) | (22,048) | (55,773) | (60,505) |
| Net (loss) income attributable to CB&I | $(740,433) | $161,842 | $(438,690) | $393,197 |
| | | | | |
| Net (loss) income attributable to CB&I per share: | | | | |
| Basic | $(7.02) | $1.50 | $(4.08) | $3.64 |
| Diluted | $(7.02) | $1.48 | $(4.08) | $3.61 |
| Weighted average shares outstanding: | | | | |
| Basic | 105,454 | 108,199 | 107,440 | 107,993 |
| Diluted | 105,454 | 109,209 | 107,440 | 109,061 |
| Cash dividends on shares: | | | | |
| Amount | $7,333 | $7,574 | $22,540 | $22,700 |
| Per share | $0.07 | $0.07 | $0.21 | $0.21 |

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | | | |
| Net (loss) income | $(725,554) | $183,890 | $(382,917) | $453,702 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Change in cumulative translation adjustment | (24,944) | (70,665) | (61,069) | (57,713) |
| Change in unrealized fair value of cash flow hedges | 948 | (1,540) | 868 | (3,081) |
| Change in unrecognized prior service pension credits/costs | (103) | (175) | (623) | (310) |
| Change in unrecognized actuarial pension gains/losses | 2,036 | 6,498 | 12,035 | 8,711 |
| Comprehensive (loss) income | (747,617) | 118,008 | (431,706) | 401,309 |
| Net income attributable to noncontrolling interests | (14,879) | (22,048) | (55,773) | (60,505) |
| Change in cumulative translation adjustment attributable to noncontrolling interests | 2,717 | 11,049 | 3,838 | 5,075 |
| Comprehensive (loss) income attributable to CB&I | $(759,779) | $107,009 | $(483,641) | $345,879 |

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | September 30, 2015 (Unaudited) | December 31, 2014 |
|---|---|---|
| Assets | | |
| Cash and cash equivalents ($293,427 and $191,464 related to variable interest entities ("VIEs")) | $423,900 | $351,323 |
| Accounts receivable, net ($329,711 and $235,018 related to VIEs) | 1,328,811 | 1,306,567 |
| Inventory | 296,668 | 286,155 |
| Costs and estimated earnings in excess of billings ($46,957 and $29,677 related to VIEs) | 662,344 | 774,644 |
| Deferred income taxes | 704,159 | 572,987 |
| Assets held for sale | 886,429 | — |
| Other current assets ($353,455 and $104,447 related to VIEs) | 481,536 | 238,783 |
| Total current assets | 4,783,847 | 3,530,459 |
| Equity investments | 130,151 | 107,984 |
| Property and equipment, net ($19,754 and $21,868 related to VIEs) | 604,196 | 771,651 |
| Goodwill | 3,722,344 | 4,195,231 |
| Other intangibles, net | 423,830 | 556,454 |
| Deferred income taxes | 69,091 | 89,196 |
| Other non-current assets | 175,844 | 130,056 |
| Total assets | $9,909,303 | $9,381,031 |
| Liabilities | | |
| Revolving facility and other short-term borrowings | $503,000 | $164,741 |
| Current maturities of long-term debt | 143,646 | 105,997 |
| Accounts payable ($284,089 and $279,597 related to VIEs) | 1,019,166 | 1,256,854 |
| Billings in excess of costs and estimated earnings ($869,906 and $282,351 related to VIEs) | 1,828,998 | 1,985,488 |
| Deferred income taxes | 4,674 | 4,856 |
| Liabilities held for sale | 755,429 | — |
| Other current liabilities | 942,020 | 804,294 |
| Total current liabilities | 5,196,933 | 4,322,230 |
| Long-term debt | 1,872,030 | 1,564,158 |
| Deferred income taxes | 169,934 | 167,714 |
| Other non-current liabilities | 428,404 | 450,626 |
| Total liabilities | 7,667,301 | 6,504,728 |
| Shareholders’ Equity | | |
| Common stock, Euro .01 par value; shares authorized: 250,000; shares issued: 108,857 and 108,407; shares outstanding: 104,722 and 107,806 | 1,288 | 1,283 |
| Additional paid-in capital | 797,664 | 776,864 |
| Retained earnings | 1,785,540 | 2,246,770 |
| Treasury stock, at cost: 4,135 and 601 shares | (196,626) | (24,428) |
| Accumulated other comprehensive loss | (307,348) | (262,397) |
| Total CB&I shareholders’ equity | 2,080,518 | 2,738,092 |
| Noncontrolling interests | 161,484 | 138,211 |
| Total shareholders’ equity | 2,242,002 | 2,876,303 |

| | | |
|---|---|---|
| Total liabilities and shareholders’ equity | $9,909,303 | $9,381,031 |

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (Unaudited) | |
| Cash Flows from Operating Activities | | |
| Net (loss) income | $(382,917) | $453,702 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | 128,261 | 135,281 |
| Goodwill impairment | 453,100 | — |
| Loss on assets held for sale and intangible assets impairment | 707,380 | — |
| Deferred taxes | (112,880) | 72,562 |
| Stock-based compensation expense | 48,324 | 56,174 |
| Equity earnings | (5,750) | (14,003) |
| Other operating expense (income), net | 1,870 | (777) |
| Unrealized loss on foreign currency hedges | 611 | 3,179 |
| Excess tax benefits from stock-based compensation | (326) | (15,474) |
| Changes in operating assets and liabilities: | | |
| Increase in receivables, net | (157,645) | (222,207) |
| Change in contracts in progress, net | (783,027) | (994,458) |
| (Increase) decrease in inventory | (13,111) | 17,106 |
| (Decrease) increase in accounts payable | (28,671) | 68,105 |
| (Increase) decrease in other current and non-current assets | (43,931) | 13,064 |
| (Decrease) increase in other current and non-current liabilities | (36,355) | 62,407 |
| Decrease in equity investments | 30,609 | 16,396 |
| Change in other, net | 21,036 | (350) |
| Net cash used in operating activities | (173,422) | (349,293) |
| Cash Flows from Investing Activities | | |
| Capital expenditures | (93,494) | (79,511) |
| Advances to partners of proportionately consolidated ventures, net | (218,098) | — |
| Proceeds from sale of property and equipment | 6,273 | 8,873 |
| Change in other, net | (12,549) | (3,935) |
| Net cash used in investing activities | (317,868) | (74,573) |
| Cash Flows from Financing Activities | | |
| Revolving facility and other short-term borrowings, net | 338,259 | 428,740 |
| Long-term borrowings | 700,000 | 48,081 |
| Advances from proportionately consolidated ventures, net | 184,029 | — |
| Repayments on long-term debt | (354,479) | (75,484) |
| Excess tax benefits from stock-based compensation | 326 | 15,474 |
| Purchase of treasury stock | (210,748) | (66,639) |
| Issuance of stock | 15,698 | 22,571 |
| Dividends paid | (22,540) | (22,700) |
| Distributions to noncontrolling interests | (28,662) | (47,695) |
| Net cash provided by financing activities | 621,883 | 302,348 |
| Effect of exchange rate changes on cash and cash equivalents | (58,016) | (27,540) |
| Increase (decrease) in cash and cash equivalents | 72,577 | (149,058) |
| Cash and cash equivalents, beginning of the year | 351,323 | 420,502 |

| | | |
|---|---|---|
| Cash and cash equivalents, end of the period | $423,900 | $271,444 |

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except per share data)

| | Common Stock | | | | Treasury Stock | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-In Capital | Retained Earnings | Shares | Amount | Accumulated Other Comprehensive (Loss) Income | Non - controlling Interests | Total Shareholders' Equity |
| | (Unaudited) | | | | | | | | |
| Balance at December 31, 2014 | 107,806 | $1,283 | $776,864 | $2,246,770 | 601 | $(24,428) | $(262,397) | $138,211 | $2,876,303 |
| Net (loss) income | — | — | — | (438,690) | — | — | — | 55,773 | (382,917) |
| Change in cumulative translation adjustment, net | — | — | — | — | — | — | (57,231) | (3,838) | (61,069) |
| Change in unrealized fair value of cash flow hedges, net | — | — | — | — | — | — | 868 | — | 868 |
| Change in unrecognized prior service pension credits/costs, net | — | — | — | — | — | — | (623) | — | (623) |
| Change in unrecognized actuarial pension gains/losses, net | — | — | — | — | — | — | 12,035 | — | 12,035 |
| Distributions to noncontrolling interests | — | — | — | — | — | — | — | (28,662) | (28,662) |
| Dividends paid ($0.21 per share) | — | — | — | (22,540) | — | — | — | — | (22,540) |
| Stock-based compensation expense | — | — | 48,324 | — | — | — | — | — | 48,324 |
| Issuance to treasury stock | — | 5 | 19,894 | — | 450 | (19,899) | — | — | — |
| Purchase of treasury stock | (4,480) | — | — | — | 4,480 | (210,748) | — | — | (210,748) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Issuance of stock | 1,396 | — | (47,418) | — | (1,396) | 58,449 | — | — | 11,031 |
| Balance at September 30, 2015 | 104,722 | $1,288 | $797,664 | $1,785,540 | 4,135 | $(196,626) | $(307,348) | $161,484 | $2,242,002 |

| | Common Stock | | | | Treasury Stock | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-In Capital | Retained Earnings | Shares | Amount | Accumulated Other Comprehensive (Loss) Income | Non - controlling Interests | Total Shareholders' Equity |
| | (Unaudited) | | | | | | | | |
| Balance at December 31, 2013 | 107,478 | $1,275 | $753,742 | $1,733,409 | 379 | $(23,914) | $(119,933) | $162,859 | $2,507,438 |
| Net income | — | — | — | 393,197 | — | — | — | 60,505 | 453,702 |
| Change in cumulative translation adjustment, net | — | — | — | — | — | — | (52,638) | (5,075) | (57,713) |
| Change in unrealized fair value of cash flow hedges, net | — | — | — | — | — | — | (3,081) | — | (3,081) |
| Change in unrecognized prior service pension credits/costs, net | — | — | — | — | — | — | (310) | — | (310) |
| Change in unrecognized actuarial pension gains/losses, net | — | — | — | — | — | — | 8,711 | — | 8,711 |
| Distributions to noncontrolling interests | — | — | — | — | — | — | — | (47,695) | (47,695) |
| Dividends paid ($0.21 per share) | — | — | — | (22,700) | — | — | — | — | (22,700) |
| Stock-based compensation expense | — | — | 56,174 | — | — | — | — | — | 56,174 |
| Issuance to treasury stock | — | 6 | 35,483 | — | 450 | (35,489) | — | — | — |
| Purchase of treasury stock | (864) | — | — | — | 864 | (66,639) | — | — | (66,639) |
| Issuance of stock | 1,592 | — | (80,197) | — | (1,592) | 119,115 | — | — | 38,918 |
| Balance at September 30, 2014 | 108,206 | $1,281 | $765,202 | $2,103,906 | 101 | $(6,927) | $(167,251) | $170,594 | $2,866,805 |

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

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CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2015
($ and share values in thousands, except per share data)
(Unaudited)

## 1. ORGANIZATION AND NATURE OF OPERATIONS

Organization and Nature of Operations—Founded in 1889, Chicago Bridge & Iron Company N.V. ("CB&I" or the "Company") provides a wide range of services, including conceptual design, technology, engineering, procurement, fabrication, modularization, construction, commissioning, maintenance, program management and environmental services to customers in the energy infrastructure market throughout the world, and is a provider of diversified government services. Our business is aligned into four operating groups, which represent our reportable segments. During the first quarter 2015, we realigned our four operating groups to reflect the present management oversight of our operations: (1) Engineering & Construction (formerly Engineering, Construction & Maintenance); (2) Fabrication Services; (3) Technology; and (4) Capital Services (formerly Environmental Solutions). See Note 16 for a discussion of our realigned operating groups and related financial information.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation—The accompanying unaudited interim Condensed Consolidated Financial Statements ("Financial Statements") are prepared in accordance with the rules and regulations of the United States ("U.S.") Securities and Exchange Commission (the "SEC") and accounting principles generally accepted in the United States of America ("U.S. GAAP"). These Financial Statements include all wholly-owned subsidiaries and those entities which we are required to consolidate. See the "Partnering 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.

Basis of Presentation—We believe these Financial Statements include all adjustments, which are of a normal recurring nature, necessary for a fair presentation of our results of operations for the three and nine months ended September 30, 2015 and 2014, our financial position as of September 30, 2015 and our cash flows for the nine months ended September 30, 2015 and 2014. The December 31, 2014 Condensed Consolidated Balance Sheet was derived from our December 31, 2014 audited Consolidated Balance Sheet.

We believe the disclosures accompanying these Financial Statements are adequate to make the information presented not misleading. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC for interim reporting periods. The results of operations and cash flows for the interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying Financial Statements should be read in conjunction with our Consolidated Financial Statements and notes thereto included in our 2014 Annual Report on Form 10-K ("2014 Annual Report").

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 for our contracts, including estimating costs and the recognition of incentive fees and unapproved change orders and claims; fair value and recoverability assessments that must be periodically performed with respect to long-lived tangible assets, goodwill and other intangible assets; valuation of deferred tax assets and financial instruments; the determination of liabilities related to self-insurance programs and income taxes; and consolidation determinations with respect to our partnering arrangements. 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 revenue is primarily derived from long-term contracts and is generally recognized using the percentage of completion ("POC") method, primarily 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 ("FASB") Accounting Standards Codification ("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 incentive fees, unapproved change orders and claims, and combining and segmenting contracts. We primarily utilize the cost-to-cost approach to estimate POC 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 subcontractor or 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. Backlog for each of our operating groups generally consists of several hundred contracts and our results may be impacted by changes in estimated project margins. For the three and nine months ended September 30, 2015 and 2014, individual projects with significant changes in estimated margins did not have a material net impact on our income from operations.

Our long-term contracts are awarded on a competitively bid and negotiated basis and the timing of revenue recognition may be impacted by the terms of such contracts. We use a range of contracting options, including cost-reimbursable, fixed-price and hybrid, which has both cost-reimbursable and fixed-price characteristics. 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, and 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. Contract revenue for our long-term contracts recognized under the POC method reflects the original contract price adjusted for approved change orders and estimated recoveries for incentive fees, unapproved change orders and claims. We recognize revenue associated with incentive fees when the value can be reliably estimated and recovery is probable. We recognize revenue associated with unapproved change orders and claims to the extent the related costs have been incurred, the value can be reliably estimated and recovery is probable. Our recorded incentive fees, unapproved change orders and claims reflect our best estimate of recovery amounts; however, the ultimate resolution and amounts received could differ from these estimates. See Note 15 for additional discussion of our recorded unapproved change orders, claims, incentives and other contract recoveries.

With respect to our engineering, procurement, and construction (“EPC”) services, our contracts are 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. However, an EPC contract including technology or fabrication services may be segmented if we satisfy the segmenting criteria in ASC 605-35. Revenue recorded in these situations is based on our prices and terms for similar services to third party customers. Segmenting a contract may result in different interim rates of profitability for each scope of service than if we had recognized revenue without segmenting. 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 for our long-term contracts 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, milestone billings based on the completion of certain phases of the work, or when services are provided. Projects with cumulative costs and estimated earnings recognized to date in excess of cumulative billings is reported on the Condensed Consolidated Balance Sheet (“Balance Sheet”) as costs and estimated earnings in excess of billings. Projects with cumulative billings in excess of costs and estimated earnings recognized to date is reported on the Balance Sheet as billings in excess of costs and estimated earnings. The net balances on our Balance Sheet are collectively referred to as Contracts in Progress, net, and the components of these balances at September 30, 2015 and December 31, 2014 were as follows:

| | September 30, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Asset [1] | Liability [1] | Asset | Liability |
| Costs and estimated earnings on contracts in progress | $16,625,872 | $21,023,415 | $20,119,444 | $26,052,767 |
| Billings on contracts in progress | (15,963,528 ) | (22,838,510 ) | (19,344,800 ) | (27,479,495 ) |
| Margin fair value liability for acquired contracts [2] | — | (13,903 ) | — | (558,760 ) |
| Contracts in Progress, net | $662,344 | $(1,828,998 ) | $774,644 | $(1,985,488 ) |

(1) The Contracts in Progress, net asset and liability balances reflect the impact of reclassifying approximately $1,244,100 and $505,300 (including approximately $458,700 of margin fair value liability), respectively, to assets held for sale and liabilities held for sale, on our Balance Sheet as a result of the agreement to sell our Nuclear Operations, as discussed in Note 4.

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

(2) The balance represents a margin fair value liability associated with long-term contracts acquired in connection with our acquisition of The Shaw Group Inc. on February 13, 2013 (the “Acquisition Closing Date”). The margin fair value liability was approximately $745,500 at the Acquisition Closing Date and is recognized as revenue on a POC basis as the applicable projects progress. Revenue and the related income from operations recognized during the three and nine months ended September 30, 2015 was approximately $29,500 and $86,100, respectively, compared with approximately $33,500 and $94,800, respectively, for the comparable 2014 periods.

Any uncollected billed amounts, including contract retentions, are reported as accounts receivable. At September 30, 2015 and December 31, 2014, accounts receivable included contract retentions of approximately $64,800 and $53,000, respectively. Contract retentions due beyond one year were not material at September 30, 2015 or December 31, 2014.

Revenue for our service contracts that do not satisfy the criteria for revenue recognition under the POC method is recorded at the time services are performed. Revenue associated with incentive fees for these contracts is recognized when earned. Unbilled receivables for our service contracts are recorded within accounts receivable and were approximately $106,100 and $66,900 at September 30, 2015 and December 31, 2014, respectively.

Revenue for our pipe and steel fabrication and catalyst manufacturing contracts that are independent of an EPC contract, or for which we satisfy the segmentation criteria discussed above, is recognized upon shipment of the fabricated or manufactured units. During the fabrication or manufacturing process, all related direct and allocable indirect costs are capitalized as work in process inventory and such costs are recorded as cost of revenue at the time of shipment.

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 September 30, 2015 and December 31, 2014, our allowances for doubtful accounts were not material.

Other Operating (Income) Expense, Net—Other operating (income) expense, net, generally represents (gains) losses associated with the sale or disposition of property and equipment. For the nine months ended September 30, 2015, other operating (income) expense, net also included a gain of approximately $7,500 related to the contribution of a technology to our unconsolidated Chevron-Lummus Global (“CLG”) joint venture and a foreign exchange loss of approximately $11,000 associated with the re-measurement of certain non-U.S. Dollar denominated net assets, both of which occurred during the three months ended March 31, 2015.

Integration Related Costs—For the three and nine months ended September 30, 2014, integration related costs of $4,563 and $22,167, respectively, primarily related to facility consolidations, including the associated accrued future lease costs for vacated facilities and unutilized capacity, personnel relocation and severance related costs, and systems integration costs.

Recoverability of Goodwill—Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually at a reporting unit level, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of October 1. We identify a potential impairment by comparing the fair value of the applicable reporting unit to its net book value, including goodwill. If the net book value exceeds the fair value of the reporting unit, an indication of potential impairment exists, and we measure the impairment by comparing the carrying value of the reporting unit's goodwill to its implied fair value. To determine the fair value of our reporting units and test for impairment, we utilize an income approach (discounted cash flow method) as we believe this is the most direct approach to incorporate the specific economic attributes and risk profiles of our reporting units into our valuation model. This is consistent with the methodology used to determine the fair value of our reporting units in previous years. We generally do not utilize a market approach given the lack of relevant information generated by market transactions involving comparable businesses. See Note 6 for additional disclosures associated with our goodwill and related impairment recorded during the three months ended September 30, 2015.

Recoverability of Other Long-Lived Assets—We amortize our finite-lived intangible assets on a straight-line basis with lives ranging from 3 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 asset's carrying amount to determine if an impairment exists. See Note 6 for additional disclosures associated with our intangible assets and related impairment recorded during the three months ended September 30, 2015.

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), 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 highly liquid securities with original maturities of three months or less.

Inventory—Inventory is recorded at the lower of cost or market and cost is determined using the first-in-first-out or weighted-average cost method. The cost of inventory includes acquisition costs, production or conversion costs, and other costs incurred to bring the inventory to a current location and condition. An allowance for excess or inactive inventory is recorded based upon an analysis that considers current inventory levels, historical usage patterns, estimates of future sales expectations and salvage value. See Note 5 for additional disclosures associated with our inventory.

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") which is net of tax, where applicable. With the exception of a foreign exchange loss of approximately $11,000 included within other operating (income) expense, net related to the re-measurement of certain non-U.S. Dollar denominated net assets during the three months ended March 31, 2015, foreign currency transactional and re-measurement exchange gains (losses) are included within cost of revenue and were not material for the three and nine months ended September 30, 2015 and 2014.

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 utilize foreign currency exchange rate derivatives on an ongoing 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 (1) credit risk and forward points, (2) instruments deemed ineffective during the period, and (3) instruments that we do not designate as cash flow hedges are recognized within cost of revenue.
- Interest Rate Derivatives—At September 30, 2015, we continued to utilize a swap arrangement to hedge against interest rate variability associated with $378,750 of our outstanding $475,000 unsecured term loan (the "Term Loan"). The swap arrangement has been designated as a cash flow hedge as its critical terms matched those of the Term Loan at inception and through September 30, 2015. Accordingly, changes in the fair value of the swap arrangement are included in AOCI until the associated underlying exposure impacts 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 ongoing 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 ("DTA(s)") if, based upon the available evidence, it is more likely than not that some or all of the DTAs will not be realized. The realization of our net DTAs depends upon our ability to generate sufficient future taxable income of the appropriate character and in the appropriate

jurisdictions.

Income tax and associated interest reserves, where applicable, are recorded 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, irrespective of whether or not we have received tax assessments. 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.

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

Venture net assets consist primarily of working capital and property and equipment, and assets may be restricted from being used to fund obligations outside of the venture. These ventures typically have limited third party debt or have debt that is non-recourse in nature; however, they may provide for capital calls to fund operations or require participants in the venture to provide additional financial support, including advance payment or retention letters of credit.

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

If at any time a venture qualifies as a VIE, we 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 venture is a VIE and we are the primary beneficiary, or we otherwise have the ability to control the venture, we consolidate the 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 venture, we do not consolidate the venture. We account for unconsolidated ventures using proportionate consolidation for both our Balance Sheet and Statement of Operations when we meet the applicable accounting criteria to do so and utilize the equity method otherwise. See Note 7 for additional discussion of our material partnering arrangements.

New Accounting Standards—In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance, including ASC 605-35. Upon adoption of ASU 2014-09, entities are required to recognize revenue using the following comprehensive model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue as the entity satisfies each performance obligation. ASU 2014-09 is effective for us beginning in the first quarter 2018. Our adoption of ASU 2014-09 will result in retrospective application, either in the form of recasting all prior periods presented or a cumulative adjustment to equity in the period of adoption. We are assessing the impact that the new standard will have on our Financial Statements.

In February 2015, the FASB issued ASU 2015-02, which amends existing consolidation requirements in ASC 810 and will require entities to evaluate their consolidation analysis for subsidiaries that are not wholly-owned. ASU 2015-02, which is effective for us beginning in the first quarter 2016, includes amended guidance associated with: (1) determining the consolidation model and assessing control for limited partnerships and similar entities; (2) determining when fees paid to decision makers or service providers are variable interests; and (3) evaluating interests held by de facto agents or related parties of the reporting entity. We do not expect the adoption of ASU 2015-02 to have a material impact on our consolidated financial position, results of operations, or cash flows.

In April 2015, the FASB issued ASU 2015-03, which changes the presentation of debt issuance costs. Upon adoption, debt issuance costs would be presented as a direct deduction from the related debt liability rather than as an asset, as currently presented. ASU 2015-03 is effective for us beginning in the first quarter 2016. We do not expect the adoption of ASU 2015-03 to have a material impact on our consolidated financial position, results of operations, or cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

## 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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net (loss) income attributable to CB&I | $(740,433) | $161,842 | $(438,690) | $393,197 |
| Weighted average shares outstanding—basic | 105,454 | 108,199 | 107,440 | 107,993 |
| Effect of restricted shares/performance shares/stock options [(1)] | — | 1,000 | — | 1,031 |
| Effect of directors’ deferred-fee shares[(1)] | — | 10 | — | 37 |
| Weighted average shares outstanding—diluted | 105,454 | 109,209 | 107,440 | 109,061 |
| Net (loss) income attributable to CB&I per share: | | | | |
| Basic | $(7.02) | $1.50 | $(4.08) | $3.64 |
| Diluted | $(7.02) | $1.48 | $(4.08) | $3.61 |

(1) The effect of restricted, performance, stock options and directors' deferred-fee shares were not included in the calculation of diluted EPS for the three and nine months ended September 30, 2015 due to the net loss for the periods. Antidilutive shares excluded from diluted EPS were not material for the three and nine months ended September 30, 2014.

## 4. DISPOSITION OF NUCLEAR OPERATIONS

Transaction Summary—On October 27, 2015, we entered into a definitive agreement (the “Agreement”) with Westinghouse Electric Company (“WEC”) in which WEC will acquire our power nuclear construction business, including the Nuclear Projects discussed further in Note 15 (collectively, “Nuclear Operations”). Our Nuclear Operations are included within our Engineering & Construction operating group. Under the Agreement, we anticipate receiving estimated transaction consideration for the Nuclear Operations of approximately $161,000, which will be received upon WEC’s substantial completion of the Nuclear Projects. The present value of the estimated consideration is approximately $143,000 (the “Estimated Sales Proceeds”). In addition, our Fabrication Services operating group will continue to supply discrete scopes of modules, fabricated pipe and specialty services to WEC (collectively, “Ongoing WEC Projects”) related to the Nuclear Projects. As part of the Agreement, we agreed not to pursue existing change orders and claims against WEC for certain Ongoing WEC Projects and we agreed to receive certain milestone based payments of up to $68,000 for the Ongoing WEC Projects. The net impact of foregoing the pursuit of change orders and claims and accepting the milestone based payments on the Ongoing WEC Projects was not material. The transaction is expected to close in the fourth quarter 2015, and is anticipated to allow us to achieve our capital allocation goals through reduced working capital demands and improved operating cash flows, and provide greater clarity with respect to the risk profile of our business.

We have classified the assets and liabilities of our Nuclear Operations as held for sale on our September 30, 2015 Balance Sheet as we believe the completion of the transaction is probable. Further, as a result of the Agreement, during the three months ended September 30, 2015, we recorded a non-cash pre-tax charge of approximately $1,160,500 (approximately $904,200 after-tax) related to the impairment of goodwill (approximately $453,100) and intangible assets (approximately $79,100) and an estimated loss on assets held for sale (approximately $628,300). The net tax benefit (approximately $256,300) on the charge reflects the non-deductibility of the goodwill impairment. Under the Agreement, the amount of our loss will be impacted by changes in our working capital on the Nuclear Projects between September 30, 2015 and the closing date of the transaction. We estimate such changes could result in a total estimated pre-tax charge related to the sale of the Nuclear Operations of $1,300,000 to $1,600,000 (approximately $1,000,000 to $1,200,000 after-tax).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Disposition Related Charges—A summary of the pre-tax charge for the three and nine months ended September 30, 2015 related to the disposition of our Nuclear Operations is as follows:

| | Three and Nine Months Ended September 30, 2015 |
|---|---|
| Loss on assets held for sale (see below) | $628,280 |
| Intangible assets impairment (Note 6) | 79,100 |
| Loss on assets held for sale and intangible assets impairment | 707,380 |
| Goodwill impairment (Note 6) | 453,100 |
| Total pre-tax charge | $1,160,480 |

The impact of the loss on assets held for sale and intangible assets impairment is included in “loss on assets held for sale and intangible assets impairment” in our Statement of Operations, and the impact of the goodwill impairment is included in “goodwill impairment” in our Statement of Operations. See Note 6 for further discussion of our goodwill and intangible assets impairment charges.

Assets Held for Sale—The fair value of the assets and liabilities held for sale at September 30, 2015 is summarized as follows:

| | September 30, 2015 |
|---|---|
| Assets | |
| Accounts receivable | $135,401 |
| Costs and estimated earnings in excess of billings | 1,244,128 |
| Property and equipment, net | 129,425 |
| Other assets | 5,755 |
| Assets held for sale before loss | 1,514,709 |
| Loss on assets held for sale (see above) | (628,280) |
| Assets held for sale | $886,429 |
| | |
| Liabilities | |
| Margin fair value liability (Note 2) | $458,722 |
| Billings in excess of costs and estimated earnings | 46,569 |
| Accounts payable | 209,017 |
| Other liabilities | 41,121 |
| Liabilities held for sale | $755,429 |
| | |
| Estimated Sales Proceeds (net of estimated transaction costs of $12,000) | $131,000 |

The fair value of assets and liabilities held for sale in the table above represents the Estimated Sales Proceeds (net of estimated transaction costs), is considered level 2 in the valuation hierarchy and is based upon the present value of the estimated transaction consideration to be received under the Agreement.

Results of Nuclear Operations—The revenue and pre-tax income of our Nuclear Operations for the three and nine months ended September 30, 2015 and 2014 was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | $502,922 | $510,571 | $1,555,508 | $1,310,668 |
| Pre-tax income | $45,715 | $41,900 | $163,115 | $112,600 |

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

5. INVENTORY
The components of inventory at September 30, 2015 and December 31, 2014 were as follows:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| Raw materials | $155,686 | $162,451 |
| Work in process | 42,994 | 38,232 |
| Finished goods | 97,988 | 85,472 |
| Total | $296,668 | $286,155 |

6. GOODWILL AND OTHER INTANGIBLES
Goodwill
Goodwill Summary and Reporting Units—At September 30, 2015 and December 31, 2014, our goodwill balances were $3,722,344 and $4,195,231, respectively, attributable to the excess of the purchase price over the fair value of net assets acquired in connection with our acquisitions. The change in goodwill for the nine months ended September 30, 2015 was as follows:

| | Total |
|---|---|
| Balance at December 31, 2014 | $4,195,231 |
| Impairment charge (described below) | (453,100) |
| Foreign currency translation | (16,188) |
| Amortization of tax goodwill in excess of book goodwill | (3,599) |
| Balance at September 30, 2015 | $3,722,344 |

As discussed further in Note 2, goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually at a reporting unit level, absent any indicators of impairment. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of October 1. At December 31, 2014, we had the following seven reporting units within our four operating groups, which represent our reportable segments as discussed further in Note 16:

- Engineering, Construction & Maintenance—Our Engineering, Construction & Maintenance operating group included three reporting units: Oil & Gas, Power and Plant Services.
- Fabrication Services—Our Fabrication Services operating group included two reporting units: Steel Plate Structures and Fabrication & Manufacturing.
- Technology—Our Technology operating group represented a reporting unit.
- Environmental Solutions—Our Environmental Solutions operating group represented a reporting unit.

As part of our annual impairment assessment, in the fourth quarter 2014, we performed a quantitative assessment of goodwill for each of the aforementioned reporting units. Based upon this quantitative assessment, the fair value of each of our reporting units exceeded their respective net book values, and accordingly, no impairment charge was necessary during 2014.
Reporting Unit Realignment—During the three months ended March 31, 2015, we realigned our four operating groups. In connection therewith, we realigned our reporting units, and accordingly, we currently have the following eight reporting units within our four realigned operating groups:

- Engineering & Construction (formerly Engineering, Construction & Maintenance)—Our Engineering & Construction operating group includes two reporting units: Oil & Gas and Power (after the removal of our Nuclear Operations discussed further below). Our Plant Services reporting unit was reclassified to our realigned Capital Services operating group, as noted below.
- Fabrication Services—Our Fabrication Services operating group includes three reporting units: Steel Plate Structures, Fabrication & Manufacturing, and Engineered Products. Our Engineered Products reporting unit represents a portion of our previous Technology reporting unit.
- Technology—Our Technology operating group continues to represent a reporting unit, consisting of the remaining portion of our previous Technology reporting unit, after reclassification of the Engineered Products reporting unit to

Fabrication Services, as noted above.



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- Capital Services (formerly Environmental Solutions)—Our Capital Services operating group includes two reporting units: Facilities & Plant Services and Federal Services. Our Facilities & Plant Services reporting unit represents our previous Plant Services reporting unit and a portion of our previous Environmental Solutions reporting unit. Our Federal Services reporting unit represents the remaining portion of our previous Environmental Solutions reporting unit.

In conjunction with the aforementioned realignment of our operating groups, we allocated goodwill among our new and realigned reporting units based on the relative fair value of the reporting units being realigned. As a result, during the three months ended March 31, 2015, we performed a quantitative assessment of goodwill for each of the reporting units impacted by our operating group realignment, which included Engineered Products, Technology, Facilities & Plant Services, and Federal Services. Based on this quantitative assessment, the fair value of each of the reporting units impacted by our operating group realignment exceeded their respective net book values, and accordingly, no impairment charge was necessary as a result of the realignment.

Goodwill Impairment—As discussed further in Note 4, as a result of the Agreement to sell our Nuclear Operations, we classified the assets and liabilities of our Nuclear Operations as held for sale at September 30, 2015. Our Nuclear Operations are included within our Engineering & Construction operating group and were part of our Power reporting unit prior to the Agreement. Accordingly, in conjunction with the Agreement and classification of our Nuclear Operations as held for sale, we allocated the Power reporting unit's goodwill between our Nuclear Operations and the remaining portion of the Power reporting unit after removal of the Nuclear Operations ("Retained Power Operations"), based on their relative fair values. Further, the Retained Power Operations became our Power reporting unit.

The fair value of the Nuclear Operations was determined based on the Estimated Sales Proceeds. The fair value of the Retained Power Operations was determined on a basis consistent with the basis used for our annual impairment assessment discussed in Note 2. Based on the aforementioned, the net book value of the Nuclear Operations (after allocating goodwill) exceeded its fair value, and accordingly, we concluded that the carrying value of its goodwill was impaired. We also performed a quantitative assessment of goodwill for the Retained Power Operations and determined that the net book value of the Retained Power Operations (after allocating goodwill) exceeded its fair value, and accordingly, we concluded that the carrying value of its goodwill was partially impaired. The amount of goodwill impairment charge for the Retained Power Operations was determined by comparing the carrying value of its goodwill with its implied fair value. As a result of the aforementioned, during the three months ended September 30, 2015, we recorded a non-cash goodwill impairment charge of approximately $453,100, of which approximately $191,000 related to the Nuclear Operations and approximately $262,100 related to the Retained Power Operations. Accordingly, at September 30, 2015, the adjusted carrying value of goodwill for the Nuclear Operations held for sale and the Retained Power Operations was zero and approximately $1,461,400, respectively. The impairment charge is included in "goodwill impairment" in our Statement of Operations.

During the nine months ended September 30, 2015, no other indicators of goodwill impairment were identified for any of our reporting units. If, based on future assessments our goodwill is deemed to be impaired, the impairment would result in a charge to earnings in the period of impairment. There can be no assurance that future goodwill impairment tests will not result in charges to earnings.

Other Intangibles

The following table provides a summary of our finite-lived intangible assets at September 30, 2015 and December 31, 2014, including weighted-average useful lives for each major intangible asset class and in total:

| | | September 30, 2015 | | December 31, 2014 | |
|---|---|---|---|---|---|
| | Weighted Average Life | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Finite-lived intangible assets | | | | | |
| Backlog and customer relationships [1][2] | 17 years | $281,072 | $(60,862) | $ | |