CHICAGO BRIDGE & IRON CO N V
Form S-3/A
June 13, 2002

As filed with the Securities and Exchange Commission on June 13, 2002

Registration No. 333-86960

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
Form S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Chicago Bridge & Iron Company N.V.

(Exact name of Registrant as Specified in Its Charter)

The Netherlands	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

Polarisavenue 31
2132 JH Hoofddorp
The Netherlands
31-23-5685660
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Robert H. Wolfe, Esq.
Secretary
Chicago Bridge & Iron Company
1501 North Division Street
Plainfield, Illinois 60544
(815) 439-6000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

James M. Reum, Esq.	**Christopher D. Lueking, Esq.**
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35 West Wacker Drive	**233 South Wacker Drive**
Chicago, Illinois 60601	**Chicago, Illinois 60606**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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SUBJECT TO COMPLETION, DATED JUNE , 2002

2,700,000 Shares

Chicago Bridge & Iron Company N.V.

Common Stock, Euro .01 Par Value Per Share

We are selling 600,000 shares of common stock and the selling shareholders are selling 2,100,000 shares of common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling shareholders.

Our common stock is listed on The New York Stock Exchange under the symbol CBI . The last reported sale price of our common stock on June 12, 2002 was $28.10 per share.

The underwriters have an option to purchase a maximum of 405,000 additional shares from us to cover over-allotments of shares.

Investing in our common stock involves risks. See Risk Factors on page 7.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to CB&I	Proceeds to the Selling Shareholders
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2002.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

Bear, Stearns & Co. Inc.

Lehman Brothers

The date of this prospectus is June , 2002.

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We have not authorized anyone to provide you with information that is different from the information contained in this document or to which we have referred you. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document, and we do not intend to update this information after the offer and sale of these securities.

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PROSPECTUS SUMMARY

This summary highlights important information regarding our business and the terms of this offering. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus carefully, including the information under Risk Factors and the consolidated financial statements and the related notes included elsewhere in this prospectus before making an investment decision. Unless the context requires otherwise, references to we, us, our, the Company or CB&I refer collectively to Chicago Bridge & Iron Company N.V. and its subsidiaries, and references to CB&I N.V. refer to the parent company Chicago Bridge & Iron Company N.V. only. Unless otherwise stated, the information contained in this prospectus assumes that the underwriters do not exercise their over-allotment option.

Our Company

We are a global specialty engineering and construction (E&C) company serving the hydrocarbon, energy, power generation, and water and wastewater treatment industries. We have been helping our customers store and process the earth s natural resources for more than 100 years by supplying a comprehensive range of engineered steel structures and systems. We offer a complete package of design, engineering, fabrication, construction and maintenance services. Our products include hydrocarbon processing plants, liquefied natural gas (LNG) terminals and peak shaving plants, bulk liquid terminals, water storage and treatment facilities, and other steel structures and their associated systems. During 2001, we worked on over 900 contracts for customers in a variety of industries. Over the last several years, our customers have included:

- large U.S., multinational and state-owned oil companies, such as Shell, ExxonMobil, Koch Industries, BP, Conoco, Saudi Aramco and PDVSA;
- leading engineer/procure/construct (EPC) companies, such as Fluor, Bechtel, Foster Wheeler, Kellogg Brown & Root, and Technip-Coflexip;
- LNG and natural gas producers and distributors, such as Williams Energy Services, Distrigas and Woodside Energy;
- power generators, such as AES, Conectiv and Constellation Power; and
- municipal and private water companies.

We believe that our comprehensive global E&C capabilities and our broad range of products and services position us to capitalize on the expected growth in our primary end markets. Our acquisitions of Howe-Baker International, L.L.C. (Howe-Baker) and the Engineered Construction and Water Divisions of Pitt-Des Moines, Inc. (the PDM Divisions) have significantly enhanced our product and service offerings. We expect to generate new business by leveraging Howe-Baker s advanced hydrocarbon processing engineering and technical capabilities across our worldwide marketing and execution platform.

We had revenues of approximately $1.1 billion and adjusted EBITDA of approximately $89.2 million in 2001. Our backlog was $997 million at March 31, 2002. We employed more than 7,200 persons worldwide as of December 31, 2001.

Competitive Strengths

We believe that our core competencies enable us to deliver to our customers the best overall combination of experience, reliability, quality and performance which produces a lower-risk, higher value equation for our customers. These core competencies, which we believe are significant competitive strengths, include:

- *Worldwide Record of Excellence.* We have established a record as a leader in the international engineering and construction industry by providing consistently superior project performance for more than 112 years.
- *Fully-Integrated Specialty Engineering & Construction Service Provider.* We are one of a very few global E&C service providers that can deliver a project from conception to commissioning,

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including conceptual design, detail engineering, procurement, fabrication, field erection, mechanical installation, start-up assistance and operator training.

Global Execution Capabilities. With a global network of some 35 sales and operations offices and established labor and supplier relationships, we have the ability to rapidly mobilize people, materials and equipment to execute projects in locations ranging from highly industrialized countries to some of the world s most remote regions.

History of Innovation. We have established a reputation for product innovation and our acquisition of Howe-Baker has equipped us with well-established technology and proprietary know-how in refinery processes, desalting/dehydration, synthesis gas production and gas-to-liquids processing.

Strong Focus on Project Risk Management. We are experienced in managing the risk associated with bidding on and executing complex projects and projects to be performed on a fixed-price, lump-sum basis, which has historically allowed us to achieve higher margins than those obtainable from cost-plus contracts.

Strong Safety Performance. Because of our long and outstanding safety record, we are sometimes invited to bid on projects for which other competitors do not qualify.

Management Team with Deep Engineering & Construction Industry Experience. Members of our senior leadership team have an average of more than 20 years of experience in the E&C industry.

Growth Strategy

We intend to increase shareholder value through the execution of the following growth strategies:

Leveraging the Strengths of Howe-Baker and the PDM Divisions. Our acquisitions of Howe-Baker and the PDM Divisions have broadened our capabilities and resources to meet customer needs in our end markets, and we intend to focus on imparting best practices and technologies from each business throughout the organization.

Expanding our Market Share in the High-Growth Energy Infrastructure Business. We intend to utilize our substantial expertise and experience in LNG and cryogenic systems to expand our presence in the worldwide sales of LNG infrastructure facilities.

Marketing our Expanded Capabilities. We will continue to expand our marketing programs to identify and capitalize on attractive customer bases and end markets, focusing in particular on LNG projects and EPC opportunities utilizing the combined CB&I and Howe-Baker resources.

Continuing to Improve Project Execution and Cost Control. We intend to maintain and enhance our successful track record in project execution and to identify and control non-project expenses and capital expenditures.

Creating Growth from Acquisitions and Other Business Combinations. We will continue to pursue growth through selective acquisitions of businesses or assets that will expand or complement our current portfolio of products and services.

Our Address

Our principal executive office is located at Polarisavenue 31, 2132 JH Hoofddorp, The Netherlands and our telephone number at that address is 31-23-5685660. Our administrative offices are located at 10200 Grogan s Mill Road, Suite 300, The Woodlands, Texas 77380 and our telephone number at that address is (281) 774-2200. Our Internet address is http://www.chicagobridge.com. The contents of our website are not part of this prospectus.

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The Offering

Common stock offered:	
By us	600,000 shares(1)
By the selling shareholders	2,100,000 shares
Total	2,700,000 shares(1)
Total common stock outstanding after the offering	21,654,371 shares(1)(2)
Use of proceeds	We will receive proceeds of approximately $ million (approximately $ million if the underwriters over-allotment option is fully exercised), which are net of underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use these proceeds for general corporate purposes. We will not receive any of the proceeds from the shares sold by the selling shareholders.
NYSE symbol	CBI

(1) Assumes the underwriters do not exercise their over-allotment option. If the over-allotment option is exercised in full, we will sell an additional 405,000 shares.

(2) The number of shares of common stock outstanding after this offering is based on the number of shares outstanding as of April 2, 2002 and excludes 3,928,006 shares reserved for issuance under our employee compensation and stock plans, of which options to purchase 2,262,623 shares at a weighted-average exercise price of $18.49 are currently outstanding. If the underwriters over-allotment option is exercised in full, there will be 22,059,371 shares outstanding after the offering.

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Summary Consolidated Financial Data

We derived the following summary financial and operating data for the five years ended December 31, 1997 through 2001 from our audited consolidated financial statements. The financial data for the three months ended March 31, 2002 and 2001 have been derived from our unaudited consolidated financial statements, which were prepared on the same basis as our audited financial statements and include, in our opinion, all adjustments (including normal recurring adjustments) necessary to present fairly the information presented for the interim periods. Interim results may not be indicative of those at year-end. You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the related notes, appearing elsewhere or incorporated by reference into this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2002	**2001**	**2001**	**2000**	**1999**	**1998**	**1997**
	(In thousands, except per share data)						
INCOME STATEMENT DATA							
Revenues	$259,272	$235,368	$1,081,824	$611,691	$674,386	$775,692	$672,811
Cost of revenues	224,182	207,073	945,048	542,721	596,695	703,351	609,164
Gross profit	35,090	28,295	136,776	68,970	77,691	72,341	63,647
Selling and administrative expenses	17,907	15,868	67,519	41,913	48,997	46,471	44,500
Intangibles amortization	626	1,189	5,819	599	514	500	497
Other operating income, net(1)	(419)	(259)	(691)	(2,401)	(2,788)	(991)	(4,807)
Special charges(2)	1,159	772	9,686	55,664			16,662
Income (loss) from operations	15,817	10,725	54,443	(26,805)	30,968	26,361	6,795
Interest expense	(1,813)	(2,360)	(8,392)	(5,187)	(2,980)	(3,488)	(3,892)
Interest income	346	503	1,854	430	766	1,616	1,416
Income (loss) before taxes and minority interest	14,350	8,868	47,905	(31,562)	28,754	24,489	4,319
Income tax (expense) benefit	(4,018)	(2,533)	(13,480)	4,859	(8,061)	(7,347)	730
Income (loss) before minority interest	10,332	6,335	34,425	(26,703)	20,693	17,142	5,049
Minority interest in (income) loss	(74)	(930)	(2,503)	(1,341)	(1,171)	(105)	354
Income (loss) from continuing operations	10,258	5,405	31,922	(28,044)	19,522	17,037	5,403
Discontinued operations(3):							
Loss from discontinued operations, net of taxes		(1,939)	(2,321)	(5,731)	(1,138)		
Loss on disposal of discontinued operations, net of taxes			(9,898)				
Net income (loss)	$ 10,258	$ 3,466	$ 19,703	$ (33,775)	$ 18,384	$ 17,037	$ 5,403
PER SHARE DATA(2)(4)							
Net income (loss) basic							

Income (loss) from continuing operations	$ 0.49	$ 0.25	$ 1.48	$ (2.98)	$ 1.77	$ 1.41	$ 0.43
Loss from discontinued operations		(0.09)	(0.57)	(0.61)	(0.10)		
Net income (loss)	$ 0.49	$ 0.16	$ 0.91	$ (3.59)	$ 1.67	$ 1.41	$ 0.43
Net income (loss) diluted							
Income (loss) from continuing operations	$ 0.47	$ 0.25	$ 1.43	$ (2.98)	$ 1.75	$ 1.40	$ 0.43
Loss from discontinued operations		(0.09)	(0.55)	(0.61)	(0.10)		
Net income (loss)	$ 0.47	$ 0.16	$ 0.88	$ (3.59)	$ 1.65	$ 1.40	$ 0.43
Dividends	$ 0.06	$ 0.06	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.18

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	Three Months Ended March 31,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(In thousands, except per share data)						
BALANCE SHEET DATA							
Cash and cash equivalents	$ 39,540	$ 9,128	$ 50,478	$ 7,451	$ 18,357	$ 5,636	$ 10,240
Goodwill	146,934	138,879	136,845	132,426	18,010	18,051	18,539
Total assets	634,038	650,516	648,265	538,415	336,773	348,709	400,650
Long-term debt	75,000	105,500	75,000	101,800	25,000	5,000	44,000
Total shareholders equity	221,494	211,323	212,223	155,747	104,410	101,656	103,826
Contract capital(5)	51,672	97,653	43,232	61,286	71,148	76,969	95,243
CASH FLOW DATA							
Cash flows from operating activities	$ (5,518)	$ (3,688)	$ 105,796	$ 4,085	$ 22,461	$ 50,824	$ 40,407
Cash flows from investing activities	(4,988)	(12,060)	(35,775)	(65,567)	(8,911)	(2,142)	(21,907)
Cash flows from financing activities	(432)	17,389	(27,034)	50,618	(779)	(53,286)	(20,124)
OTHER FINANCIAL DATA							
Gross profit percentage	13.5%	12.0%	12.6%	11.3%	11.5%	9.3%	9.5%
New business taken(6)	$424,241	$308,729	$1,160,374	$680,776	$712,973	$760,989	$757,985
Backlog(6)	996,670	840,758	835,255	597,350	507,472	507,783	554,982
Capital expenditures	2,678	1,840	8,917	6,353	13,379	12,249	34,955
Income (loss) from operations	$ 15,817	$ 10,725	$ 54,443	$ (26,805)	$ 30,968	$ 26,361	$ 6,795
Non-cash special charges	(360)		518	36,883			16,662
Depreciation and amortization	4,862	5,911	25,105	16,838	17,698	17,722	16,923
Adjusted EBITDA(7)	$ 20,319	$ 16,636	$ 80,066	$ 26,916	$ 48,666	$ 44,083	$ 40,380

(1) Other operating income, net generally represents gains on the sale of property, plant and equipment. 1997 was favorably impacted by non-recurring income of approximately $4.0 million from the recognition of income related to a favorable appeals court decision and the resolution of disputed liabilities. In addition, 1997 includes a $1.6 million gain from the sale of assets, primarily from the sale of the Cordova, Alabama, manufacturing facility.

(2) For the three months ended March 31, 2002 and 2001.

Included in the 2002 special charges were $0.9 million for personnel costs, including severance and personal moving expenses associated with the relocation, closure or downsizing of offices, and our voluntary resignation offer; $0.2 million for facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $0.1 million for integration costs primarily related to integration initiatives associated with the PDM Divisions acquisition. Included in the 2001 special charges were $0.1 million for severance; $0.4 million in facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $0.3 million for integration costs primarily related to integration initiatives associated with the Howe-Baker and PDM divisions acquisitions.

For the years ended December 31, 2001 and 2000.

In 2001, we recognized special charges of $9.7 million ($6.6 million after-tax). Included in the 2001 special charges were $5.7 million for personnel costs, including severance and personal moving expenses associated with the relocation, closure or downsizing of offices, and our voluntary resignation offer; $2.8 million for facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $1.2 million for integration costs primarily related to integration initiatives associated with the PDM Divisions acquisition. In 2000, we recognized special charges of $55.7 million ($44.1 million after-tax). Included in the 2000 special charges were $22.2 million for payments associated with our voluntary resignation offer, severance and other benefits-related costs; $5.3 million in facilities-related expenses and a $28.2 million non-cash valuation allowance against a net long-term receivable for the Indonesian Tuban (T.P.P.I.) Project.

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In 1997, upon consummation of our initial public offering, we made a contribution to the Chicago Bridge & Iron Management Defined Contribution Plan (the Management Plan) in the form of 925,670 shares having a value of $16.7 million. Accordingly, we recorded expense of $16.7 million in 1997. Except as described in Note 14 to our consolidated financial statements for the years ended December 31, 2001 and 2000 included elsewhere in this prospectus, all shares have vested and been distributed.

(3) During the second quarter of 2001, we decided to discontinue our high purity piping business, UltraPure Systems, due primarily to continuing weak market conditions in the microelectronics industry. The loss on disposal of discontinued operations of $9.9 million after-tax includes the write-down of equipment (net of proceeds), lease terminations, severance and other costs, and losses during the phase-out period. As a result of this operation being classified as discontinued, prior periods have been previously restated. Our actions necessary to discontinue UltraPure Systems were essentially complete at December 31, 2001.

(4) A reorganization was completed in March 1997 and did not materially affect the carrying amounts of our assets and liabilities. The reorganization is reflected in our financial statements as of January 1, 1997. Also in March 1997, we completed an initial public offering.

(5) Contract capital is defined as contract receivables plus net contracts in progress less accounts payable.

(6) New business taken represents the value of new project commitments received by us during a given period. Such commitments are included in backlog until work is performed and revenue recognized or until cancellation. Backlog may also fluctuate with currency movements.

(7) Adjusted EBITDA is defined as income (loss) from operations plus non-cash special charges, plus depreciation and amortization expenses. Additionally, Adjusted EBITDA may not be comparable to other similarly titled measures used and reported by other companies. While Adjusted EBITDA should not be construed as a substitute for operating income (loss) or a better measure of liquidity than cash flow from operating activities, which are determined in accordance with United States generally accepted accounting principles, it is included herein to provide additional information regarding our ability to meet our capital expenditures, working capital requirements and any future debt service. Adjusted EBITDA is not necessarily a measure of our ability to fund our cash needs, particularly because it does not include capital expenditures. See Management s Discussion and Analysis of Financial Condition and Results of Operations elsewhere herein.

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RISK FACTORS

You should carefully consider the following risks and uncertainties and all other information contained in this prospectus, including the documents incorporated by reference, before you decide whether to purchase our common stock. Any of the following risks, if they materialize, could adversely affect our business, financial condition or operating results. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risk Factors Relating to Our Business

Our Revenues, Cash Flow and Earnings May Fluctuate.

Our revenues, cash flow and earnings may fluctuate from quarter to quarter due to a number of factors. Our revenues, cash flow and earnings are dependent upon major construction projects in cyclical industries, including the hydrocarbon, chemical, electric and gas utility, and water and wastewater industries. The selection of, timing of or failure to obtain projects, delays in awards of projects, cancellations of projects or delays in completion of contracts could result in the under-utilization of our resources which could have a material adverse impact on our business, financial condition, results of operations and cash flows. Moreover, construction projects for which our services are contracted may require significant expenditures by us prior to receipt of relevant payments by a customer and may expose us to potential credit risk if such customer should encounter financial difficulties. Such expenditures could have a material adverse impact on our cash flows. Finally, revenues may be negatively affected by the winding down or completion of work on significant projects that were active in previous periods if such significant projects have not been replaced in the current period.

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

We have a backlog of work to be completed on contracts. Backlog develops as a result of new business taken, which represents the revenue value of new project commitments received by us during a given period. Backlog consists of projects which have either (i) not yet been started or (ii) are in progress and are not yet complete. In the latter case, the revenue value reported in backlog is the remaining amount that has not yet been completed. 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 business taken. In the event of a project cancellation, we may be reimbursed for certain costs but typically have no contractual right to the total revenues reflected in our backlog. If we were to experience significant cancellations or delays of projects in our backlog, our financial condition would be adversely affected. Backlog may also fluctuate with currency movements.

Our Business is Dependent Upon the Level of Activity in the Hydrocarbon Industry.

In recent years, demand from the worldwide hydrocarbon industry has been the largest generator of our revenues. Numerous factors influence capital expenditure decisions in the hydrocarbon industry, including current and projected oil and gas prices; exploration, extraction, production and transportation costs; the discovery rate of new oil and gas reserves; the sale and expiration dates of leases and concessions; local and international political and economic conditions; technological advances; and the ability of oil and gas companies to generate capital. These factors are beyond our control. Our business, financial condition and results of operations may be materially adversely affected because of reduced activity in the hydrocarbon industry. In addition, we may be materially adversely affected by changing taxes, price controls and laws and regulations relating to the hydrocarbon industry.

We Could Lose Money if We Fail to Accurately Estimate Our Costs or Fail to Execute Within Our Cost Estimates on Fixed-Price, Lump Sum Contracts.

Most of our net revenue is derived from fixed-price, lump-sum contracts. Under these contracts, we perform our services and provide our products at a fixed price and, as a result, benefit from cost savings, but we may be unable to recover for any cost overruns. If our cost estimates for a contract are inaccurate,

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or if we do not execute the contract within our cost estimates, cost overruns may cause us to incur losses or cause the project not to be as profitable as we expected. This, in turn, could have a material adverse effect on our business and results of operations.

Under our percentage-of-completion accounting method, the use of estimated cost to complete each contract is a significant variable in the process of determining income earned for a particular period. See Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies.

Political and Economic Conditions in Foreign Countries in Which We Operate Could Adversely Affect Us.

A significant number of our projects are performed outside the United States. 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 United States, including:

- unstable economic conditions in the foreign countries in which we make capital investments, operate and sell products and services;
- the lack of well-developed legal systems in some countries in which we operate, which could make it difficult for us to enforce our contracts;
- expropriation of property;
- restriction on the right to convert or repatriate currency; and
- political upheaval, including risks of loss due to civil strife, acts of war, guerrilla activities, insurrections and acts of terrorism.

For example, we have significant operations in Venezuela, a country which is currently experiencing political instability.

We Are Exposed to Foreign Exchange Risks.

We are exposed to market risk from changes in foreign currency exchange rates, which may adversely affect our results of operations and financial condition. We seek to minimize the risks from these foreign currency exchange rate fluctuations through our regular operating and financing activities and, when deemed appropriate, through limited use of foreign currency forward contracts. Our exposure to changes in foreign currency exchange rates arises from receivables, payables and firm commitments from international transactions, as well as intercompany loans used to finance non-U.S. subsidiaries. We do not use financial instruments for trading or speculative purposes.

Our Acquisition Strategy Involves a Number of Risks.

We intend to pursue growth through the opportunistic acquisition of companies or assets that will enable us to expand our product lines to provide more cost-effective customer solutions. We routinely review potential acquisitions. This strategy involves certain risks, including difficulties in the integration of operations and systems, the diversion of management s attention from other business concerns, and the potential loss of key employees of acquired companies. We may not be able to successfully integrate acquired businesses into our operations.

We Have a Risk that Our Goodwill May be Impaired and Result in a Charge to Income.

We accounted for the Howe-Baker and PDM Divisions acquisitions using the purchase method of accounting. Under the purchase method we recorded, at fair value, the assets acquired and liabilities assumed and we recorded as goodwill the difference between the cost of acquisition and the sum of the fair value of the tangible and identifiable assets acquired, less liabilities assumed. In June 2001, the

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Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141 Business Combinations and SFAS No. 142 Goodwill and Other Intangible Assets. These pronouncements change the accounting for business combinations, goodwill and intangible assets. SFAS No. 141 further clarifies the criteria to recognize intangible assets separately from goodwill. SFAS No. 142 states that goodwill and indefinite lived intangible assets are no longer amortized but are reviewed for impairment at least annually. We adopted these new standards effective as of January 1, 2002. In connection with the adoption of SFAS No. 142, during the first quarter of 2002, we completed our goodwill impairment assessment and concluded that no transitional impairment charge was necessary. In the future, if our goodwill or other intangible assets were determined to be impaired, the impairment would result in a charge to income from operations in the year of the impairment with a resulting decrease in net worth.

If We Are Unable to Retain Key Personnel, Our Business Could be Adversely Affected.

Our business is dependent, to a large degree, upon the continued service of key members of our management. Our future success will also depend on our ability to attract, retain and motivate highly skilled personnel in various areas, including engineering, project management and senior management. If we do not succeed in retaining and motivating our current employees and attracting new high quality employees, our business could be adversely affected.

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

We engineer and construct (and our products typically are installed in) large industrial facilities in which system failure can be disastrous. Notwithstanding the fact that we generally will not accept liability for consequential damages in our contracts, any catastrophic occurrence in excess of insurance limits at projects where our products are installed or services are performed could result in significant professional liability, product liability or warranty or other claims against us. Such liabilities could potentially exceed our current insurance coverage and the fees we derive from those products and services. A partially or completely uninsured claim, if successful and of a significant magnitude, could potentially result in substantial losses.

In this regard, on June 5, 2002, a brush fire is reported to have started near one of our jobsites in northern Los Angeles County, California. According to press reports, the fire burned about 23,400 acres in the Saugus/Green Valley area of the Los Angeles National Forest, destroyed or damaged a number of residences and outbuildings, and involved significant firefighting costs. We are investigating the cause of the fire, which has not yet been determined, and cooperating with local authorities. We have general liability insurance policies that we believe to be generally adequate for incidents of this nature, subject to self-insured retentions, and have notified our insurance carriers participating in our liability insurance program of this incident.

We Are Exposed to Potential Environmental Liabilities.

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 businesses often involve working around and with volatile, toxic and hazardous substances and other highly regulated materials, the improper characterization, handling or disposal of which could constitute violations of foreign, federal, state or local statutes and laws, 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 a permit 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.

The environmental health and safety laws and regulations to which we are subject are constantly changing, and it is impossible to predict the effect of such laws and regulations on us in the future. We cannot assure that our operations will continue to comply with future laws and regulations or that these laws and regulations will not significantly adversely affect us.

We work around and with volatile, toxic and hazardous substances, which exposes us to potential liability for personal injury or property damage caused by any release, spill or other accident involving such substances that occurs as a result of the conduct of such businesses. Although we maintain liability insurance, this insurance is subject to coverage limitations, deductibles and exclusions and may exclude coverage for losses or liabilities relating to pollution damage. We may incur liabilities that may not be covered by insurance policies, or, if covered, the dollar amount of such liabilities may exceed our policy limits. Even a partially uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

We Are Uncertain as to the Outcome of a Pending Federal Trade Commission Proceeding.

On October 25, 2001, the U.S. Federal Trade Commission (FTC) announced its decision to file an administrative complaint (the Complaint) challenging our February 2001 acquisition of certain assets of the Engineered Construction Division of PDM. The Complaint alleges that the acquisition violated Federal antitrust laws by substantially lessening competition in certain field erected specialty industrial storage tank product lines in the United States: LNG tanks, LPG tanks, LIN/ LOX/ LAR tanks, and thermal vacuum chambers. The FTC is seeking various remedies, including an order that would require us to divest sufficient assets and personnel to re-establish two distinct and separate viable competing businesses engaged in the design, engineering, fabrication, construction and sale of the relevant product lines.

We believe that the Complaint is without merit and on February 4, 2002 filed a formal answer denying the substantive allegations of the Complaint. While we expect the impact of the FTC proceeding on our earnings will be minimal in 2002, we are unable to assess the ultimate outcome of the litigation or potential effect of any divestiture order or other remedy on our business, financial condition and results of operation.

We Are and Will Continue to be Involved in Litigation.

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 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. Such contractual disputes normally involve claims relating to the performance of equipment design or other engineering services or project construction services provided by our subsidiaries. Management does not currently believe that pending contractual, personal injury or property damage claims will have a material adverse effect on our earnings or liquidity; however, such claims could have such an effect in the future.

Uncertainty in Enforcing United States Judgments Against Netherlands Corporations, Directors and Others

We are a Netherlands company and a significant portion of our assets are located outside the United States. In addition, certain members of our management and supervisory boards may be residents of countries other than the United States. As a result, effecting service of process on each person may be difficult, and judgments of United States 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 United States, may be difficult to enforce.

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Our Former Principal Independent Public Accountant, Arthur Andersen LLP, Has Been Indicted and is on Trial for Federal Obstruction of Justice Charges.

On March 14, 2002, our independent public accountant, Arthur Andersen LLP, was indicted on federal obstruction of justice charges arising from the federal government s investigation of Enron Corp. Arthur Andersen LLP has pled not guilty and is currently on trial contesting the indictment. Given the uncertainty surrounding the indictment and trial, it may become difficult for you to seek remedies against Arthur Andersen LLP. Moreover, as a public company, we are required to file with the Securities and Exchange Commission (SEC) periodic financial statements audited or reviewed by an independent public accountant. The SEC has said that it will continue accepting financial statements audited by Arthur Andersen LLP so long as Arthur Andersen LLP is able to make certain representations to its clients concerning audit quality controls. Arthur Andersen LLP, which audited our 2001 financial statements, has made such representations to us. Additionally, Arthur Andersen LLP reviewed our financial statements for the first quarter of 2002.

Effective May 10, 2002, our Supervisory Board determined to engage Deloitte & Touche as our principal independent public accountants for 2002. Arthur Andersen LLP will continue to render limited services for us through the closing date of this offering. See Independent Public Accountants .

Risk Factors Associated with Our Common Stock

Limited Trading Volume of Our Common Stock May Contribute to Its Price Volatility.

Our common stock is traded on The New York Stock Exchange (NYSE). For the first quarter of 2002, the average daily trading volume for our common stock as reported by the NYSE was approximately 39,000 shares. Even if we achieve a wider dissemination by means of the shares offered pursuant to this prospectus, we are uncertain as to whether a more active trading market in our common stock will develop. As a result, relatively small trades may have a significant impact on the price of our common stock.

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

After giving effect to this offering (but without giving effect to the exercise of any options, including the over-allotment option), WEDGE Engineering B.V. (WEDGE Engineering), an affiliate of WEDGE Group Incorporated (WEDGE), will own approximately 8.6% of our outstanding common shares and First Reserve Fund VIII, L.P. (First Reserve) will own approximately 31.5% of our outstanding common shares. Both WEDGE (and its affiliates) and First Reserve (and its affiliates) are generally bound to vote, tender or otherwise act as recommended by the Supervisory Board with respect to proposed business combinations pursuant to their respective shareholder agreements. However, if the offering contemplated by this prospectus is consummated, such restrictions will no longer apply to WEDGE and its affiliates under the terms of its shareholder agreement. See Principal and Selling Shareholders Shareholder Agreements. In addition, 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 voting requirements in the case of shareholder approval for certain significant transactions. Such provisions may delay, defer or prevent a takeover attempt that a shareholder might consider in the best interests of our shareholders. In addition, certain United States 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 stock.

A Small Number of Shareholders Own a Large Percentage of Our Stock and Their Interests May Conflict With The Interests of the Company and of Our Other Shareholders.

As indicated above, First Reserve will own approximately 31.5% of our outstanding common shares after the offering. Although First Reserve is subject to standstill, voting and transfer restrictions in its shareholder agreement that limit its ability to control our business, policies and affairs (see Principal and Selling Shareholders Shareholder Agreements), First Reserve has two designees on our Supervisory Board who are in a position to influence decisions of our Supervisory Board affecting the business and management of our company, including decisions on such matters as the issuance or repurchase of common stock, the declaration of dividends, mergers and other business combination transactions, as well as transactions which may involve First Reserve. If the offering contemplated by this prospectus is consummated, WEDGE will no longer be subject to the standstill, voting and transfer restrictions referred to above and will no longer be entitled to representation on the Supervisory Board (see Principal and Selling Shareholders).

In any case, at the conclusion of this offering (assuming no exercise of the underwriters overallotment option), First Reserve and WEDGE will own in excess of 40% of our common shares and will be in a position to influence our business and affairs. The interests of these principal shareholders may conflict with the interests of the Company and of our other shareholders.

Existing Shareholders May Sell Their Shares, Which Could Depress the Market Price of Our Common Stock.

Under an existing shelf registration statement, 807,356 shares held by certain unaffiliated shareholders of the Company are eligible to be resold from time to time into the public market. If these shareholders sell a large number of these shares into the market, the market price of our common stock could decline as a result.

In addition, immediately following the offering, our executive officers and directors will own 1,301,021 shares of common stock that would be eligible, following the expiration of the 90-day lock-up agreements that each of these officers and directors has executed with Credit Suisse First Boston Corporation, to be resold into the public market pursuant to Rule 144 (or, in the case of one executive officer, pursuant to a registration right) under the Securities Act of 1933. If these shareholders sell a large number of these shares, the market price of our common stock could decline.

After this offering, WEDGE Engineering will hold 1,852,764 shares of our common stock and First Reserve will own 6,810,895 shares of our common stock. Following the expiration of their 90-day lock-up agreements, WEDGE Engineering and First Reserve each have certain rights under their respective Shareholder Agreements to require us to register these shares of common stock under the Securities Act of 1933 to permit the public sale of such shares, as well as the ability to resell such shares into the public market pursuant to Rule 144. See Principal and Selling Shareholders Shareholder Agreements. Significant sales of such shares, or the prospect of such sales, may depress the price of our shares.

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 Proposed Dutch Legislation.

As a company incorporated in The Netherlands, we would be classified as a controlled foreign corporation for United States federal income tax purposes if any United States person acquires 10% or more of our common stock (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 stock. We do not believe we are 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 were 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 United States (the Treaty), dividends paid by CB&I N.V. to a resident of the United States (other than an exempt

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organization or exempt pension organization) are generally eligible for a reduction of the 25% Netherlands withholding tax to 15%, or in the case of certain U.S. corporate shareholders owning at least 10% of the voting power of CB&I N.V., 5%, unless the common shares held by such resident 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 therein. According to a legislative proposal regarding anti-dividend stripping that has not yet been approved by the Dutch parliament but that when enacted will have retroactive effect to April 27, 2001, no exemption from, or refund of, Netherlands withholding tax will be granted if the ultimate recipient of a dividend paid by CB&I N.V. is not considered to be the beneficial owner of such dividend. See Taxation Dutch Taxation for Non-Resident Shareholders Withholding Tax.

If We Need to Sell or Issue Additional Shares of Common Stock and/or Incur Additional Debt to Finance Future Acquisitions, Your Stock Ownership Could be Diluted.

Part of our business strategy is to expand into new markets and enhance our position in existing markets throughout the world through acquisition of complementary businesses. In order to successfully complete targeted acquisitions or fund our other activities, we may issue additional equity securities that could be dilutive to our earnings per share and to your stock ownership. Moreover, to the extent an acquisition transaction 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.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated in this prospectus by reference contain forward-looking statements. You should read carefully any statements containing the words expect, believe, anticipate, project, estimate, predict, intend, should, could, may, expressions or the negative of any of these terms.

Forward-looking statements involve known and unknown risks and uncertainties. Various factors, such as those listed under Risk Factors, may cause our actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Among the factors that could cause our results to differ are the following:

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

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

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

cost overruns on fixed price contracts, and risks associated with percentage of completion accounting;

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

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

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

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

a broad downturn in the economy in general.

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

USE OF PROCEEDS

We will receive proceeds of approximately $ million, at the offering price of $ per share, which are net of underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters over-allotment option is fully exercised, we will receive net proceeds of approximately $ million. We intend to use these proceeds for general corporate purposes.

We will not receive any of the proceeds from shares sold by the selling shareholders. For information about the selling shareholders, see Principal and Selling Shareholders.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is listed on The New York Stock Exchange under the symbol CBI. The following table sets forth the high and low reported closing sale prices of the common stock on the NYSE Composite Tape for the stated calendar quarters.

	High	Low	Dividends Per Share
Year Ended December 31, 2000			
First Quarter	$17.00	$13.75	$0.06
Second Quarter	17.00	14.19	0.06
Third Quarter	17.06	11.63	0.06
Fourth Quarter	18.00	14.19	0.06
Year Ended December 31, 2001			
First Quarter	$27.35	$16.75	$0.06
Second Quarter	38.60	23.70	0.06
Third Quarter	34.82	19.05	0.06
Fourth Quarter	26.70	19.60	0.06
Year Ending December 31, 2002			
First Quarter	$29.72	$24.84	$0.06
Second Quarter (through June 12, 2002)	32.15	28.10	0.06

On June 12, 2002, the last selling price of the common stock as reported on the NYSE was $28.10 per share.

Pursuant to our Articles of Association, the Management Board, with the approval of the Supervisory Board, may establish reserves out of our annual profits. The portion of our annual profits that remains after the establishment of reserves is at the disposal of the general meeting of shareholders. Out of our share premium reserve and other reserves available for shareholder distributions under the law of The Netherlands, the general meeting of shareholders may declare distributions upon the proposal of the Management Board (after approval by the Supervisory Board). We may not pay dividends or distributions if the payment would reduce shareholders equity below the aggregate par value of the common shares outstanding, plus the reserves required to be maintained by statute and by our Articles of Association. Although under Dutch law dividends are generally paid annually, the Management Board, with the

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approval of the Supervisory Board, may, subject to certain statutory provisions, distribute one or more interim dividends or other interim distributions before the accounts for any year have been approved and adopted at a general meeting of shareholders in anticipation of the final dividend or final distribution. Rights to cash dividends and distributions that have not been collected within five years after the date on which they became due and payable shall revert to the Company.

We have declared and paid in the past, and currently intend to declare and pay, regular quarterly cash dividends or distributions; however, there can be no assurance that any such dividends or distributions will be declared or paid. The payment of dividends or distributions in the future will be subject to the discretion of our shareholders (in the case of annual dividends), the Management Board and Supervisory Board and will depend upon general business conditions, legal restrictions on the payment of dividends or distributions and other factors, including compliance with covenants in our revolving credit agreement and the agreements for our unsecured senior notes which establish minimum fixed charge coverage ratio and minimum net worth requirements that may restrict our ability to pay dividends or distributions. We cannot assure you that cash dividends or distributions will be paid in the future, or that, if paid, the dividends or distributions will be at the same amount or frequency as paid in the past.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2002 on an actual basis and on an as adjusted basis to reflect our sale of 600,000 shares of treasury stock and receipt of the estimated net proceeds therefrom. The table should be read in conjunction with our consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	March 31, 2002	
	Actual	As Adjusted(1)
	(In thousands)	
Debt:		
Senior notes	$ 75,000	$ 75,000
Revolving credit agreement		
Short-term debt	5,825	5,825
Total debt	$ 80,825	$ 80,825
Shareholders equity:		
Common stock, Euro .01 par value; authorized: 35,000,000, issued: 22,282,586 and outstanding: 21,035,271, actual; issued: 22,282,586 and outstanding: 21,635,271, as adjusted(2)	$ 210	$ 210
Additional paid-in capital	241,173	248,168
Retained earnings	32,098	32,098
Stock held in Trust(3)	(13,289)	(13,289)
Treasury stock, at cost: 1,247,315 shares, actual; 647,315, as adjusted	(24,432)	(14,142)
Accumulated other comprehensive loss	(14,266)	(14,266)
Total shareholders equity	$221,494	$238,779
Total capitalization	$302,319	$319,604

(1) Reflects our sale of 600,000 shares of treasury stock at an assumed price of $29.25 per share (the closing sale price on June 10, 2002) and estimated offering expenses payable by us of $265,000. The table has not been adjusted to reflect the sale by us of up to 405,000 additional shares of treasury stock, and the receipt of net proceeds therefrom, if the underwriters over-allotment option is exercised.

(2) Excludes 3,945,407 shares of common stock reserved for issuance pursuant to our employee compensation and stock plans, including, as of March 31, 2002, outstanding options for the purchase of 2,263,823 shares.

(3) See Note 14 to our consolidated financial statements for the years ended December 31, 2001 and 2000 included elsewhere in this prospectus.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

We derived the following summary financial and operating data for the five years ended December 31, 1997 through 2001 from our audited consolidated financial statements. The financial data for the three months ended March 31, 2002 and 2001 have been derived from our unaudited consolidated financial statements which were prepared on the same basis as our audited financial statements and include, in our opinion, all adjustments (including normal recurring adjustments) necessary to present fairly the information presented for the interim periods. Interim results may not be indicative of those at year-end. You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the related notes, appearing elsewhere or incorporated by reference into this prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(In thousands, except share and employee data)						
INCOME STATEMENT DATA							
Revenues	$259,272	$235,368	$1,081,824	$611,691	$674,386	$775,692	$672,811
Cost of revenues	224,182	207,073	945,048	542,721	596,695	703,351	609,164
Gross profit	35,090	28,295	136,776	68,970	77,691	72,341	63,647
Selling and administrative expenses	17,907	15,868	67,519	41,913	48,997	46,471	44,500
Intangibles amortization	626	1,189	5,819	599	514	500	497
Other operating income, net(1)	(419)	(259)	(691)	(2,401)	(2,788)	(991)	(4,807)
Special charges(2)	1,159	772	9,686	55,664			16,662
Income (loss) from operations	15,817	10,725	54,443	(26,805)	30,968	26,361	6,795
Interest expense	(1,813)	(2,360)	(8,392)	(5,187)	(2,980)	(3,488)	(3,892)
Interest income	346	503	1,854	430	766	1,616	1,416
Income (loss) before taxes and minority interest	14,350	8,868	47,905	(31,562)	28,754	24,489	4,319
Income tax (expense) benefit	(4,018)	(2,533)	(13,480)	4,859	(8,061)	(7,347)	730
Income (loss) before minority interest	10,332	6,335	34,425	(26,703)	20,693	17,142	5,049
Minority interest in (income) loss	(74)	(930)	(2,503)	(1,341)	(1,171)	(105)	354
Income (loss) from continuing operations	10,258	5,405	31,922	(28,044)	19,522	17,037	5,403
Discontinued operations(3):							
Loss from discontinued operations, net of taxes		(1,939)	(2,321)	(5,731)	(1,138)		
Loss on disposal of discontinued operations, net of taxes			(9,898)				
Net income (loss)	$ 10,258	$ 3,466	$ 19,703	$ (33,775)	$ 18,384	$ 17,037	$ 5,403

PER SHARE DATA(2)(4)							
Net income (loss) basic							
Income (loss) from continuing operations	$ 0.49	$ 0.25	$ 1.48	$ (2.98)	$ 1.77	$ 1.41	$ 0.43
Loss from discontinued operations		(0.09)	(0.57)	(0.61)	(0.10)		
Net income (loss)	$ 0.49	$ 0.16	$ 0.91	$ (3.59)	$ 1.67	$ 1.41	$ 0.43
Net income (loss) diluted							
Income (loss) from continuing operations	$ 0.47	$ 0.25	$ 1.43	$ (2.98)	$ 1.75	$ 1.40	$ 0.43
Loss from discontinued operations		(0.09)	(0.55)	(0.61)	(0.10)		
Net income (loss)	$ 0.47	$ 0.16	$ 0.88	$ (3.59)	$ 1.65	$ 1.40	$ 0.43
Dividends	$ 0.06	$ 0.06	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.18

	Three Months Ended March 31,		Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(In thousands, except share and employee data)						
BALANCE SHEET DATA							
Goodwill	$146,934	$138,879	$ 136,845	$132,426	$ 18,010	$ 18,051	$ 18,539
Total assets	634,038	650,516	648,265	538,415	336,773	348,709	400,650
Long-term debt	75,000	105,500	75,000	101,800	25,000	5,000	44,000
Total shareholders equity	221,494	211,323	212,223	155,747	104,410	101,656	103,826
Contract capital(5)	51,672	97,653	43,232	61,286	71,148	76,969	95,243
CASH FLOW DATA							
Cash flows from operating activities	$ (5,518)	$ (3,688)	$ 105,796	$ 4,085	$ 22,461	$ 50,824	$ 40,407
Cash flows from investing activities	(4,988)	(12,060)	(35,775)	(65,567)	(8,911)	(2,142)	(21,907)
Cash flows from financing activities	(432)	17,389	(27,034)	50,618	(779)	(53,286)	(20,124)
OTHER FINANCIAL DATA							
Gross profit percentage	13.5%	12.0%	12.6%	11.3%	11.5%	9.3%	9.5%
Capital expenditures	$ 2,678	$ 1,840	$ 8,917	$ 6,353	$ 13,379	$ 12,249	$ 34,955
Income (loss) from operations	$ 15,817	$ 10,725	$ 54,443	$ (26,805)	$ 30,968	$ 26,361	$ 6,795
Non-cash special charges	(360)		518	36,883			16,662
Depreciation and amortization	4,862	5,911	25,105	16,838	17,698	17,722	16,923
Adjusted EBITDA(6)	$ 20,319	$ 16,636	$ 80,066	$ 26,916	$ 48,666	$ 44,083	$ 40,380
OTHER DATA							
Number of employees:							
Salaried	2,091	2,067	2,054	1,676	1,371	1,525	1,464
Hourly and craft	5,688	5,492	5,204	3,618	4,257	4,928	4,630
New business taken(7)	$424,241	$308,729	$1,160,374	$680,776	$712,973	$760,989	$757,985
Backlog(7)	996,670	840,758	835,255	597,350	507,472	507,783	554,982

(1) Other operating income, net generally represents gains on the sale of property, plant and equipment. 1997 was favorably impacted by non-recurring income of approximately $4.0 million from the recognition of income related to a favorable appeals court decision and the resolution of disputed liabilities. In addition, 1997 includes a $1.6 million gain from the sale of assets, primarily from the sale of the Cordova, Alabama, manufacturing facility.

(2) For the three months ended March 31, 2002 and 2001.

Included in the 2002 special charges were $0.9 million for personnel costs, including severance and personal moving expenses associated with the relocation, closure or downsizing of offices, and our voluntary resignation offer; $0.2 million for facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $0.1 million for integration costs primarily related to integration initiatives associated with the PDM Divisions acquisition. Included in the 2001 special charges were $0.1 million for severance; $0.4 million in facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $0.3 million for integration costs primarily related to integration initiatives associated with the Howe-Baker and PDM divisions acquisitions.

For the years ended December 31, 2001 and 2000.

In 2001, we recognized special charges of $9.7 million ($6.6 million after-tax). Included in the 2001 special charges were $5.7 million for personnel costs, including severance and personal moving expenses associated with the relocation, closure or downsizing of offices, and our voluntary resignation offer; $2.8 million for facilities and other charges related to the sale, closure, downsizing or relocation of operations; and $1.2 million for integration costs primarily related to integration initiatives associated with the PDM Divisions acquisition.
In 2000, we recognized special charges of $55.7 million ($44.1 million after-tax). Included in the 2000 special charges were $22.2 million for payments associated with our voluntary resignation offer, severance and other benefits-related costs;

$5.3 million in facilities-related expenses and a $28.2 million non-cash valuation allowance against a net long-term receivable for the Indonesian Tuban (T.P.P.I.) Project.

In 1997, upon consummation of our initial public offering, we made a contribution to the Chicago Bridge & Iron Management Defined Contribution Plan (the Management Plan) in the form of 925,670 shares having a value of $16.7 million. Accordingly, we recorded expense of $16.7 million in 1997. Except as described in Note 14 to our consolidated financial statements for the years ended December 31, 2001 and 2000 included elsewhere in this prospectus, all shares have vested and been distributed.

(3) During the second quarter of 2001, we decided to discontinue our high purity piping business, UltraPure Systems, due primarily to continuing weak market conditions in the microelectronics industry. The loss on disposal of discontinued operations of $9.9 million after-tax includes the write-down of equipment (net of proceeds), lease terminations, severance and other costs, and losses during the phase-out period. As a result of this operation being classified as discontinued, prior periods have been previously restated. Our actions necessary to discontinue UltraPure Systems were essentially complete at December 31, 2001.

(4) A reorganization was completed in March 1997 and did not materially affect the carrying amounts of our assets and liabilities. The reorganization is reflected in our financial statements as of January 1, 1997. Also in March 1997, we completed an initial public offering.

(5) Contract capital is defined as contract receivables plus net contracts in progress less accounts payable.

(6) Adjusted EBITDA is defined as income (loss) from operations plus non-cash special charges, plus depreciation and amortization expenses. Additionally, Adjusted EBITDA may not be comparable to other similarly titled measures used and reported by other companies. While Adjusted EBITDA should not be construed as a substitute for operating income (loss) or a better measure of liquidity than cash flow from operating activities, which are determined in accordance with United States generally accepted accounting principles, it is included herein to provide additional information regarding our ability to meet our capital expenditures, working capital requirements and any future debt service. Adjusted EBITDA is not necessarily a measure of our ability to fund our cash needs, particularly because it does not include capital expenditures. See Management s Discussion and Analysis of Financial Condition and Results of Operations elsewhere herein.

(7) New business taken represents the value of new project commitments received by us during a given period. Such commitments are included in backlog until work is performed and revenue recognized or until cancellation. Backlog may also fluctuate with currency movements.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a global specialty engineering and construction (E&C) company serving the hydrocarbon, energy, power generation, and water and wastewater treatment industries. We have been helping our customers store and process the earth s natural resources for more than 100 years by supplying a comprehensive range of engineered steel structures and systems. We offer a complete package of design, engineering, fabrication, construction and maintenance services. Our products include hydrocarbon processing plants, LNG terminals and peak shaving plants, bulk liquid terminals, water storage and wastewater treatment facilities, and other steel structures and their associated systems. We have been continuously engaged in the engineering and construction industry since our founding in 1889.

On December 28, 2000, we acquired Howe-Baker, a globally recognized engineering and construction company which specializes in providing hydrocarbon processing plants to customers in the refining, petrochemical and natural gas industries. On February 7, 2001, we acquired the PDM Divisions, which specialize in the design and engineering, fabrication and construction of products for the petroleum, petrochemical, cryogenic, liquefied natural gas, defense and aerospace industries, as well as water storage and treatment facilities. All of the results of operations discussed below include those of the PDM Divisions as of February 1, 2001.

The following table sets forth, for the periods indicated, the percentages of our revenues that certain income and expense items represent:

	Year Ended December 31,	
	2001	2000
Revenues	100.0%	100.0%
Cost of revenues	87.4	88.7
Gross profit	12.6	11.3
Selling and administrative expenses	6.2	6.9
Intangibles amortization	0.5	0.1
Other operating income, net		(0.4)
Special charges	0.9	9.1
Income (loss) from operations	5.0	(4.4)
Interest expense	(0.8)	(0.9)
Interest income	0.2	0.1
Income (loss) before taxes and minority interest	4.4	(5.2)
Income tax (expense) benefit	(1.2)	0.8
Income (loss) before minority interest	3.2	(4.4)
Minority interest in income	(0.2)	(0.2)
Income (loss) from continuing operations	3.0	(4.6)

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Our new business taken, revenues and income from operations (excluding and including special charges) in the following geographic regions are as follows:

	Year Ended December 31,			
	2001		2000	
	In Millions	%	In Millions	%
New Business Taken				
North America	$ 818.5	70%	$384.4	57%
Europe, Africa and Middle East	87.7	8	82.7	12
Asia Pacific	105.8	9	57.0	8
Central and South America	148.4	13	156.7	23
Total	$1,160.4	100%	$	