

CHICAGO BRIDGE & IRON CO N V

Form PRE 14A

March 03, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Chicago Bridge & Iron Company N.V.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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-

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CHICAGO BRIDGE & IRON COMPANY N.V.
Oostduinlaan 75
2596 JJ The Hague, The Netherlands
NOTICE OF AND AGENDA FOR ANNUAL GENERAL MEETING
OF SHAREHOLDERS TO BE HELD MAY 6, 2010

To the Shareholders of:

CHICAGO BRIDGE & IRON COMPANY N.V.

You are hereby notified that the Annual General Meeting of Shareholders (the Annual Meeting) of Chicago Bridge & Iron Company N.V. will be held at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands, at 2:00 p.m., local time, on Thursday, May 6, 2010, for the following purposes:

1. To elect one member of the Supervisory Board to serve until the Annual General Meeting of Shareholders in 2013. The Supervisory Board recommends the election of Michael L. Underwood to fill this position;
2. To elect one member of the Management Board to serve until the Annual General Meeting of Shareholders in 2014. The Supervisory Board recommends the election of Chicago Bridge & Iron Company B.V. to fill this position;
3. To authorize the preparation of our Dutch statutory annual accounts and the annual report of our Management Board in the English language, to discuss our annual report of the Management Board for the year ended December 31, 2009 and to adopt our Dutch statutory annual accounts for the year ended December 31, 2009;
4. To discharge the sole member of our Management Board from liability in respect of the exercise of its duties during the year ended December 31, 2009;
5. To discharge the members of our Supervisory Board from liability in respect of the exercise of their duties during the year ended December 31, 2009;
6. To approve the extension of the authority of our Management Board, acting with the approval of the Supervisory Board, to repurchase up to 10% of our issued share capital until November 6, 2011 on the open market, through privately negotiated transactions or in one or more self tender offers for a price per share not less than the nominal value of a share and not higher than 110% of the most recent available (as of the time of repurchase) price of a share on any securities exchange where our shares are traded;
7. To appoint Ernst & Young LLP as our independent registered public accounting firm, who will audit our accounts for the year ending December 31, 2010;
8. To approve the Chicago Bridge & Iron Company Incentive Compensation Program;
9. To approve the extension of the authority of our Supervisory Board to issue shares and/or grant rights to acquire our shares (including options to subscribe for shares), never to exceed the number of authorized but unissued shares, and to limit or exclude the preemptive rights of shareholders with respect to the issuance of shares and/or the grant of the right to acquire shares, until May 6, 2015;
10. To approve the compensation of the members of the Supervisory Board; and
11. To discuss our dividend policy.

Our Dutch statutory annual accounts and the annual report of the Management Board, our Annual Report on Form 10-K, the charters of each of our Audit, Nominating, Organization and Compensation, Corporate Governance and Strategic Initiatives Committees, our Corporate Governance Guidelines and our Code of Ethics can be accessed through our website, www.cbi.com, and, along with directions to attend the Annual Meeting, may be obtained free of charge by request to our principal executive offices at Oostduinlaan 75, 2596 JJ The Hague, The Netherlands, and at our administrative offices c/o CB&I, 2103 Research Forest Drive, The Woodlands, TX 77380-2624 Attn: Investor Relations. Copies of the documents listed above are also available for inspection by shareholders free of charge at our offices in The Hague listed above.

REGISTERED SHAREHOLDERS ARE REQUESTED TO VOTE PROMPTLY, AND IF VOTING BY MAIL, TO COMPLETE, SIGN, DATE AND PROMPTLY MAIL THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES.

David A. Delman
Secretary

March __, 2010

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on
May 6, 2010:**

**The proxy statement and annual report to security holders are available on the Internet at
www.proxyvote.com.**

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**CHICAGO BRIDGE & IRON COMPANY N.V.
PROXY STATEMENT**

This proxy statement, which is first being mailed or made available to holders of registered shares on or about March 26, 2010, is furnished in connection with the solicitation of proxies on behalf of Chicago Bridge & Iron Company N.V. (we , CB&I or the Company), who ask you to vote promptly, and if voting by mail, to complete, sign, date and mail the enclosed proxy for use at the Annual General Meeting of Shareholders to be held at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands, at 2:00 p.m., local time, on Thursday, May 6, 2010 (the Annual Meeting), for the purposes set forth in the foregoing notice and agenda.

We are utilizing U.S. Securities and Exchange Commission rules allowing companies to furnish our proxy materials over the Internet. Instead of a paper copy of this proxy statement and our 2009 Annual Report, most of our shareholders are receiving a notice regarding the availability of our proxy materials. The notice includes instructions on how to access the proxy materials over the Internet. The notice also contains instructions on how each shareholder can receive a paper copy of our proxy materials, including this proxy statement, our 2009 Annual Report and a form of proxy card.

Each share entitles the holder thereof to one vote on each matter submitted to a vote at the Annual Meeting. All shares represented by proxies duly executed and received by us within the time indicated on the enclosed proxy (the Voter Deadline) will be voted at the Annual Meeting in accordance with the terms of the proxies. If no choice is indicated on the proxy, the proxyholders will vote for the election of Mr. Underwood to our Supervisory Board, for the election of Chicago Bridge & Iron Company B.V. as our sole managing director and for all other proposals described in this proxy statement. If any other business is properly brought before the Annual Meeting under our Articles of Association or Dutch law, the proxies will be voted in accordance with the best judgment of the proxyholders. In general, only those items appearing on the agenda can be voted on at the Annual Meeting.

A shareholder may revoke a proxy by submitting a document revoking it prior to the Voter Deadline, by submitting a duly executed proxy bearing a later date prior to the Voter Deadline or by attending the Annual Meeting and voting in person (with regard to which the requirements below apply).

Only holders of record of the _____ registered shares of our share capital, par value EUR 0.01 (the common shares or shares), issued at the close of business on March 12, 2010 are entitled to notice of and to vote at the Annual Meeting. Shareholders must give notice in writing to the Management Board of their intention to attend the Annual Meeting prior to April 29, 2010. Admittance of shareholders and acceptance of written voting proxies shall be governed by Dutch law.

Although there is no quorum requirement under Dutch law, abstentions, directions to withhold authority to vote for a Supervisory Director nominee and broker non-votes will be considered present at the meeting but will not be counted to determine the total number of votes cast. Broker non-votes occur when nominees, such as brokers and banks holding shares on behalf of the beneficial owners, are prohibited from exercising discretionary voting authority for beneficial owners who have not provided voting instructions. If you do not give instructions to your bank, brokerage firm or other agent, the bank, brokerage firm or other agent will nevertheless be entitled to vote your shares of common stock in its discretion on routine matters and may give or authorize the giving of a proxy to vote the shares of common stock in its discretion on such matters. The ratification of independent public accountants is generally a routine matter whereas the election of directors and action with respect to incentive plans are not considered routine matters. For these reasons, please promptly vote in accordance with the instructions provided by your bank, brokerage firm or other agent.

We will bear the cost of soliciting proxies on the accompanying proxy card. Some of our directors, officers and regular employees may solicit proxies in person or by mail, telephone or fax, but will not receive any additional compensation for their services. We may reimburse brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of our shares. We have also retained The Proxy Advisory Group, LLC, to assist in the solicitation of proxies and provide related advice and informational support for a services fee and the reimbursement of customary disbursements. Such fee and disbursements are not expected to exceed \$10,000 in the aggregate.

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Shareholders and interested persons may communicate with the Supervisory Board or one or more directors by sending a letter addressed to the Supervisory Board or to any one or more directors in care of David A. Delman, Secretary, Chicago Bridge & Iron Company N.V., Oostduinlaan 75, 2596 JJ The Hague, The Netherlands, in an envelope clearly marked Shareholder Communication. Mr. Delman's office will forward such correspondence unopened to Gary L. Neale, or to another independent director, unless the envelope specifies that it should be delivered to another director.

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CORPORATE GOVERNANCE

Certain Transactions

Director Independence

The Supervisory Board believes that there should be a significant majority of independent directors on the Supervisory Board, and generally no more than one director who is also an employee. An independent director means a member of the Supervisory Board who, in conformity with New York Stock Exchange listing standards and the criteria set forth in Exhibit A (Exhibit A) to our Corporate Governance Guidelines (which comply with and in some cases are stricter than the New York Stock Exchange listing standards) available through our website, www.cbi.com, is independent of management and free from any relationship with the Company or otherwise that, in the opinion of the Supervisory Board, would interfere with his or her exercise of independent judgment as a director. No director qualifies as independent unless the Supervisory Board affirmatively determines that the director has no material relationship with the Company (either directly or indirectly, such as an officer, director, partner or significant shareholder of an organization that has a material relationship with the Company), and discloses that determination and the basis for the determination in our annual proxy statement. As stated in Exhibit A, a director generally will be considered independent if he or she:

has not been employed by us within the past 5 years;

has not been affiliated with or employed by our present or former auditor within 5 years since the end of either the affiliation or the auditing relationship;

has not been part of an interlocking directorate in which one of our executive officers serves on the compensation committee of another company that concurrently employs or employed the director within the last 5 years;

has not had an immediate family member (other than a family member employed in a non-officer position) in one of the categories listed above within the past 5 years;

is not a paid advisor or consultant to us and receives no financial benefit from any entity as a result of advice or consulting services provided to us by such entity;

is not an officer, director, partner or significant shareholder of any of our significant customers or suppliers, or any other entity having a material commercial, industrial, banking, legal or accounting relationship with us; and

is not an officer or director of a tax-exempt entity receiving more than 5% of its annual contributions from us.

However, in making the determination as to independence, the Supervisory Board will broadly consider all relevant facts and circumstances in evaluating any relationships that exist between a director and the Company. Such determinations, in individual cases, may warrant exceptions to the above general guidelines. Based on these guidelines, the Supervisory Board has determined that the following members of the Supervisory Board do not have a relationship with us, and that each of Messrs. Ballengee, Flury, Jennett, Kissel, McVay, Neale and Underwood and Ms. Williams are independent under the standards described above. Mr. Asherman, our Chief Executive Officer, is not independent. The term of Mr. Jerry H. Ballengee, who is also a member of the Nominating Committee, Corporate Governance Committee, and Strategic Initiatives Committee, will expire at the Annual Meeting and he is not eligible under our Articles of Association to stand for re-election. The Supervisory Board has also determined that all members of the Supervisory Board, except Mr. Asherman, are independent as that term is defined by the Dutch Corporate Governance Code adopted by the Dutch Corporate Governance Committee on December 9, 2003 (the Dutch Corporate Governance Code). As part of the independence review process, the Supervisory Board considered that Mr. Underwood was an advisor to the Supervisory Board from September 2006 until his election to the Supervisory Board in May of 2007, and in such capacity was paid \$25,000, an amount equal to what he would have

earned if he had been a member of the Supervisory Board during such time. The Supervisory Board has determined that such service does not establish a material relationship with us.

Related Party Transactions

The Nominating Committee of the Supervisory Board is responsible for reviewing all transactions that might represent a conflict or potential conflict of interest on the part of shareholders who hold more than 10% of our shares, directors, officers and employees. The Nominating Committee will analyze such potential conflicts of interest in order to ensure compliance with the Company's Code of Ethics, and the Company's Business and Legal Compliance Policy, and make recommendations to the Supervisory Board concerning the granting of waivers, if appropriate, under the Company's Code of Ethics. Each director,

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officer and employee must make prompt and full disclosure of all conflicts of interest to the President and CEO, the Chief Financial Officer or the General Counsel of CB&I or the non-Executive Chairman or the Chairman of the Audit Committee. A conflict of interest includes a financial interest in any contract with us or in any organization doing business with us, or the receipt of improper personal benefits or loans as a result of his or her position in the Company. On an annual basis, each Supervisory Director and executive officer is obligated to complete a Director and Officer Questionnaire which requires disclosure of any transactions with the Company in which the Supervisory Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. These obligations are set forth in writing in our Code of Ethics and the Nominating Committee charter available through our website, www.cbi.com.

Nominations for Directors/Director Qualifications

The Nominating Committee of the Supervisory Board is responsible for screening potential members of the Supervisory Board and recommending qualified candidates to the Supervisory Board for nomination. Although the Nominating Committee has not established any specific and diverse minimum qualifications to be met by a nominee to be a member of the Supervisory Board, it assesses a diverse number of specific factors such as independence, judgment, business experience, financial knowledge and expertise, technical skills and knowledge, knowledge of our core business, international background and experience, and other particular skills to enable a Board member to make a significant contribution to the Supervisory Board, the Company and our shareholders. Set forth in Appendix I to the Charter of the Nominating Committee (Appendix I), available through our website, www.cbi.com, are diverse and relevant criteria and characteristics and specific experience, qualifications, attributes and skills to be considered by the Nominating Committee in identifying nominees to be a member of the Supervisory Board, including:

- CEO, COO or running a significant division of a public company;

- knowledge of our core business, including contracting, energy, building materials (steel) and chemicals;

- knowledge of international business;

- technological expertise;

- financially adept, liability/equity management and human relations skills;

- outside interests;

- participation on other boards;

- education;

- ability to serve for at least five years;

- compatible with existing Board, management and CB&I corporate culture; and

- independence, as defined in the standards set forth in our Corporate Governance Guidelines.

The Nominating Committee identifies nominees by conducting its own searches primarily based on personal knowledge and recommendations of other members of the Supervisory Board and our management. Nominees are evaluated by the Committee as a whole with reference to Appendix I. The Nominating Committee does not solicit director nominees but will consider and evaluate shareholder recommendations that meet the criteria set forth in Appendix I in the same manner as it evaluates other potential nominees. Recommendations should be submitted in writing and addressed to the Chairman of the Nominating Committee, c/o David A. Delman, Secretary, Chicago Bridge & Iron Company N.V., Oostduinlaan 75, 2596 JJ The Hague, The Netherlands.

Board Leadership Structure and Role in Risk Oversight

The Supervisory Board separates the roles of chief executive officer and chairman of the board in recognition of the differences between the two roles. In addition, the Supervisory Board requires that the chairman of the board be a non-executive. Separating these positions allows our chief executive officer to focus on our day-to-day business, while allowing the non-executive chairman of the board, as an independent leader, to lead the Board in its fundamental role of providing advice to and independent oversight of management. The Supervisory Board recognizes the time, effort, and energy that the chief executive officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our non-executive chairman. The Supervisory Board believes this structure is appropriate for CB&I not

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only because of the size and composition of the Board, the scope and complexity of the Company's operations, and the responsibilities of the Board and management, but also as a demonstration of our commitment to good corporate governance.

While the Board is ultimately responsible for risk oversight, four Board committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Supervisory Board exercises its risk oversight authority through various processes and procedures adopted by the Board's Audit Committee, Strategic Initiatives Committee, Organization and Compensation Committee and Corporate Governance Committee.

The Audit Committee assists the Board in its involvement in the Company's risk management process by providing oversight for the:

integrity of the Company's financial statements;

Company's compliance with legal and regulatory requirements;

Company's independent accountants' qualifications and independence;

performance of the Company's internal audit function and independent accountant; and

Company's system of disclosure and internal controls regarding finance, accounting, legal compliance and ethics that management and the Supervisory Board have established.

The Strategic Initiatives Committee, chaired by the Non-Executive Chairman, participates in and, in certain instances, oversees significant core activities of the Company. The Strategic Initiatives Committee deals directly with risk-related issues facing the Company when and as the Committee carries out its duties to:

review and approve on behalf of the Supervisory Board contracts, purchase orders, subcontracts and change orders in the ordinary course of business whose price exceeds the approval authority of the chief executive officer;

review and make recommendations to the Supervisory Board with respect to matters brought to its attention by the chief executive officer in the ordinary course of business that exceed his approval authority under the authority matrix adopted from time to time by the Supervisory Board; and

review and discuss matters brought to its attention by the chief executive officer that the Committee finds appropriate.

The Corporate Governance Committee participates in identifying and participating in the management of risk factors facing the Company through its responsibility to the Board to:

provide perspective on economic, business and technology trends and events that could cause the Company to change the allocation of resources among its existing businesses or to enter new business, and to review the business planning process of the Company;

review various policies and practices of management in the areas of corporate governance;

establish and review corporate goals and objectives;

consider the overall relationship of Supervisory Board Directors and the Company's management; and

develop, review and recommend to the Supervisory Board a set of corporate governance guidelines applicable to the Company.

The Organization and Compensation Committee undertakes risk oversight of the Company's compensation programs through its responsibility to the Board to:

establish and review the Company's overall compensation philosophy, strategy and guidelines so that the design of compensation programs does not encourage excessive risk taking;

establish and review annual incentive and long-term incentive compensation plans so that they do not create risks reasonably likely to have a material adverse effect on the Company; and

establish and review corporate goals and objectives encouraged through the Company's compensation programs so that rewards are aligned with the interests of shareholders.

Based on information and reports received by the Board from these Committees and from regular or special Board meetings, appropriate guidance and involvement can be directed to areas which may expose the Company to risks in operation,

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legal compliance, financial reporting and other aspects of the business of the Company. The Non-Executive Chairman works with the chief executive officer during the strategic planning process to ensure that management strategies, plans, and performance metrics are communicated to the Board and that Board concerns are addressed in the development of these plans and attends and participates in quarterly Management Reviews of the performance of the Company. Finally, the Non-Executive Chairman attends and participates in quarterly management meetings in which, as part of the review of the Company's overall performance, various risk issues are identified and addressed.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has five standing committees to assist the Supervisory Board in the execution of its responsibilities. The committees are the Audit Committee, the Nominating Committee, the Corporate Governance Committee, the Strategic Initiatives Committee and the Organization and Compensation Committee. Each committee is composed of a minimum of three members of the Supervisory Board, except the Corporate Governance Committee which consists of all non-management members of the Supervisory Board, who satisfy the independence requirements required by the Securities Exchange Act of 1934, as amended (the Exchange Act), the rules adopted thereunder, the listing standards of the New York Stock Exchange in effect from time to time and the Dutch Corporate Governance Code. Each committee functions under a charter adopted by the Supervisory Board that can be accessed through our website, www.cbi.com, and is available in print to any shareholder who requests it.

Audit Committee

The current members of the Audit Committee are Mr. Underwood (Chairman) and Messrs. Flury and McVay and Ms. Williams. The Supervisory Board has determined that Ms. Williams and Mr. Underwood are each independent as defined in the Exchange Act and under the New York Stock Exchange Listed Company Manual and meet the definition of audit committee financial expert, as such term is defined under the rules of the Securities and Exchange Commission (the SEC), and the definition of financial expert as defined by the Dutch Corporate Governance Code. The Supervisory Board has also determined that Ms. Williams and Messrs. Flury, McVay, and Underwood, possess the necessary level of financial literacy required to enable them to serve effectively as Audit Committee members. We maintain an Internal Audit Department to provide the Audit Committee and management with ongoing assessments of our system of internal controls.

The Audit Committee met seven times during 2009. Its primary duties and responsibilities include assisting the Supervisory Board in overseeing:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

our independent registered public accounting firm's qualifications and independence;

the performance of our independent registered public accounting firm and our internal audit function; and

our system of disclosure and internal controls regarding finance, accounting, legal compliance and ethics.

The Audit Committee has adopted policies and procedures for pre-approving all audit and permissible non-audit services performed by our independent registered public accounting firm. Under these policies, the Audit Committee pre-approves the use of audit and audit-related services in connection with the approval of the independent registered public accounting firm's audit plan. All services detailed in the audit plan are considered pre-approved. The Audit Committee monitors the audit services engagement as necessary, but no less often than quarterly. It approves any changes in terms, conditions and fees resulting in changes in audit scope, Company structure or other items. Other audit services and non-audit services are pre-approved at the Audit Committee's quarterly meetings. For interim pre-approval of audit and non-audit services, requests and applications are submitted to the Chief Financial Officer, who has been so designated by the Audit Committee for this purpose. The Chief Financial Officer may approve services which are consistent with the permissible services specifically pre-approved by the Audit Committee. Where the services are not specified by the pre-approval policy, and the Chief Financial Officer approves the request or application, it is submitted to the Audit Committee Chairman, or appropriate designated member of the Audit

Committee, for pre-approval. All such audit and non-audit services and fees are monitored by the Audit Committee at its quarterly meeting.

Audit Fees

For the years ended December 31, 2009 and 2008, we incurred the following fees for services rendered by our independent registered public accounting firm, Ernst & Young LLP:

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Fees	2009	2008
Audit Fees(1)	\$ 4,160,000	\$ 5,902,250
Audit-Related Fees(2)	0	124,500
Tax Fees(3)	1,005,000	467,300
All Other Fees(4)	335,500	176,500
Total	\$ 5,500,500	\$ 6,670,550

(1) Audit Fees consist of fees and out of pocket expenses for audit of our annual financial statements; audit of our controls over financial reporting; reviews of our quarterly financial statements; statutory and regulatory audits and consents; financial accounting and reporting consultations; and other services related to SEC matters.

(2) Audit-Related Fees consist of fees for employee benefit plan audits.

(3) Tax Fees consist of fees for tax consulting services including transfer pricing

documentation,
tax advisory
services and
compliance
matters.

- (4) All Other Fees
consist of
permitted
non-audit
services.

All of the fees set forth in the table above were approved by the Audit Committee pursuant to its pre-approval policies and procedures described above.

The Audit Committee considered and concluded that the provision of other services was compatible with maintaining Ernst & Young LLP's independence.

The Audit Committee has established a toll-free number, (866) 235-5687, whereby interested parties may report concerns or issues regarding our accounting or auditing practices to the Audit Committee.

Report of the Audit Committee of the Supervisory Board

The following is the report of the Audit Committee with respect to our audited financial statements for the year ended December 31, 2009.

The Supervisory Board of Directors has adopted a written charter for the Audit Committee.

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2009.

We have discussed with the Company's independent registered public accounting firm the matters required to be discussed by American Institute of Certified Public Accountants Professional Standards, Vol. 1. AU Section 380, as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T.

We have received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the Company's independent registered public accounting firm's communications with the Audit Committee concerning independence, and have discussed with them their independence. The Audit Committee has also reviewed the non-audit services provided by the Company's independent registered public accounting firm as described above and considered whether the provision of those services was compatible with maintaining the Company's independent registered public accounting firm's independence.

Based on the reviews and discussions referred to above, we recommended to the Supervisory Board that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission.

Members of the Audit Committee
Michael L. Underwood (Chairman)
L. Richard Flury
Marsha C. Williams
Larry D. McVay

Organization and Compensation Committee

The current members of the Organization and Compensation Committee are Messrs. Neale (Chairman), Jennett, Kissel and Underwood and Ms. Williams. The Organization and Compensation Committee met four times in 2009. Its primary duties and responsibilities include the following:

establishment of compensation philosophy, strategy and guidelines for our executive officers and senior management;

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administration of our long-term and short-term incentive plans;

evaluation and approval of corporate goals and objectives relevant to the Chief Executive Officer's and named executive officers' compensation, evaluation of the Chief Executive Officer's and the named executive officers' performance in light of those goals and objectives and setting the Chief Executive Officer's and the named executive officers' compensation level based on this evaluation; and

preparation of the Organization and Compensation Committee report on executive compensation to be included in the proxy statement.

Compensation Committee Interlocks and Insider Participation

No member of the Organization and Compensation Committee was, during fiscal 2009, an officer or employee of the Company or any of our subsidiaries, or was formerly an officer of the Company or any of our subsidiaries, or had any relationships requiring disclosure by us under Item 404 of Regulation S-K.

During fiscal 2009, none of our executive officers served as (i) a member of the compensation committee (or other Board committee performing equivalent functions) of another entity, one of whose executive officers served on the Organization and Compensation Committee, (ii) a director of another entity, one of whose executive officers served on the Organization and Compensation Committee, or (iii) a member of the compensation committee (or other Board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of the Company.

Compensation Consultants

In considering the executive compensation recommendations of management and determining the compensation of the Chief Executive Officer and his direct reports, the Organization and Compensation Committee regularly receives advice and recommendations from Hewitt Associates (Hewitt). At the Committee's request, Hewitt evaluates the Company's compensation practices and assists in developing and implementing its executive compensation program and philosophy. Hewitt regularly reviews the Company's total compensation pay levels and design practices and offers their comments on comparator companies, benchmarks and how the Company's compensation programs are actually succeeding in meeting the Company's business objectives. Hewitt makes recommendations to the Committee at its request, independently of management, on executive compensation generally and on the individual compensation of executive officers. Hewitt representatives are present at selected Committee meetings, including executive sessions independent of management, to discuss executive compensation matters. On or about February 1, 2010, Hewitt partially divested its executive compensation consulting business in North America resulting in the formation of Meridian Compensation Partners LLC (Meridian). The Committee has been receiving executive compensation assistance from Meridian.

Compensation Committee Report

The Organization and Compensation Committee of the Supervisory Board has reviewed and discussed the Compensation Discussion and Analysis with management, and based on such review and discussions, the Organization and Compensation Committee recommended to the Supervisory Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Gary L. Neale (Chairman)

J. Charles Jennett

Marsha C. Williams

Michael L. Underwood

W. Craig Kissel

Nominating Committee

The current members of the Nominating Committee are Messrs. Jennett (Chairman), Flury and Ballengee. The Nominating Committee met four times during 2009. Its primary duties and responsibilities include the following:

identification, review, recommendation and assessment of nominees for election as members of the Supervisory Board and the Management Board;

recommendation to the Supervisory Board regarding size, composition, proportion of inside directors and creation of new positions of the Supervisory Board;

recommendation of the structure and composition of, and nominees for, the standing committees of the Supervisory Board;

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recommendation of fees to be paid to non-employee Supervisory Directors; and

review of conflicts or potential conflicts of interest to ensure compliance with our Code of Ethics and our Business and Legal Compliance Policy and making recommendations to the Supervisory Board concerning the granting of waivers.

Compensation of the Members of the Supervisory Board

Under our Articles of Association, any decisions on compensation of members of our Supervisory Board are made by our general meeting of shareholders. If any changes need to be made to compensation of members of our Supervisory Board, the Nominating Committee makes recommendations to the Supervisory Board on compensation for the Supervisory Directors. The Supervisory Board would then approve or modify those recommendations and propose them to the shareholders at a general meeting. In making a recommendation, the Nominating Committee receives advice and recommendations from Hewitt, which serves as its director compensation consultants. Hewitt evaluates our compensation practices and assists in developing our director compensation program. They review supervisory director compensation annually; however, changes to director compensation might not be made every year. Hewitt representatives are present at selected Nominating Committee meetings to discuss supervisory director compensation.

Corporate Governance Committee

The current members of the Corporate Governance Committee are Messrs. Flury (Chairman), Ballengee, Neale, Jennett, Kissel, Underwood, and McVay and Ms. Williams. The Corporate Governance Committee met four times during 2009. Its primary duties and responsibilities include the following:

evaluation of the performance of the Supervisory Board and management;

review of policies and practices of management in the areas of corporate governance and corporate responsibility;

recommendation to the Supervisory Board of policies and practices regarding the operation and performance of the Supervisory Board; and

development, review and recommendation to the Supervisory Board of a set of corporate governance guidelines.

The Corporate Governance Committee provides an opportunity for the non-management members of the Supervisory Board to meet in regularly scheduled executive sessions for open discussion without management. The Chairman of the Corporate Governance Committee, L. Richard Flury, presides at these meetings. We have established a toll-free number, (866) 235-5687, whereby interested parties, including shareholders, may contact non-management directors. Calls to this number for non-management directors will be relayed directly to the chairman of the Audit Committee who will forward it to the appropriate member.

Strategic Initiatives Committee

The current members of the Strategic Initiatives Committee are Messrs. Ballengee (Chairman), McVay and Flury. The Strategic Initiatives Committee met four times during 2009. Its primary duties and responsibilities include the following:

review and approval of contracts, purchase orders, subcontracts and change orders in the ordinary course of business whose price exceeds the approval authority granted by the Supervisory Board to the Chief Executive Officer; and

review and recommendation to the Supervisory Board with respect to other matters exceeding the authority granted by the Supervisory Board to the Chief Executive Officer.

Information Regarding Meetings

The Supervisory Board held four meetings in 2009. Each of the Supervisory Directors attended at least 75% of the meetings of the Supervisory Board and of each committee of which he or she was a member. We expect that each

member of the Supervisory Board will attend the Annual Meeting. Last year, each of the members of the Supervisory Board attended the Annual Meeting.

ITEM 1

ELECTION OF A MEMBER OF THE SUPERVISORY BOARD

The business and general affairs of the Company and the conduct of the business of the Company by the Management Board are supervised by the Board of Supervisory Directors (the Supervisory Board), the members of which are appointed by the general meeting of shareholders. Our Articles of Association provide for at least 6 and no more than 12 Supervisory Directors to serve on the Supervisory Board. The term of two Supervisory Directors will expire at the date of the Annual

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Meeting. The Supervisory Board has determined that the number of members of the Supervisory Board will be set at eight beginning on the date of our 2010 annual meeting; accordingly, the Company will only propose to fill one of the Board seats that will be vacated by the directors whose terms expire this year. In accordance with our Articles of Association, Mr. Ballengee's term will expire at the Annual Meeting and he may not stand for re-election. Under the law of The Netherlands, a Supervisory Director cannot be a member of the Management Board of the Company.

Members of the Supervisory Board are elected to serve three-year terms, with approximately one-third of such members' terms expiring each year and two-thirds of such members' terms expiring each two years. The terms of the members of the Supervisory Board expire at the general meeting of shareholders held in the third year following their election, but supervisory directors whose terms of office expire may be re-elected. The term of office of a member of the Supervisory Board expires automatically on the date of the annual general meeting of shareholders in the year following the year during which the director attains the age of 72.

As permitted under Dutch law and our Articles of Association, the Supervisory Board is authorized to make binding nominations of two candidates for each open position on the Supervisory Board, with the candidate receiving the greater number of votes being elected. The binding nature of the Supervisory Board's nomination may be overridden by a vote of two-thirds of the votes cast at the meeting if such two-thirds vote constitutes more than one-half of the issued share capital of the Company. In that case, shareholders would be free to cast their votes for persons other than those nominated below.

The member of the Supervisory Board to be elected will serve until the general meeting of shareholders in 2013. The Supervisory Board has proposed the election of Mr. Underwood and Mr. Reyes for the open director position.

Based on the guidelines set forth above, the Supervisory Board has determined that Mr. Underwood does not have a material relationship with us and, if elected, would be considered an independent member of the Supervisory Board. Mr. Reyes was recommended by the Chief Executive Officer, is presently our employee and, if elected, would not be considered an independent member of the Supervisory Board.

The Supervisory Board is recommending re-election of Mr. Underwood to the Supervisory Board on the basis of his extensive professional and financial knowledge and experience, particularly his knowledge of and experience with the Company and its business gained by him in connection with the outstanding services he has provided to the Company to date as a Supervisory Director.

The Following Nominations are Made for a Three-Year Term Expiring in 2013:

First Nominee

MICHAEL L. UNDERWOOD, 66, has served as a Supervisory Director since 2007 and is Chairman of the Audit Committee and a member of the Organization and Compensation Committee and the Corporate Governance Committee. Mr. Underwood worked the majority of his 35-year career in public accounting at Arthur Andersen LLP, where he was a partner. He moved to Deloitte & Touche LLP as a director in 2002, retiring in 2003. He is currently a director and Chairman of the Audit Committee of Dresser-Rand Group. Specifically, he serves because of his financial adeptness, outside interests (other board), experience with international companies and other companies in the EPC and technology industries, ability to serve on the Board for five years, compatibility with existing Board, management and Company corporate culture, and independence.

Second Nominee

LUCIANO REYES, 39, has served as Vice President and Treasurer since February 2006 and previously held positions of increasing responsibility in CB&I's Treasury Department since joining the Company in 1998. Prior to joining CB&I, Mr. Reyes held financial positions with a large manufacturing corporation and with several financial institutions.

THE SUPERVISORY BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF MR. UNDERWOOD.

Certain information with respect to the Supervisory Directors whose terms do not expire this year is as follows:

Supervisory Directors to Continue in Office with Terms Expiring in 2012:

PHILIP K. ASHERMAN, 59, has been President and Chief Executive Officer of CB&I since 2006 and a Managing Director since 2004. He joined CB&I in 2001 as a senior executive and was promoted to Executive Vice President that same year, reporting directly to the Chairman and CEO. Mr. Asherman has more than 30 years experience in the

engineering and construction industry. Specifically, he serves as a director because of his service as CEO of a public company, knowledge of core business (construction), knowledge of international business, human relations skills, outside interests (other board,

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education), ability to serve on the Board for five years, and compatibility with existing Board, management and Company corporate culture.

L. RICHARD FLURY, 62, has served as a Supervisory Director of the Company since 2003, and as a consultant to the Supervisory Board since 2002. He is Chairman of the Corporate Governance Committee and a member of the Audit Committee, the Nominating Committee and the Strategic Initiatives Committee. Previously, Mr. Flury served as Chief Executive, Gas and Power for BP plc from 1998 until his retirement in 2001. He served as Executive Vice President of Amoco, responsible for managing the Exploration and Production sector, from 1996 to 1998. Prior to that, he served in various other executive capacities with Amoco since 1988. Mr. Flury is also a director of Questar Corporation and Callon Petroleum Corporation. Specifically, he serves as a director because of his executive management in a public company, knowledge of the Company's core business (energy), knowledge of international business, financial adeptness, outside interests (other boards), ability to serve on the Board for five years, compatibility with the existing Board, management and Company corporate culture and independence.

W. CRAIG KISSEL, 59, has been a Supervisory Director since May 2009 and is a member of the Organization and Compensation Committee and Corporate Governance Committee. He worked for Trane/American Standard from 1980 until his retirement in 2008, most recently as President of Trane Commercial Systems, a leading supplier of air conditioning and heating systems. From 1998 through 2003, he was President of American Standard's Vehicle Control Systems business in Brussels, Belgium. Prior to that, he held various management positions at Trane, including Executive Vice President and Group Executive of Trane's North American Unitary Products business. From 2001 to 2008, Mr. Kissel served as Chairman of American Standard's Corporate Ethics and Integrity Council responsible for developing the Company's ethical business standards. Specifically, he serves as a director because of his service as a Division President of a public company, knowledge of international business, technological expertise, ability to serve on the Board for five years, compatibility with existing Board, management and Company corporate culture, and independence.

Supervisory Directors to Continue in Office with Terms Expiring in 2011:

LARRY D. MCVAY, 62, has been a Supervisory Director since 2008 and is a member of the Audit Committee, Corporate Governance Committee and Strategic Initiatives Committee. Mr. McVay has served as Managing Director of Edgewater Energy Partners, LLC since 2007 and worked 39 years for Amoco, BP and TNK-BP. In his last assignment with BP, Mr. McVay served as the Chief Operating Officer of TNK-BP in Moscow from 2003 until his retirement from BP in 2006. From 2000 to 2003, he held the position of Technology Vice President, Operations, and Vice President of Health, Safety and Environment for BP, based in London. Previously, Mr. McVay served in numerous senior level managerial positions for Amoco. Mr. McVay is currently on the Board of Directors of Callon Petroleum Company and Praxair. Mr. McVay also serves as a member of the Dean's Council of Texas Tech University's Engineering School. Specifically, he serves as a director because of his services as a COO of a division of a public company, knowledge of the Company's core business (energy), knowledge of international business, technological expertise, financial adeptness, outside interests (other boards and education), ability to serve on the Board for five years, compatibility with existing Board, management and Company corporate culture, and independence.

GARY L. NEALE, 70, has served as a Supervisory Director since 1997 and is Chairman of the Organization and Compensation Committee and a member of the Corporate Governance Committee. Mr. Neale served as Chairman of the Board of NiSource, Inc. from 1993 to 2007 and as Chief Executive Officer of NiSource, Inc. from 1993 to 2005. He has also served as a director of Northern Indiana Public Service Company since 1989, and as a director of Modine Manufacturing Company (heat transfer products) since 1977. Mr. Neale currently serves as Chairman of the Board of Modine Manufacturing Company. Specifically, he serves as a director because of his service as a CEO of a public company, knowledge of the Company's core business (energy), knowledge of international business, financial adeptness, outside interests (other boards), compatibility with existing Board, management and Company corporate culture, and independence.

MARSHA C. WILLIAMS, 59, has served as a Supervisory Director of the Company since 1997. She is a member of the Audit Committee, the Corporate Governance Committee and the Organization and Compensation Committee. Ms. Williams currently serves as Senior Vice President and Chief Financial Officer of Orbitz Worldwide, a position

she has held since 2007. From 2002 to 2007, she served as Executive Vice President and Chief Financial Officer of Equity Office Properties Trust, a public real estate investment trust. She served as Chief Administrative Officer of Crate & Barrel from 1998 to 2002, and as Treasurer of Amoco Corporation from 1993 to 1998. Ms. Williams is a director of Davis Funds, Modine Manufacturing Company, Inc. and Fifth Third Bancorp. Specifically, she serves as a director because of her knowledge of the Company's core business (energy), knowledge of international business, financial adeptness and human relations skills, outside interests (other boards), ability to serve on the Board for five years, compatibility with existing Board, management and Company corporate culture, and independence.

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J. CHARLES JENNETT, 69, has served as a Supervisory Director of the Company since 1997. He is Chairman of the Supervisory Board's Nominating Committee and a member of the Organization and Compensation Committee and Corporate Governance Committee. Dr. Jennett served as President of Texas A&M International University from 1996 to 2001. Upon his retirement in 2001, he was bestowed the title of President Emeritus. From 1992 to 1996, he was Provost and Vice President of Academic Affairs at Clemson University. Dr. Jennett currently serves as a private engineering consultant. Specifically, he serves as a director because of his knowledge of the Company's core business (contracting), knowledge of international business, technological expertise, outside interests (education), compatibility with existing Board, management, and Company corporate culture, and independence.

COMMON STOCK OWNERSHIP BY CERTAIN PERSONS AND MANAGEMENT**Security Ownership of Certain Beneficial Owners**

The following table sets forth certain information with respect to each person (including any group as that term is used in Section 13(d)(3) of the Exchange Act) known to us to be the beneficial owner of more than 5% of our issued common shares (based on _____ shares outstanding as of March __, 2010).

Name and Address of Beneficial Owner	Common Stock; Euro .01 par value	
	Amount and Nature of Beneficial Ownership	Percent of Class
Wells Fargo & Company(1) 420 Montgomery Street San Francisco, CA 94163	5,021,287	5.05%

(1) Information derived from a Schedule 13G filed January 20, 2010 by Wells Fargo & Company; Wells Fargo & Company has sole voting power with respect to 3,936,513 of these shares, shared voting power with respect to 3,312 of these shares and shared dispositive power with respect to 1,062,648 of these shares.

Executive Officers

PHILIP K. ASHERMAN, 59, has been President and Chief Executive Officer of CB&I since 2006 and a Managing Director since 2004. He joined CB&I in 2001 as a senior executive and was promoted to Executive Vice President that same year, reporting directly to the Chairman and CEO. Mr. Asherman has more than 30 years experience in the engineering and construction industry. Specifically, he serves as a director because of his service as CEO of a public company, knowledge of core business (construction), knowledge of international business, human relations skills, outside interests (other board, education), ability to serve on the Board for five years, and compatibility with existing Board, management and Company corporate culture.

BETH A. BAILEY, 58, has served as Executive Vice President and Chief Administration Officer since January 2009, with corporate responsibility for all Information Technology, Facilities and Human Resources. Ms. Bailey joined CB&I in 1972, serving in positions of increasing responsibility most recently as Executive Vice President and Chief Information Officer.

RONALD A. BALLSCHMIEDE, 54, has served as Executive Vice President and Chief Financial Officer since 2006. Prior to joining CB&I, he was a partner with Deloitte & Touche LLP since 2002. Previously, he worked for another large accounting firm, where he led the financial statements audits for a number of major manufacturing and construction companies.

DAVID A. DELMAN, 48, has served as Executive Vice President and Chief Legal Officer, and Secretary for CB&I's Supervisory Board of Directors since joining CB&I in 2007. Previously, he was a partner in the international law firm of Pepe & Hazard LLC, specializing in engineering and construction industry issues. Mr. Delman also previously served as a director of Integrated Project Solutions, LLC, a consulting company servicing the construction industry. Prior to 2000, Mr. Delman worked as associate general counsel with a major engineering and construction firm.

DANIEL M. MCCARTHY, 59, has served as President Lummus Technology since January 2009. He previously served as Executive Vice President Lummus Technology, a position he has held since joining CB&I as part of the Lummus acquisition in 2007. Prior to that, he was an Executive Vice President of Lummus. He has held

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various management positions within the technology businesses of Lummus since its inception in 1987, assuming senior management responsibility for the business in 2004 and for the Lummus Houston EPC Execution Center in 2006.

LASSE PETTERSON, 53, joined CB&I in February 2009 as Executive Vice President and Chief Operating Officer. Previously, Mr. Petterson was CEO of Gearbulk (UK) Limited, the an operator of gantry craned vessels and served from 2002 to 2006 as President and Chief Operating Officer of AMEC Inc. USA, a project management engineering and construction company. From 1980 to 2002, he worked in various international executive and operations assignments with another major engineering and construction firm, serving as President of both the Oil & Gas division and the Maritime division.

EDGAR C. RAY, 49, has served as Executive Vice President-Corporate Planning since 2007. He joined CB&I in 2003, serving as Senior Vice President Global Marketing until 2007. Prior to joining CB&I, Mr. Ray was Executive Director of Strategy and Marketing for a large engineering and construction company.

WESTLEY S. STOCKTON, 38, has held the position of Vice President, Corporate Controller and Chief Accounting Officer since September 2008, previously serving as Vice President Financial Operations. Mr. Stockton, a Certified Public Accountant, has worked for CB&I in various financial and M&A positions since 2002. Prior to joining CB&I, he worked for two large accounting firms in audit-related roles.

Security Ownership of Our Management

The following table sets forth certain information regarding common shares beneficially owned on March 2, 2010 by (1) each Supervisory Director, (2) each nominee to be a Supervisory Director, (3) each named executive officer identified on page ___ and (4) all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Shares Owned
Philip K. Asherman	503,169	*
Jerry H. Ballengee	88,617	*
Ronald A. Ballschmiede	135,616	*
Ronald E. Blum	38,311	*
L. Richard Flury	51,640	*
J. Charles Jennett	51,800	*
W. Craig Kissel	190	*
Larry D. McVay	4,400	*
Gary L. Neale	47,050	*
John W. Redmon	117,572	*
Luciano Reyes	29,149	*
Lasse Petterson	43,495	*
Marsha C. Williams	44,987	*
Michael L. Underwood	8,436	*
All directors and executive officers as a group (16) in number	1,257,773	1.25%

* Beneficially owns less than one percent of our outstanding common shares.

(1) Shares deemed beneficially

owned include
(i) shares held
by immediate
family members
and (ii) shares
that can be
acquired
through stock
options
exercisable
through May 6,
2010.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our Supervisory Directors, executive officers and persons who own more than 10% of our common shares to file initial reports of ownership and reports of changes in ownership of common shares (Forms 3, 4 and 5) with the SEC and the New York Stock Exchange. All such persons are required by SEC regulation to furnish us with copies of all such forms that they file.

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To our knowledge, based solely on our review of the copies of such reports received by us and on written representations by certain reporting persons that no reports on Form 5 were required, we believe that during the year ended December 31, 2010, our Supervisory Directors, executive officers and 10% shareholders complied with all Section 16(a) requirements applicable to them.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) is provided to assist our shareholders in understanding the compensation awarded, earned by, or paid to the Company s executive officers named in the Summary Compensation Table (the named executive officers) during 2009. In addition, the CD&A is intended to put into perspective for our shareholders the compensation tables on pages ___through ___and the narrative information that accompanies them.

The first part of this discussion describes the primary objectives of our compensation programs and what they are designed to reward. Following that, we describe the key elements of our compensation and why we have selected those elements of compensation. Finally, we describe how we determine the form and amount of each compensation element to meet our compensation objectives and support our business strategy.

Compensation Objectives, Process and Peer Group

Objectives. We are committed to increasing shareholder value by profitably growing our business in the global marketplace. Our compensation policies and practices are intended to support this commitment by attracting and retaining employees who can manage this growth and rewarding them for profitably growing the Company and achieving the Company s other short and long-term business objectives. We especially want to focus our executive officers (and the others in our management team) on improved financial performance.

We must compete with a wide variety of construction, engineering, heavy industrial, process technology and related firms in order to engage, develop and retain a pool of talented employees. To meet this competition, we compensate our executive officers at competitive pay levels while emphasizing performance-based compensation. Our specific objectives are to have:

Programs that will attract new talent and retain key people at reasonable cost to us

A significant focus on pay for performance

Equity compensation and ownership requirements for top managers to motivate value creation for all shareholders

Incentives that emphasize our business strategy of high growth and strong execution, and

Compensation arrangements that can be easily understood by our employees and shareholders

Setting Our Executive Compensation. The decisions on compensation for our executive officers are made by the Organization & Compensation Committee (O&C Committee) of our Supervisory Board. Our management makes recommendations to the O&C Committee on compensation for executive officers base salary, target incentive compensation, and the metrics and targets of long-term equity awards. These include recommendations by our CEO on the compensation of his direct reports (including the other named executive officers). The O&C Committee considers these recommendations in executive session and can approve or modify those recommendations. The O&C Committee then determines the compensation for our CEO and his direct reports.

As part of this process, the O&C Committee regularly receives independent advice and recommendations from Hewitt, which serves as the O&C Committee s executive compensation consultants. Hewitt s role is described in more detail under Committees of the Supervisory Board Organization and Compensation Committee Compensation Consultants on page ___. As noted on page ___, the O&C Committee is already receiving (and may in the future receive) executive compensation advice and recommendations from Meridian, a recent spin-off from Hewitt.

The O&C Committee normally determines base salary and annual incentive compensation targets for executive officers annually at its regularly scheduled December meeting, to go into effect the following January 1. The O&C Committee normally determines long-term equity awards and relevant performance expectations for the current year

for executive officers at its regularly scheduled February meeting. These determinations are made against the background of the strategic planning meetings conducted by the Company in the fall of each year. Using the findings and conclusions of the strategic planning process together with assessment of other data, management develops its business plan for the following year. The business

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plan is then presented to the Supervisory Board in February of that following year. The O&C Committee determinations of long-term equity awards and relevant performance expectations are based in large measure on the results of these meetings. The O&C Committee also at its regularly scheduled February meeting determines the annual incentive compensation amounts earned for the previous year, retaining discretion as to the final determinations. The O&C Committee may set salary and grant cash incentive awards and equity awards for executive officers at other times to reflect promotions, new hires or other changes.

Our Targets and Benchmarks. We set each of base salary, annual incentive compensation and long-term incentives separately in light of our evaluation of the competitive situation, the executive officer's performance and experience, and the levels of those compensation elements at a peer group of companies. That process determines the mix of base salary, annual cash incentives and long-term incentives for each of our executives. It also determines the mix of cash and stock compensation, since it is our normal practice to pay base compensation and annual incentive compensation in cash, and we regularly pay long-term incentives in stock, to align our executives' interests with those of our shareholders. We then tally the resulting total compensation (including benefits) to confirm that it is appropriate for the position or make adjustments accordingly.

Our general policy is to target executive officers' base salary and annual incentive compensation to be at about the size-adjusted median (50th percentile) level of our comparator companies (described just below). Because of our focus on equity-based compensation to align our executive officers' interests with those of our shareholders, our general policy is to target long-term incentive compensation at about the 60th percentile of our comparator companies. Within the group of comparator companies, those companies that are our direct competitors in the engineering, procurement and construction field tend to have higher compensation levels for executive officer positions than the levels for the comparator group as a whole. Therefore we also may consider the 50th and 60th percentile levels of our direct competitors in evaluating the competitiveness of our compensation.

We also review our benefit package and consider the practices of comparable companies for specific types of benefits. Data provided by Hewitt indicates that the nature and value of the benefits we provide are competitive with and in some instances moderately above those offered by our comparator companies.

Our Comparator Companies. Using competitive market data provided by Hewitt, we compare our compensation levels for our senior management, including the named executive officers, to compensation for comparable executive officer positions at other public companies that have national and international business operations. A majority of these companies are our direct competitors in the engineering and construction (E&C) field. Some others of these companies are similar-size manufacturing and service companies operating in the same geographic areas and competing for management employees in the same areas of expertise as we do. At companies larger than ours, we look at the compensation provided to officers in charge of divisions or operations similar in size and business to us. Hewitt's competitive market data for the comparator companies is subject to a regression analysis that adjusts that data to the size of our Company and the financial scope of our executives' responsibilities. Hewitt also advised that for our direct competitors in the E&C industry, comparative compensation data ranged from approximately 5% to 15% higher for selected positions as measured against the broader comparator group.

The O&C Committee reviews and approves the selection of comparator companies based on their size, business, and presence in our geographic area. The list of comparator companies that we use may change from year to year based on Hewitt's recommendations and our O&C Committee's evaluation of those factors. For 2009, we used the following comparator companies:

Aecom Technology Corp
AMEC

Granite Construction Inc