

CHICAGO BRIDGE & IRON CO N V

Form S-3/A

June 13, 2003

As filed with the Securities and Exchange Commission on June 13, 2003

Registration No. 333-103972

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
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
*(State or Other Jurisdiction of
Incorporation or Organization)*

Not Applicable
*(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
10200 Grogan's Mill Road
Suite 300
The Woodlands, Texas 77380
(281) 774-2200**

*(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)*

Copies to:

**James M. Reum, Esq.
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601**

**Christopher D. Lueking, Esq.
Latham & Watkins Illinois LLC
233 South Wacker Drive
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.

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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.

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.

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.

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Common Stock, Euro 0.01 par value per share	9,269,305 shares	\$22.08	\$204,666,254	\$16,557.50

(1) Includes 1,198,777 shares to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee, based upon the average high and low prices of the common stock on The New York Stock Exchange on June 6, 2003, in accordance with Rule 457(c) under the Securities Act of 1933.

(3) \$13,733.61 of this fee was previously paid.

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.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 13, 2003

8,070,528 Shares

Chicago Bridge & Iron Company N.V.

Common Stock, Par Value Euro 0.01 Per Share

We are selling 1,000,000 shares of common stock and the selling shareholders are selling 7,070,528 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 on June 12, 2003 was \$22.50 per share.

The underwriters have an option to purchase a maximum of 1,198,777 additional shares from one of the selling shareholders to cover over-allotments of shares.

Unless otherwise indicated, the information in this prospectus has been adjusted to reflect a two-for-one stock split effected in the form of a stock dividend distributed on or about February 10, 2003.

Investing in our common stock involves risks. See Risk Factors beginning on page 6.

	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 _____, 2003.

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 LLC
Lehman Brothers**

Banc of America Securities LLC

BMO Nesbitt Burns

First Albany Corporation

Hibernia Southcoast Capital

Sanders Morris Harris

The date of this prospectus is _____, 2003.

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[Inside front cover and inside back cover of prospectus]

Chicago Bridge & Iron Company, N.V. color gatefold graphic

CB&I Logo (lower right of inside back cover)

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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. We will amend this document as required by applicable law.

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 otherwise stated, the information contained in this prospectus (i) assumes that the underwriters do not exercise their over-allotment option and (ii) has been adjusted to reflect a two-for-one stock split effected in the form of a stock dividend on or about February 10, 2003. 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 CB&I N.V. refers to the parent company Chicago Bridge & Iron Company N.V. only.

Our Company

We are a global specialty engineering, procurement and construction (EPC) company serving customers in several primary end markets, including hydrocarbon refining, natural gas, water and the energy sector in general. 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, procurement, construction and maintenance services. Our projects 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 2002, we worked on more than 700 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, Valero Refining Company, BP, Conoco, Saudi Aramco and PDVSA;

leading EPC companies, such as Fluor, Bechtel, Foster Wheeler, KBR and Technip-Coflexip;

LNG and natural gas producers and distributors, such as Williams Energy Services, Distrigas and Woodside Energy; and

municipal and private water companies.

We had revenue of approximately \$1.1 billion and income from continuing operations of approximately \$50.1 million in 2002. Our revenue and income from continuing operations increased 6.2% and 57.1%, respectively, between 2001 and 2002. Our backlog was \$1.3 billion at March 31, 2003. We employed approximately 7,000 persons worldwide as of December 31, 2002.

We believe that our principal end markets will continue to experience significant growth over time as global demand for oil, natural gas, energy, power and water increases. We believe that our comprehensive global EPC capabilities and our broad range of products and services position us to capitalize on the expected growth in our primary end markets. Our acquisition of Howe-Baker International, L.L.C. (Howe-Baker) has significantly enhanced our range of services. In addition, we recently acquired certain assets of Petrofac Inc., an EPC Company serving the hydrocarbon processing industry based in Tyler, Texas, and certain assets of John Brown Hydrocarbons Limited, a company headquartered in London that provides comprehensive engineering, program and construction management services in the offshore, onshore and pipeline sectors of the hydrocarbon industry. See Business Recent Developments.

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 113 years.

Fully-Integrated Specialty Engineering, Procurement & Construction Service Provider. We are one of a very few global EPC service providers that can deliver a project from conception to commissioning, 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 technical 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 25 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 Our Acquisitions. Our acquisitions over the past three years 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 acquired 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.

The Offering

Common stock offered:

By us	1,000,000 shares
By the selling shareholders	<u>7,070,528 shares</u> (1)
Total	8,070,528 shares(1)

Total common stock outstanding after the offering 45,456,725 shares(2)(3)

Use of proceeds We will receive proceeds of approximately \$, 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, including payment of the remaining consideration owed on the Petrofac Inc. acquisition. See Business Recent Developments . We will not receive any of the proceeds from the shares sold by the selling shareholders.

NYSE symbol CBI(4)

- (1) Assumes the underwriters do not exercise their over-allotment option. If the over-allotment option is exercised in full, one of the selling shareholders will sell up to an additional 1,198,777 shares.
- (2) The number of shares of common stock outstanding after this offering is based on the number of shares outstanding as of March 31, 2003 and excludes 7,572,841 shares reserved for issuance under our employee compensation and stock plans, of which options to purchase 4,837,989 shares at a weighted-average exercise price of \$10.01 are outstanding as of March 31, 2003.
- (3) Adjusted to reflect a two-for-one stock split effected in the form of a stock dividend distributed on or about February 10, 2003.
- (4) Application will be made to list the shares sold by us on the NYSE.

Summary Consolidated Financial Data

We derived the following summary financial and operating data for the five years ended December 31, 1998 through 2002 from our audited consolidated financial statements. The financial data for the three months ended March 31, 2003 and 2002 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,				
	2003	2002	2002	2001	2000	1999	1998
INCOME STATEMENT DATA							
Revenues	\$ 322,309	\$ 259,272	\$ 1,148,478	\$ 1,081,824	\$ 611,691	\$ 674,386	\$ 775,692
Cost of revenues	282,648	224,182	992,927	945,048	542,721	596,695	703,351
Gross profit	39,661	35,090	155,551	136,776	68,970	77,691	72,341
Selling and administrative expenses	19,198	17,907	73,155	67,519	41,913	48,997	46,471
Intangibles amortization	638	626	2,529	5,819	599	514	500
Other operating income, net(1)	(136)	(419)	(1,818)	(691)	(2,401)	(2,788)	(991)
Exit costs/special charges(2)		1,159	3,972	9,686	55,664		
Income (loss) from operations	19,961	15,817	77,713	54,443	(26,805)	30,968	26,361
Interest expense	(1,687)	(1,813)	(7,114)	(8,392)	(5,187)	(2,980)	(3,488)
Interest income	466	346	1,595	1,854	430	766	1,616
Income (loss) before taxes and minority interest	18,740	14,350	72,194	47,905	(31,562)	28,754	24,489
Income tax (expense) benefit	(5,611)	(4,018)	(20,233)	(13,480)	4,859	(8,061)	(7,347)
Income (loss) before minority interest	13,129	10,332	51,961	34,425	(26,703)	20,693	17,142
Minority interest in income	(365)	(74)	(1,812)	(2,503)	(1,341)	(1,171)	(105)
Income (loss) from continuing operations	12,764	10,258	50,149	31,922	(28,044)	19,522	17,037
Discontinued operations(3):							
Loss from discontinued operations, net of taxes				(2,321)	(5,731)	(1,138)	
Loss on disposal of discontinued operations, net of taxes				(9,898)			
Net income (loss)(4)	\$ 12,764	\$ 10,258	\$ 50,149	\$ 19,703	\$ (33,775)	\$ 18,384	\$ 17,037

**PER SHARE
DATA(2)(4)(5)**

Net income (loss) basic

Income (loss) from continuing operations	\$ 0.29	\$ 0.24	\$ 1.16	\$ 0.74	\$ (1.49)	\$ 0.89	\$ 0.70
Loss from discontinued operations				(0.28)	(0.31)	(0.05)	
Net income (loss)	\$ 0.29	\$ 0.24	\$ 1.16	\$ 0.46	\$ (1.80)	\$ 0.84	\$ 0.70

Net income (loss) diluted

Income (loss) from continuing operations	\$ 0.28	\$ 0.24	\$ 1.12	\$ 0.71	\$ (1.49)	\$ 0.87	\$ 0.70
Loss from discontinued operations				(0.27)	(0.31)	(0.05)	
Net income (loss)	\$ 0.28	\$ 0.24	\$ 1.12	\$ 0.44	\$ (1.80)	\$ 0.82	\$ 0.70
Dividends	\$ 0.04	\$ 0.03	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12

	Three Months Ended March 31,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
BALANCE SHEET DATA							
Goodwill	159,509	147,229	157,903	138,444	132,426	18,010	18,051
Total assets	751,193	634,038	740,436	648,265	538,415	336,773	348,709
Long-term debt	75,000	75,000	75,000	75,000	101,800	25,000	5,000
Total shareholders' equity	294,442	221,494	282,147	212,223	155,747	104,410	101,656
CASH FLOW DATA							
Cash flows from operating activities	\$ 5,627	\$ (5,518)	\$ 72,030	\$ 105,796	\$ 4,085	\$ 22,461	\$ 50,824
Cash flows from investing activities	(8,618)	(4,988)	(36,957)	(35,775)	(65,567)	(8,911)	(2,142)
Cash flows from financing activities	(705)	(432)	16,985	(27,034)	50,618	(779)	(53,286)
OTHER FINANCIAL DATA							
Gross profit percentage	12.3%	13.5%	13.5%	12.6%	11.3%	11.5%	9.3%
New business taken(6)	\$ 324,744	\$ 424,241	\$ 1,641,128	\$ 1,160,374	\$ 680,776	\$ 712,973	\$ 760,989
Backlog(6)	1,306,278	996,670	1,310,987	835,255	597,350	507,472	507,783
Capital expenditures	8,539	2,678	23,927	8,917	6,353	13,379	12,249

- (1) Other operating income, net generally represents gains on the sale of property, plant and equipment.
- (2) In 2002, we recognized special charges of \$4.0 million. Included in the 2002 special charges were \$3.4 million for personnel costs, including severance and personal moving expenses associated with the relocation of our administrative offices; \$0.5 million for integration costs related to integration initiatives associated with the PDM Divisions acquisition; and \$0.4 million for facilities costs relating to the closure and relocation of facilities. During 2002, we also recorded income of \$0.4 million in relation to adjustments associated with the sale of our XL Technology Systems, Inc. subsidiary. In 2001, we recognized special charges of \$9.7 million. 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. 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. See Note 4 to our Consolidated Financial Statements for additional details on special charges.
- (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) We changed our method of accounting for goodwill upon adoption of SFAS No. 142 on January 1, 2002. See Note 7 to our Consolidated Financial Statements.
- (5) On January 22, 2003, we declared a two-for-one stock split effective in the form of a stock dividend payable February 10, 2003 to shareholders of record at the close of business on February 3, 2003. All share numbers and amounts have been adjusted for the stock split for all periods presented.
- (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.

RISK FACTORS

You should carefully consider the following risks and uncertainties 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, Creating Potential Liquidity Issues and Possible Under-Utilization of our Assets.

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 refining, natural gas and water 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 assets and reduce our 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 reduce our cash flows and necessitate increased borrowings under our credit facilities (the annual debt service on our currently outstanding debt is \$5.5 million). Finally, the winding down or completion of work on significant projects that were active in previous periods will reduce our revenues and earnings 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. In addition to being unable to recover certain direct costs, cancelled projects may also result in additional unrecoverable costs due to the resulting under-utilization of our assets.

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

In recent years, demand from the worldwide hydrocarbon industry has been the largest generator of our 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, including war or conflict; technological advances; and the ability of oil and gas companies to generate capital. In addition, changing taxes, price controls and certain laws and regulations may reduce the level of activity in the hydrocarbon industry. These factors are beyond our control. Reduced activity in the hydrocarbon industry would result in a reduction of our revenues and earnings and possible under-utilization of our assets.

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, 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 negatively impact our cash flow and earnings.

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, Including War or Conflict, 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 non-U.S. 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.

Political instability risks may arise from time to time on a country by country (not geographic segment) basis where we happen to have a large active project. Having reduced our current activity in Venezuela to a low level and having no current projects in Iraq, we do not believe we have any material risks at the present time attributable to political instability.

We Are Exposed to Possible Losses from Foreign Exchange Risks.

We are exposed to market risk from changes in foreign currency exchange rates. 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 may incur losses from foreign currency exchange rate fluctuations if we are unable to convert foreign currency in a timely fashion. We seek to minimize the risks from these foreign currency exchange rate fluctuations through a combination of contracting methodology and, when deemed appropriate, limited use of foreign currency forward contracts. Regional differences have little bearing on how we view or handle our currency exposure, as we approach all these activities in the same manner. We do not use financial instruments for trading or speculative purposes. See Management's Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosure About Market Risk.

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 services 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 incur significant losses if we are not 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. At December 31, 2002, our goodwill balance was \$157.9 million, attributable to the excess of the purchase price over the fair value of assets acquired relative to acquisitions within our North American segment. In June 2001, the 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. Also, as of September 30, 2002, we completed our annual impairment assessment and concluded that no 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 structures 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 structures 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 structures and services. A partially or completely uninsured claim, if successful and of a significant magnitude, could potentially result in substantial losses.

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 U.S., federal, state or local laws and regulations and laws outside the U.S., 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. We are also exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such substances or materials.

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 you that our operations will continue to comply with future laws and regulations or that these laws and regulations will not cause us to incur significant costs or adopt more costly methods of operation.

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

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 or fall below applicable deductibles. Even a partially uninsured claim, if successful and of significant magnitude, could cause us to suffer a significant loss and reduce cash available for our operations.

Certain Remedies Ordered in a Federal Trade Commission Proceeding Could Adversely Affect Us.

On October 25, 2001, the U.S. Federal Trade Commission (the "FTC" or the "Commission") announced its decision to file an administrative complaint (the "Complaint") challenging our February 2001 acquisition of certain assets of the Engineered Construction Division of Pitt-Des Moines, Inc. ("PDM") that we acquired together with certain assets of the Water Division of PDM (the Engineered Construction and Water Divisions of PDM are referred to in this prospectus as the "PDM Divisions"). The FTC's Complaint alleged that our acquisition of these assets violated Section 7 of the Clayton Antitrust Act and Section 5 of the Federal Trade Commission Act by threatening to substantially lessen competition in four specific markets in which both we and PDM had competed in the United States: liquefied natural gas storage tanks and associated facilities constructed in the United States; liquefied nitrogen, liquefied oxygen and liquefied argon storage tanks constructed in the United States; liquefied petroleum gas storage tanks constructed in the United States; and field erected thermal vacuum chambers (used for the testing of satellites) constructed in the United States. The FTC's Complaint asserted that the consequence of the acquisition will be increased prices in these four markets.

A trial before an FTC Administrative Law Judge was concluded on January 16, 2003. On June 12, 2003, the FTC Administrative Law Judge issued his ruling. The ruling found that our acquisition of PDM assets threatens to substantially lessen competition in the four markets identified above in which both CB&I and PDM participated. As a result of this finding by the FTC Administrative Law Judge, we have been ordered to divest within 180 days of a final order all physical assets, intellectual property and any uncompleted construction contracts of the PDM Divisions that we acquired from PDM to a purchaser approved by the FTC that is able to utilize those assets as a viable competitor.

We believe that the FTC Administrative Law Judge's ruling is inconsistent with the law and the facts presented at trial. Therefore, we presently intend to appeal the ruling to the full Federal Trade Commission and, if necessary, the appropriate federal appellate courts. While the timing of an appeal is always uncertain, we expect our appeal of the FTC Administrative Law Judge's ruling will be presented to the Commission and decided by early 2004. To the extent we do not prevail in that appeal, we also presently intend to appeal the ruling to the United States Circuit Court of Appeals, from which we would

not expect a final decision until early in 2005. The FTC order does not become final until we have exhausted our appeals.

While we are unable to predict the outcome of any such appeal and we are still evaluating the impact of the divestiture ordered by the judge, we expect the impact on our earnings during the appeal process will be minimal. However, if the judge's ruling is substantially upheld on appeal, the remedies ordered by the FTC Administrative Law Judge could have an adverse effect on us, including an expense relating to a potential write-down of the net book value of the divested assets.

We Are and Will Continue to be Involved in Litigation That Could Negatively Impact Our Earnings and Financial Condition.

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. 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. 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 or fall below applicable deductibles. Even a partially uninsured claim, if successful and of significant magnitude, could cause us to suffer a significant loss and reduce cash available for our operations.

Uncertainty in Enforcing United States Judgments Against Netherlands Corporations, Directors and Others Could Create Difficulties for Holders of Our Securities.

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.

There Are Risks Related to Our Previous Use of Arthur Andersen LLP as Our Independent Public Accountant.

In June 2002, Arthur Andersen LLP, our former independent public accountant, was convicted of federal obstruction of justice charges arising from the Federal government's investigation of Enron Corp. and subsequently has ceased practicing before the SEC. Although we replaced Arthur Andersen with Deloitte & Touche LLP effective May 10, 2002 as our principal independent public accountant, we have not engaged Deloitte & Touche to re-audit our consolidated financial statements for the fiscal years ended December 31, 2001 and 2000 and other periods with respect to certain businesses acquired by us whose financial statements were audited by Arthur Andersen.

We are required to file with the Securities and Exchange Commission (SEC) periodic reports containing financial statements audited or reviewed by an independent public accountant. Further, SEC rules require us to include or incorporate by reference in these reports and in the registration statement of which this prospectus is a part (and other registration statements for the offer and sale of our securities) audited financial statements for prior periods. As a result, we will be required to present audited financial statements for prior periods audited by Arthur Andersen. Our access to the public capital markets and our ability to comply with our reporting obligations in a timely manner, whether statutory or contractual, could be adversely affected if the SEC ceases accepting financial statements audited by Arthur Andersen. Moreover, some investors, including certain significant funds and institutional investors, underwriters and

lenders, may choose not to hold, invest in or underwrite our securities or lend funds to us unless we cause the financial statements audited by Arthur Andersen to be re-audited and a new audit report to be issued by another firm of independent public accountants. Such a re-audit and issuance of a new report may not be possible and, in any event, would cause us substantial expense and delay in raising needed capital. Any delay or inability to raise capital caused by these circumstances could be disruptive and adversely affect the price and liquidity of our securities and may have a material adverse effect on our business and financial condition.

In light of the cessation of Arthur Andersen's practice, we were unable to obtain a consent from Arthur Andersen to include its audit report in this prospectus with respect to the financial statements referred to above that were audited by Arthur Andersen. As a result, we filed the registration statement of which this prospectus is a part, and we will file any amendment to such registration statement, in reliance on Rule 437(a) under the Securities Act which relieves an issuer from the obligation to obtain the consent of Arthur Andersen in certain cases. Because Arthur Andersen has not consented to the inclusion of their report in the registration statement, it may become more difficult for you to seek remedies against Arthur Andersen in connection with any material misstatement or omission that may be contained in our financial statements and schedules for such periods audited by Arthur Andersen. In particular, and without limitation, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statement of a material fact contained in the financial statements audited by Arthur Andersen or any omission of a material fact required to be stated in those financial statements. Also, it is unlikely that any assets would be available from Arthur Andersen to satisfy any claims arising from that firm's provision of auditing services to us, including any claims that may arise out of Arthur Andersen's audit of our financial statements included or incorporated by reference in this prospectus.

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 2003, the average daily trading volume for our common stock as reported by the NYSE was approximately 131,370 shares. Even if we achieve a wider dissemination by means of our recent stock split and 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, a Shareholder Agreement 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 underwriters' over-allotment option), First Reserve Fund VIII, L.P. (First Reserve) will own approximately 19.0% of our outstanding common shares and WEDGE Engineering B.V. (WEDGE Engineering), an affiliate of WEDGE Group Incorporated (WEDGE), will own approximately 4.4% of our outstanding common shares. First Reserve (and its affiliates) is generally bound to vote, tender or otherwise act as recommended by the Supervisory Board with respect to proposed business combinations pursuant to the shareholder agreement to which it is party. 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.

At the conclusion of this offering (assuming no exercise of the underwriters' over-allotment option), First Reserve with 19.0% and WEDGE with 4.4% will own in excess of 23% of our common shares and will be in a position to influence our business and affairs. Although First Reserve is subject to standstill, voting and transfer restrictions in its shareholder agreement with us that limits its ability to control our business, policies and affairs (see "Principal and Selling Shareholders' Shareholder Agreements"), First Reserve will continue to have 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. The interests of First Reserve and WEDGE 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.

Immediately following the offering, our executive officers and directors will own approximately 2,161,530 shares of common stock (based on their holdings on March 1, 2003 and without attributing the shares held by First Reserve to Mr. Guill) 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 LLC, to be resold into the public market pursuant to Rule 144 (or, in the case of Mr. Glenn, one of the selling shareholders, 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.

The shares being offered for sale by First Reserve and WEDGE Engineering are included in this offering pursuant to a demand registration request of First Reserve under its current shareholder agreement and pursuant to a piggyback registration request of WEDGE Engineering under a surviving provision of its terminated shareholder agreement. After this offering, First Reserve will hold 8,621,790 shares of our common stock (assuming no exercise of the underwriters' over-allotment option) and WEDGE Engineering will own 2,000,000 shares. Following the expiration of their 90-day lock-up agreements, First Reserve and WEDGE Engineering under such shareholder agreements have additional respective rights 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 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 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 in the limitation on benefits provisions of Article 26 of the Treaty. According to an anti-dividend stripping provision, no exemption from, reduction of, or refund of, Netherlands withholding tax will be granted if the ultimate recipient of a dividend paid by CB&I 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. In addition to the material risks listed under *Risk Factors* that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements, the following factors could also cause our results to differ from such statements:

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;

increased competition;

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 claims or litigation or the possibility of new claims or litigation;

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

a continued downturn in the economy in general; and

disruptions caused by war in the Middle East or terrorist attacks in the United States or other countries in which we operate.

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, after the offer and sale of these securities. You should consider these risks when reading any forward-looking statements.

USE OF PROCEEDS

We will receive proceeds of approximately \$, at the offering price of \$ per share, 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, including payment of the remaining consideration owed on the Petrofac Inc. acquisition. See Business Recent Developments .

We will not receive any of the proceeds from the shares sold by the selling shareholders. We are obligated to pay \$400,000 of fees and expenses incident to the registration of this offering by First Reserve and WEDGE, except for (i) any sales commissions or discounts, (ii) any applicable transfer taxes and (iii) fees and disbursements of counsel to First Reserve and WEDGE. 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 (NYSE) under the symbol CBI. The following table sets forth the high and low reported sales prices of the common stock on the NYSE Composite Tape for the stated calendar quarters (as retroactively adjusted to reflect the two-for-one stock split that was effective with trading on the NYSE as of February 11, 2003).

	High	Low	Dividends Per Share
Year Ended December 31, 2001			
First Quarter	\$ 13.68	\$ 8.38	\$0.03
Second Quarter	19.38	11.85	0.03
Third Quarter	17.41	9.53	0.03
Fourth Quarter	13.35	9.80	0.03
Year Ending December 31, 2002			
First Quarter	\$ 14.92	\$ 12.20	\$0.03
Second Quarter	16.50	12.93	0.03
Third Quarter	15.00	11.57	0.03
Fourth Quarter	15.12	11.58	0.03
Year Ending December 31, 2003			
First Quarter	\$ 17.65	\$ 14.25	\$0.04
Second Quarter (through June 12, 2003)	25.00	16.16	0.04

On June 12, 2003, the last selling price of the common stock as reported on the NYSE was \$22.50 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 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.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2003 on an actual basis and on an as adjusted basis to reflect our sale of 1,000,000 shares of common 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.

	As of March 31, 2003	
	Actual	As Adjusted(1)
	(In thousands)	
Cash:	\$ 98,840	\$ 120,940
Debt:		
Senior notes	\$ 75,000	\$ 75,000
Revolving credit agreement		
Short-term debt	19	19
	<u> </u>	<u> </u>
Total debt	\$ 75,019	\$ 75,019
Shareholders' equity:		
Common stock, Euro 0.01 par value; authorized: 80,000,000, issued: 44,565,172 and outstanding: 44,456,725(2)	\$ 450	\$ 460
Additional paid-in capital	244,733	266,823
Retained earnings	78,812	78,812
Stock held in trust(3)	(11,690)	(11,690)
Treasury stock, at cost: 108,447 shares	(1,392)	(1,392)
Accumulated other comprehensive loss	(16,471)	(16,471)
	<u> </u>	<u> </u>
Total shareholders' equity	294,442	316,542
	<u> </u>	<u> </u>
Total capitalization	\$ 369,461	\$ 391,561
	<u> </u>	<u> </u>

- (1) Reflects our sale of 1,000,000 shares of common stock at an assumed price of \$22.50 per share (the closing price on June 12, 2003) and estimated offering expenses payable by us of \$400,000.
- (2) Excludes 7,572,841 shares of common stock reserved for issuance pursuant to our employee compensation and stock plans, including, as of March 31, 2003, outstanding options for the purchase of 4,837,989 shares.
- (3) See Note 14 to our Consolidated Financial Statements for the years ended December 31, 2002 and 2001 included elsewhere in this prospectus.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

We derived the following summary financial and operating data for the five years ended December 31, 1998 through 2002 from our audited consolidated financial statements. The financial data for the three months ended March 31, 2003 and 2002 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,				
	2003	2002	2002	2001	2000	1999	1998
(In thousands, except share and employee data)							
INCOME STATEMENT DATA							
Revenues	\$ 322,309	\$ 259,272	\$ 1,148,478	\$ 1,081,824	\$ 611,691	\$ 674,386	\$ 775,692
Cost of revenues	282,648	224,182	992,927	945,048	542,721	596,695	703,351
Gross profit	39,661	35,090	155,551	136,776	68,970	77,691	72,341
Selling and administrative expenses	19,198	17,907	73,155	67,519	41,913	48,997	46,471
Intangibles amortization	638	626	2,529	5,819	599	514	500
Other operating income, net(1)	(136)	(419)	(1,818)	(691)	(2,401)	(2,788)	(991)
Exit costs/special charges(2)		1,159	3,972	9,686	55,664		
Income (loss) from operations	19,961	15,817	77,713				