

CHICAGO BRIDGE & IRON CO N V

Form 424B3

November 20, 2012

Table of Contents

Filed Pursuant to Rule 424(b)(3)  
Registration Statement No. 333-183950  
November 19, 2012

## TRANSACTION PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholders:

The Supervisory and Management Boards of Chicago Bridge & Iron Company N.V. ( "CB&I" ) and the Board of Directors of The Shaw Group Inc. ( "Shaw" ) have agreed to a strategic combination of CB&I and Shaw under the terms of the Transaction Agreement, dated as of July 30, 2012, between CB&I, Shaw and Crystal Acquisition Subsidiary Inc. (the "Transaction Agreement" ). Pursuant to the Transaction Agreement, Crystal Acquisition Subsidiary Inc., a wholly owned subsidiary of CB&I ( "Acquisition Sub" ), will merge with and into Shaw, with Shaw surviving the Transaction as a wholly owned subsidiary of CB&I (the "Transaction" ).

Pursuant to the Transaction Agreement, at the effective time of the Transaction, each issued and outstanding share of common stock, no par value, of Shaw (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or Acquisition Sub and their respective subsidiaries) will be cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in euros equal to the par value of 0.12883 shares of CB&I common stock, which cash will not actually be paid, but will instead be converted automatically into 0.12883 shares of CB&I common stock immediately after the effective time of the Transaction (the "Transaction Consideration" ). Pursuant to the Transaction Agreement, equity awards relating to shares of Shaw common stock will either be cancelled and converted upon the consummation of the Transaction into the right to receive the Transaction Consideration (or the cash value thereof) or will be converted into comparable equity awards relating to CB&I common stock on generally the same terms and conditions as prior to the Transaction. Assuming 66,601,817 shares of Shaw common stock outstanding at the effective time of the Transaction (which was the number of shares outstanding as of November 14, 2012), upon the completion of the Transaction, CB&I will issue 8,580,312 shares of common stock, plus the equivalent of an additional approximately 1,500,000 CB&I shares related to the conversion of Shaw equity awards, and current CB&I shareholders and former Shaw shareholders would own approximately 90% and 10% of the common stock of CB&I, respectively, which shares of CB&I common stock will be listed on the New York Stock Exchange.

CB&I and Shaw will each hold a special meeting of shareholders to consider the proposed Transaction. We cannot complete the Transaction unless the shareholders of both CB&I and Shaw approve the respective proposals related to the Transaction. Your vote is very important, regardless of the number of shares you own. **Whether or not you expect to attend your company's special meeting in person, please submit your proxy as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares may be represented and voted at the CB&I or Shaw special meeting, as applicable. You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the accompanying joint proxy statement/prospectus.**

We look forward to the successful combination of CB&I and Shaw.

Sincerely,

Philip K. Asherman  
Chief Executive Officer

Chicago Bridge & Iron Company N.V.

Sincerely,

J.M. Bernhard, Jr.  
Chairman of the Board, Chief Executive  
Officer and President

The Shaw Group Inc.

The obligations of CB&I and Shaw to complete the Transaction are subject to the satisfaction or waiver of several conditions set forth in the Transaction Agreement. More information about CB&I, Shaw, the special meetings, the Transaction Agreement and the Transaction is contained in the accompanying joint proxy statement/prospectus. **CB&I and Shaw encourage you to read the entire joint proxy**

statement/prospectus carefully, including the section entitled Risk Factors beginning on page 31.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Transaction and other transactions described in the accompanying joint proxy statement/prospectus, nor have they approved or disapproved the issuance of the CB&I common stock in connection with the Transaction, or determined if the joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated November 19, 2012, and is first being mailed to the shareholders of CB&I and Shaw on or about November 19, 2012.

**Table of Contents**

**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about CB&I and Shaw from other documents that CB&I and Shaw have not included in or delivered with this joint proxy statement/prospectus. This information is available for you to read and copy at the Securities and Exchange Commission's (the "SEC") Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website, *www.sec.gov*. You can also obtain those documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**Chicago Bridge & Iron Company N.V.**  
shareholders should contact

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, NY 10022

Shareholders call toll free: (877) 456-3427

Banks and brokers call collect: (212) 750-5833

**The Shaw Group Inc.**  
shareholders should contact

Morrow & Co., LLC

470 West Avenue

Stamford, CT 06902

Shareholders call toll free: (800) 607-0088

Banks and brokers call collect: (203) 658-9400

[shawinfo@morrowco.com](mailto:shawinfo@morrowco.com)

Investors may also consult the websites of each of CB&I and Shaw for more information concerning the Transaction described in this joint proxy statement/prospectus. CB&I's website is *www.cbi.com*. Shaw's website is *www.shawgrp.com*. Information included on these websites is not incorporated by reference herein.

**If you are a CB&I Shareholder and you would like to request documents, please do so by December 11, 2012 (five business days prior to the special meetings) in order to receive timely delivery of them before the special meetings.**

**If you are a Shaw Shareholder and you would like to request documents, please do so by December 14, 2012 (five business days prior to the special meetings) in order to receive timely delivery of them before the special meetings.**

For more information, see "Where You Can Find More Information," beginning on page 188.

**Table of Contents**

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

**NOTICE AND AGENDA OF SPECIAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 18, 2012**

To the Shareholders of Chicago Bridge & Iron Company N.V.:

We will hold a special general meeting of the shareholders of Chicago Bridge & Iron Company N.V. ( CB&I ) at 5:00 p.m., local time, on December 18, 2012 at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands, to consider and vote upon:

- (i) a proposal to approve the consummation by CB&I of the transactions contemplated by the Transaction Agreement, dated as of July 30, 2012, between CB&I, The Shaw Group Inc. ( Shaw ) and Crystal Acquisition Subsidiary Inc., a wholly owned subsidiary of CB&I ( Acquisition Sub ), a copy of which is included as Annex A to the joint proxy statement/prospectus attached to this notice, as such agreement may be amended from time to time (the Transaction Agreement ), pursuant to which Acquisition Sub will be merged with and into Shaw (the Transaction ) and each issued and outstanding share of Shaw common stock, no par value (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or Acquisition Sub and their respective subsidiaries) will be cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in euros equal to the par value of 0.12883 shares of CB&I common stock, which cash will not actually be paid, but will instead be converted automatically into 0.12883 shares of CB&I common stock immediately after the effective time of the Transaction (the CB&I Acquisition Proposal ); and
- (ii) a proposal to adjourn the special general meeting of the shareholders of CB&I, if necessary, to such date, time and place as shall be specified by the CB&I Management Board, in order to enable the CB&I Supervisory and Management Boards to solicit additional proxies to approve the CB&I Acquisition Proposal (the CB&I Adjournment Proposal ).

The person acting as chairman of the CB&I special general meeting may in such person's sole discretion decide that a vote at the meeting will be cast only on the CB&I Acquisition Proposal or only on the CB&I Adjournment Proposal, or on both proposals. Please refer to the attached joint proxy statement/prospectus and the Transaction Agreement for further information with respect to the business to be transacted at the CB&I special general meeting. We expect to transact no other business at the CB&I special general meeting, except for other business properly brought before the CB&I special general meeting.

Only holders of record of registered shares of CB&I share capital, par value EUR 0.01 per share ( CB&I common stock ), at the close of business on November 20, 2012, the record date for the CB&I special general meeting, are entitled to notice of, and to vote at, the CB&I special general meeting. A new record date may be established for any adjournments, postponements or continuances of the CB&I special general meeting, which will be provided to CB&I shareholders in a separate notice relating to such adjournment, postponement or continuance. You may cast your vote at the CB&I special general meeting either by attending the meeting in person or by submitting your proxy by one of the means specified below, which will result in the issuance of a proxy in your name to vote your shares of CB&I common stock as you direct at the CB&I special general meeting. If you wish to attend the CB&I special general meeting in person, you must notify Investor Relations in writing by mail at One CB&I Plaza, 2103 Research Forest Drive, The Woodlands, Texas 77380 of your intention to attend the CB&I special general meeting in person. This notice must be received by 5:00 p.m. (Eastern time) on December 14, 2012 in order for you to be able to attend the CB&I special general meeting in person.

**Table of Contents**

CB&I and Shaw cannot complete the Transaction described in the joint proxy statement/prospectus unless, in addition to the satisfaction of other conditions, the CB&I Acquisition Proposal is approved by the affirmative vote of a majority of the votes cast on the CB&I Acquisition Proposal at the CB&I special general meeting.

**The CB&I Supervisory and Management Boards unanimously recommend that CB&I shareholders vote FOR the CB&I Acquisition Proposal and FOR the CB&I Adjournment Proposal (to the extent such proposal is considered). Whether or not you expect to attend the CB&I special general meeting in person, please submit your proxy as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares of CB&I common stock may be represented and voted at the CB&I special general meeting.** If your shares of CB&I common stock are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction form or other information furnished by such bank, broker or other nominee.

By Order of the Supervisory and Management Boards,

Name: Richard E. Chandler, Jr.  
Title: Executive Vice President, Chief Legal Officer  
and Secretary  
The Woodlands, Texas

November 19, 2012

**Table of Contents**

**THE SHAW GROUP INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 21, 2012**

To the Shareholders of The Shaw Group Inc.:

We will hold a special meeting of the shareholders of The Shaw Group Inc. ( Shaw ), on December 21, 2012 at 9:00 a.m., Central time, at Shaw s headquarters, located at 4171 Essen Lane, Baton Rouge, Louisiana 70809, to consider and vote upon:

- (i) a proposal to approve the Transaction Agreement, dated as of July 30, 2012, between Shaw, Chicago Bridge & Iron Company N.V. ( CB&I ) and Crystal Acquisition Subsidiary Inc., a wholly owned subsidiary of CB&I ( Acquisition Sub ), a copy of which is included as Annex A to the joint proxy statement/prospectus attached to this notice (as such agreement may be amended from time to time, the Transaction Agreement ) including the plan of merger contained therein, pursuant to which Acquisition Sub will be merged with and into Shaw (the Transaction ) and each issued and outstanding share of Shaw common stock, no par value (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or Acquisition Sub and their respective subsidiaries), will be cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in euros equal to the par value of 0.12883 shares of CB&I common stock, which cash will not actually be paid, but will instead be converted automatically into 0.12883 shares of CB&I common stock immediately after the effective time of the Transaction (the Shaw Transaction Proposal );
- (ii) a proposal to adjourn the Shaw special meeting to such date, time, and place as shall be specified by the Shaw Board of Directors, if the chairman of the meeting deems adjournment necessary and appropriate in order to enable the Shaw Board of Directors to solicit additional proxies to approve the Shaw Transaction Proposal (the Shaw Adjournment Proposal ); and
- (iii) a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Shaw s named executive officers in connection with the Transaction, and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section of the joint proxy statement/prospectus entitled The Transaction Interests of Directors and Executive Officers of Shaw in the Transaction (the Shaw Compensation Proposal ).

Please refer to the attached joint proxy statement/prospectus and the Transaction Agreement for further information with respect to the business to be transacted at the Shaw special meeting. We expect to transact no other business at the Shaw special meeting, except for business properly brought before the Shaw special meeting.

Only holders of record of shares of Shaw common stock at the close of business on November 30, 2012, the record date for the Shaw special meeting, are entitled to notice of, and to vote at, the special meeting and, unless the Shaw Board of Directors fixes a new record date, any adjournments or postponements of the Shaw special meeting. A list of these Shaw shareholders will be available for inspection by any Shaw shareholder, for any purpose germane to the Shaw special meeting, at the Shaw special meeting and any adjournment thereof. If the Shaw special meeting is postponed or adjourned or a new record date is fixed, Shaw shareholders will be notified.

We cannot complete the Transaction described in the joint proxy statement/prospectus unless, in addition to the satisfaction of other conditions, the Shaw Transaction Proposal is approved by the affirmative vote of (i) the holders of at least seventy-five percent (75%) of the shares of Shaw common stock outstanding on the record date for the Shaw special meeting and entitled to vote on the matter but excluding shares beneficially owned by

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## **Table of Contents**

Related Persons (the Supermajority Threshold ), as well as (ii) at least a majority of the voting power present, all in accordance with the Restated Articles of Incorporation, as amended, of Shaw (the Shaw Articles of Incorporation ). IN ACCORDANCE WITH THE SHAW ARTICLES OF INCORPORATION, WITH RESPECT TO DETERMINING WHETHER THE SUPERMAJORITY THRESHOLD HAS BEEN MET, SHAW WILL EXCLUDE SHARES CONSIDERED BENEFICIALLY OWNED BY A RELATED PERSON, AS DEFINED IN THE SHAW ARTICLES OF INCORPORATION. A RELATED PERSON INCLUDES ANY PERSON THAT, TOGETHER WITH ITS AFFILIATES, BENEFICIALLY OWNS IN THE AGGREGATE FIVE PERCENT (5%) OR MORE OF THE OUTSTANDING SHARES OF SHAW COMMON STOCK AS OF THE RECORD DATE, OTHER THAN ANY TRUSTEE OF THE SHAW GROUP INC. 401(K) PLAN. **YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF WHETHER OR NOT YOU ARE A RELATED PERSON. PLEASE SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE.**

In determining 5% beneficial holders, Shaw will rely on all information reasonably available to it regarding its shareholders' beneficial holdings, including Shaw shareholders' most recent filings with the Securities and Exchange Commission. Further, when Shaw shareholders submit a proxy or otherwise cast or direct a vote on the Shaw Transaction Proposal, shareholders will be asked to certify that they have informed Shaw if they are Related Persons. Shareholders who fail to specify that they are Related Persons will be deemed to have certified that they are not Related Persons and will be treated accordingly, absent evidence to the contrary known by Shaw.

As of November 14, 2012, there were 66,601,817 shares of Shaw common stock outstanding. Accordingly, as an example, if there is no change in the number of shares outstanding prior to the record date, the 5% ownership threshold for purposes of determining a Related Person would be 3,330,091 shares of Shaw common stock. In order to ensure that your and your affiliates' shares are included in the calculation of whether the Supermajority Threshold for approval of the Shaw Transaction Proposal has been met, you should monitor the number of shares you beneficially own, in the aggregate, as of the record date for the Shaw special meeting to ensure you do not meet the 5% ownership threshold on such date. In determining whether or not you are a Related Person, you should be aware that you will be deemed to beneficially own Shaw common stock if you have a right to acquire Shaw common stock pursuant to any agreement, or upon exercise of conversion rights, warrants, or options, or otherwise, as well as in other circumstances described under The Shaw Special Meeting Determination of Related Persons, beginning on page 47.

Dissenting shareholders who comply with the procedural requirements of the Business Corporation Law of Louisiana will be entitled to receive payment of the fair cash value of their shares if the Transaction is effected upon approval by less than eighty percent (80%) of Shaw's total voting power. If the Transaction is effected upon approval by eighty percent (80%) or more of Shaw's total voting power, such dissenters' rights will not be available. Thus, if the Shaw Transaction Proposal is approved by eighty percent (80%) of Shaw's total voting power (the Eighty Percent Threshold ) or more, dissenters' rights will not be available. In determining whether such Eighty Percent Threshold has been met, shares beneficially owned by Related Persons (as defined in the Shaw Articles of Incorporation) will be included.

**The Shaw Board of Directors unanimously recommends that the Shaw shareholders vote FOR the Shaw Transaction Proposal, FOR the Shaw Adjournment Proposal and FOR the Shaw Compensation Proposal. For a discussion of interests of Shaw's directors and executive officers in the Transaction that may be different from, or in addition to, the interests of Shaw shareholders generally, see disclosure included in the joint proxy/statement prospectus attached to this notice under the heading The Transaction Interests of Directors and Executive Officers of Shaw in the Transaction, beginning on page 94.**

Whether or not you expect to attend the Shaw special meeting in person, please submit your proxy as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares of Shaw common stock may be represented and voted at the Shaw special meeting. If your shares of Shaw common stock are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction form or other information furnished by such bank, broker or other nominee.

**Table of Contents**

Do not send any share certificates at this time. If we complete the Transaction, we will notify you of the procedures for exchanging Shaw share certificates for shares of CB&I.

By Order of the Board of Directors,

Name: John Donofrio  
Title: Executive Vice President, General Counsel and  
Corporate Secretary  
Baton Rouge, Louisiana  
November 19, 2012



**Table of Contents**

**TABLE OF CONTENTS**

<u>SUBMITTING YOUR PROXY BY INTERNET, TELEPHONE OR MAIL</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE SPECIAL MEETINGS</u>	2
<u>SUMMARY</u>	12
<u>The Companies</u>	12
<u>Risk Factors</u>	13
<u>The Transaction</u>	13
<u>Recommendation of the CB&amp;I Supervisory and Management Boards</u>	14
<u>Recommendation of the Shaw Board of Directors</u>	14
<u>Opinions of Financial Advisors</u>	14
<u>Interests of Directors and Executive Officers of Shaw in the Transaction</u>	15
<u>Board of Directors and Management Following the Completion of the Transaction</u>	16
<u>The Transaction Agreement</u>	16
<u>Accounting Treatment</u>	21
<u>Material U.S. Federal Income Tax Consequences of the Transaction</u>	21
<u>Regulatory Matters</u>	21
<u>Effect on Awards Outstanding Under Shaw Stock Plans</u>	22
<u>Legal Proceedings</u>	22
<u>Comparison of Shareholder Rights</u>	23
<u>SELECTED HISTORICAL FINANCIAL DATA OF CB&amp;I</u>	24
<u>SELECTED HISTORICAL FINANCIAL DATA OF SHAW</u>	25
<u>SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA</u>	26
<u>COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE FINANCIAL DATA</u>	27
<u>MARKET INFORMATION AND DIVIDENDS</u>	28
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	29
<u>RISK FACTORS</u>	31
<u>Risks Related to the Transaction</u>	31
<u>Risks Related to CB&amp;I and Shaw</u>	38
<u>THE COMPANIES</u>	39
<u>Chicago Bridge &amp; Iron Company N.V.</u>	39
<u>The Shaw Group Inc.</u>	39
<u>Crystal Acquisition Subsidiary Inc.</u>	39
<u>THE CB&amp;I SPECIAL GENERAL MEETING</u>	40
<u>General</u>	40
<u>Date, Time and Place of the CB&amp;I Special General Meeting</u>	40
<u>Purpose of the CB&amp;I Special General Meeting</u>	40
<u>CB&amp;I Record Date; Shares Entitled to Vote</u>	40
<u>Quorum; Broker Non-Votes</u>	41
<u>Vote Required</u>	41
<u>Voting by CB&amp;I's Directors and Executive Officers</u>	41
<u>Voting of Proxies</u>	41
<u>How to Vote</u>	42
<u>Participants in the CB&amp;I Savings Plan</u>	42
<u>Revoking Your Proxy</u>	43
<u>Other Voting Matters</u>	43
<u>Proxy Solicitations</u>	43
<u>Assistance</u>	43
<u>PROPOSALS SUBMITTED TO CB&amp;I'S SHAREHOLDERS</u>	44
<u>The CB&amp;I Acquisition Proposal</u>	44
<u>The CB&amp;I Adjournment Proposal</u>	44
<u>Other Business</u>	45

**Table of Contents**

<b><u>THE SHAW SPECIAL MEETING</u></b>	46
<u>General</u>	46
<u>Date, Time and Place of the Shaw Special Meeting</u>	46
<u>Purpose of the Shaw Special Meeting</u>	46
<u>Shaw Record Date; Outstanding Shares; Shares Entitled to Vote</u>	46
<u>Determination of Related Persons</u>	47
<u>Quorum: Broker Non-Votes</u>	48
<u>Vote Required</u>	48
<u>Voting by Shaw's Directors and Executive Officers</u>	49
<u>Voting of Proxies</u>	49
<u>How to Vote</u>	50
<u>Participants in the Shaw 401(k) Plan</u>	51
<u>Revoking Your Proxy</u>	51
<u>Other Voting Matters</u>	51
<u>Proxy Solicitations</u>	52
<u>Assistance</u>	52
<b><u>PROPOSALS SUBMITTED TO SHAW'S SHAREHOLDERS</u></b>	53
<u>The Shaw Transaction Proposal</u>	53
<u>The Shaw Adjournment Proposal</u>	53
<u>The Shaw Compensation Proposal</u>	54
<u>Other Business</u>	55
<b><u>THE TRANSACTION</u></b>	56
<u>General Description of the Transaction</u>	56
<u>Background of the Transaction</u>	56
<u>CB&amp;I's Reasons for the Transaction and Recommendation of the CB&amp;I Supervisory and Management Boards</u>	67
<u>Opinion of Financial Advisor to CB&amp;I</u>	72
<u>Shaw's Reasons for the Transaction and Recommendation of the Shaw Board of Directors</u>	79
<u>Opinion of Financial Advisor to Shaw</u>	84
<u>Certain CB&amp;I and Shaw Financial Information</u>	90
<u>Description of Debt Financing</u>	95
<u>Interests of Directors and Executive Officers of Shaw in the Transaction</u>	97
<u>Continuing Board and Management Positions</u>	112
<u>Certain Information Regarding Shaw Independent Directors</u>	112
<u>Non-Employee Director Compensation</u>	116
<u>Security Ownership of Directors, Executive Officers and Certain Beneficial Owners of Shaw</u>	119
<u>Indemnification and Insurance</u>	120
<u>Listing of CB&amp;I Common Stock</u>	120
<u>Dividends</u>	121
<u>Material U.S. Federal Income Tax Consequences of the Transaction</u>	121
<u>Legal Proceedings</u>	123
<u>Accounting Treatment</u>	124
<u>Dissenters' or Appraisal Rights of Shaw Shareholders</u>	124
<u>Principal Corporate Offices</u>	126
<u>Effect on Awards Outstanding Under Shaw Stock Plans</u>	126
<u>Resale of CB&amp;I Common Stock</u>	128
<b><u>REGULATORY MATTERS</u></b>	129
<u>Hart-Scott-Rodino Antitrust Improvements Act</u>	129
<u>The Ministry of Commerce of the People's Republic of China</u>	129
<u>Committee on Foreign Investment in the United States</u>	129
<u>Atomic Energy Act</u>	130
<u>Defense Security Service /National Nuclear Security Administration</u>	131

**Table of Contents**

<b><u>THE TRANSACTION AGREEMENT</u></b>	132
<u>The Transaction</u>	132
<u>Time of Closing and Effective Time</u>	132
<u>Marketing Period</u>	133
<u>Transaction Consideration</u>	133
<u>Exchange Procedures</u>	133
<u>Representations and Warranties</u>	134
<u>Definition of Material Adverse Effect</u>	136
<u>Covenants of Shaw Relating to the Conduct of its Business</u>	137
<u>Covenants of CB&amp;I Relating to the Conduct of its Business</u>	140
<u>No Solicitation by Shaw of Alternative Proposals</u>	141
<u>Definitions of Takeover Proposal and Superior Proposal</u>	142
<u>Recommendation of the Shaw Board of Directors</u>	143
<u>Recommendation of the CB&amp;I Supervisory and Management Boards</u>	144
<u>Efforts to Obtain Approvals</u>	145
<u>Employee Matters</u>	146
<u>Financing Covenant: Shaw Cooperation</u>	147
<u>NEH Covenants</u>	148
<u>Conditions to the Completion of the Transaction</u>	148
<u>Definition of Shaw EBITDA</u>	150
<u>Termination of the Transaction Agreement</u>	152
<u>Termination Fees</u>	153
<u>Remedies: Specific Performance</u>	154
<u>Amendment: Extension and Waiver</u>	155
<u>Expenses</u>	155
<b><u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u></b>	156
<b><u>CHICAGO BRIDGE &amp; IRON COMPANY N.V. AND THE SHAW GROUP INC. UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME (FOR NINE MONTHS ENDED)</u></b>	158
<b><u>CHICAGO BRIDGE &amp; IRON COMPANY N.V. AND THE SHAW GROUP INC. UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME (FOR TWELVE MONTHS ENDED)</u></b>	159
<b><u>CHICAGO BRIDGE &amp; IRON COMPANY N.V. AND THE SHAW GROUP INC. UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET</u></b>	160
<b><u>NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u></b>	161
<b><u>HISTORICAL MARKET PRICES AND DIVIDEND INFORMATION</u></b>	173
<b><u>COMPARISON OF SHAREHOLDER RIGHTS</u></b>	174
<b><u>LEGAL MATTERS</u></b>	187
<b><u>EXPERTS</u></b>	187
<b><u>DATES FOR SUBMISSION OF SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETINGS</u></b>	187
<b><u>CB&amp;I</u></b>	187
<b><u>Shaw</u></b>	188
<b><u>WHERE YOU CAN FIND MORE INFORMATION</u></b>	188

ANNEXES

<u>Annex A</u>	Transaction Agreement
<u>Annex B</u>	Opinion of Morgan Stanley
<u>Annex C</u>	Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated
<u>Annex D</u>	Section 131 of the LBCL

**Table of Contents**

**SUBMITTING YOUR PROXY BY INTERNET, TELEPHONE OR MAIL**

***CB&I shareholders of record may submit their proxies by:***

*Internet.* You can submit your proxy over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet facilities are available 24 hours a day until 11:59 p.m., Eastern time, on December 17, 2012.

*Telephone.* You can submit your proxy by telephone by calling the toll-free number shown on your proxy card. Telephone facilities are available 24 hours a day until 11:59 p.m., Eastern time, on December 17, 2012.

*Mail.* You can submit your proxy by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

By submitting your proxy by telephone or Internet, you are deemed to grant full authority to the person receiving the electronic or telephonic transmission to issue a proxy in your name to attend the CB&I special general meeting, and all postponements, adjournments and continuations thereof, on your behalf and to vote your shares of CB&I common stock, as directed by you in your electronic or telephonic transmission, at the CB&I special general meeting, and all postponements, adjournments and continuations thereof.

***Shaw shareholders of record may submit their proxies by:***

*Internet.* You can submit your proxy over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet facilities are available 24 hours a day until 11:59 p.m., Central time, on December 20, 2012.

*Telephone.* You can submit your proxy by telephone by calling the toll-free number shown on your proxy card. Telephone facilities are available 24 hours a day until 11:59 p.m., Central time, on December 20, 2012.

*Mail.* You can submit your proxy by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

By submitting your proxy by Internet or telephone, you are deemed to grant full authority to the proxy holder to attend the Shaw special meeting, and all postponements and adjournments thereof, on your behalf and to vote your shares of Shaw common stock, as directed by you in your electronic transmission, at the Shaw special meeting and all postponements and adjournments thereof.

***If you are not the holder of record:***

If you hold your shares through a bank, broker or other nominee, you may have the ability to submit your voting instructions by Internet or telephone in addition to by mail. Please refer to your voting instruction form or other information furnished by your bank, broker or other nominee to see which options are available to you.

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**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE SPECIAL MEETINGS**

*The following are answers to some questions that you, as a shareholder of CB&I or Shaw, may have regarding the Transaction and the other matters to be considered at the CB&I special general meeting and at the Shaw special meeting. CB&I and Shaw urge you to read carefully this entire joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the Transaction and the other matters being considered at the special meetings. The companies also include additional important information in the annexes to and the documents incorporated by reference herein.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: The CB&I Supervisory and Management Boards and the Shaw Board of Directors are using this joint proxy statement/prospectus to solicit proxies of CB&I and Shaw shareholders in connection with the proposals relating to the Transaction Agreement and the Transaction. In addition, the companies are using this joint proxy statement/prospectus as a prospectus for Shaw shareholders because CB&I is offering shares of its common stock to be issued in exchange for shares of Shaw common stock in the Transaction.

In order to complete the Transaction, in addition to the satisfaction of other conditions, (i) CB&I shareholders must vote to approve the consummation by CB&I of the transactions contemplated by the Transaction Agreement (the CB&I Acquisition Proposal ) and (ii) Shaw shareholders must vote to approve the Transaction Agreement (the Shaw Transaction Proposal ).

In addition, CB&I is soliciting proxies from its shareholders with respect to one additional proposal, but completion of the Transaction is not conditioned upon receipt of approval of:

a proposal (the CB&I Adjournment Proposal ) to adjourn the CB&I special general meeting, to such date, time and place as shall be specified by the CB&I Management Board, in order to enable the CB&I Supervisory and Management Boards to solicit additional proxies to approve the CB&I Acquisition Proposal. If the CB&I Adjournment Proposal is approved, CB&I will send to all CB&I shareholders of record written notice of the time and place at which the adjourned CB&I special general meeting will be held. This notice must be mailed to CB&I shareholders at least 15 days prior to the date of the adjourned meeting. The adjournment of the CB&I special general meeting may result in the establishment of a different record date for the adjourned special general meeting than the record date set forth in this joint proxy statement/prospectus. If so, CB&I shareholders will be notified of the new record date in the notice of adjournment of the CB&I special general meeting mailed to CB&I shareholders.

Furthermore, Shaw is soliciting proxies from its shareholders with respect to two additional proposals, but completion of the Transaction is not conditioned upon receipt of approvals of:

a proposal to adjourn the Shaw special meeting to such date, time, and place as shall be specified by the Shaw Board of Directors, if the chairman of the meeting deems adjournment necessary and appropriate to enable the Shaw Board of Directors to solicit additional proxies to approve the Shaw Transaction Proposal (the Shaw Adjournment Proposal ). If the Shaw Adjournment Proposal is approved, Shaw will send to Shaw shareholders notice of the time and place at which the adjourned Shaw special meeting will be held. If the Shaw Board of Directors fixes a new record date for the adjourned Shaw special meeting, the notice of the adjourned meeting will also set forth the new record date; and

a proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Shaw's named executive officers in connection with the Transaction, and the agreements and understandings pursuant to which such compensation may be paid or become payable (the Shaw Compensation Proposal ).

CB&I and Shaw will hold separate special meetings to obtain these approvals. This joint proxy statement/prospectus contains important information about CB&I, Shaw, the Transaction Agreement, the Transaction and the CB&I and Shaw special meetings, and you should read it carefully. The enclosed voting materials allow you to submit your proxy without attending your respective meeting in person.



## **Table of Contents**

Your vote is important. CB&I and Shaw encourage you to submit your proxy as soon as possible.

### **Q: When and where are the meetings of the shareholders?**

A: The CB&I special general meeting will take place at 5:00 p.m., local time, on December 18, 2012, at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands.

The Shaw special meeting will take place at 9:00 a.m., Central time, on December 21, 2012, at Shaw's headquarters, located at 4171 Essen Lane, Baton Rouge, Louisiana 70809.

Additional information relating to the CB&I and Shaw special meetings is provided on pages 40 and 46, respectively.

### **Q: Who can vote at the CB&I special general meeting?**

A: If you are a CB&I shareholder of record as of the close of business on November 20, 2012, the record date for the CB&I special general meeting, you are entitled to receive notice of and to vote at the CB&I special general meeting.

### **Q: Who can vote at the Shaw special meeting?**

A: If you are a Shaw shareholder of record as of the close of business on November 30, 2012, the record date for the Shaw special meeting, you are entitled to receive notice of and to vote at the Shaw special meeting.

Persons beneficially owning, together with their affiliates, five percent (5%) or more of outstanding Shaw common stock as of the record date for the Shaw special meeting, other than any trustee of The Shaw Group Inc. 401(k) Plan, will be considered a Related Person under the Restated Articles of Incorporation, as amended, of Shaw (the Shaw Articles of Incorporation). Under the Shaw Articles of Incorporation, shares deemed beneficially owned by a Related Person are entitled to vote on the Shaw Transaction Proposal, and their shares will be included in determining whether the Shaw Transaction Proposal is approved by the affirmative vote of at least a majority of the voting power present (the Majority Threshold), but their shares will not be included in determining whether the Shaw Transaction Proposal is approved by the affirmative vote of at least seventy-five percent (75%) of the shares of Shaw common stock outstanding on the record date for the Shaw special meeting and entitled to vote on the matter (the Supermajority Threshold). Your vote is very important, regardless of whether or not you are a Related Person. Please submit your proxy as promptly as possible.

In determining 5% beneficial holders, Shaw will rely on all information reasonably available to it regarding its shareholders' beneficial holdings, including Shaw shareholders' most recent filings with the Securities and Exchange Commission. Further, when Shaw shareholders submit a proxy or otherwise cast or direct a vote on the Shaw Transaction Proposal, shareholders will be asked to certify that they have informed Shaw if they are Related Persons. Shareholders who fail to specify that they are Related Persons will be deemed to have certified that they are not Related Persons and will be treated accordingly, absent evidence to the contrary known by Shaw.

As of November 14, 2012, there were 66,601,817 shares of Shaw common stock outstanding. Accordingly, as an example, if there is no change in the number of shares outstanding prior to the record date, the 5% ownership threshold for purposes of determining a Related Person would be 3,330,091 shares of Shaw common stock. In order to ensure that your and your affiliates' shares are included in the calculation of whether the Supermajority Threshold for approval of the Shaw Transaction Proposal has been met, you should monitor the number of shares you beneficially own, in the aggregate, as of the record date for the Shaw special meeting to ensure you do not meet the 5% ownership threshold on such date. In determining whether or not you are a Related Person, you should be aware that you will be deemed to beneficially own Shaw common stock if you have a right to acquire such Shaw common stock pursuant to any agreement, or upon exercise of conversion rights, warrants, or options, or otherwise, as well as in other circumstances described under The Shaw Special Meeting Determination of Related Persons.





## **Table of Contents**

Shaw estimates that approximately 11,663,909 of the outstanding shares of Shaw common stock are owned by persons who beneficially own 5% or more of Shaw's common stock. Accordingly, if such persons were to maintain their reported holdings and meet the definition of Related Person under Shaw's Articles of Incorporation as of the record date for the Shaw special meeting, the affirmative vote of approximately 41,203,431 shares of Shaw outstanding common stock held by persons other than Related Persons of a total of approximately 54,937,908 shares held by persons other than Related Persons (based on 66,601,817 shares of Shaw common stock outstanding as of November 14, 2012) would be required to satisfy the Supermajority Threshold.

Additional information on voting is provided under the heading "The Shaw Special Meeting Vote Required," beginning on page 48.

### **Q: How do I vote?**

A: If you are a CB&I shareholder of record as of the record date for the CB&I special general meeting or a Shaw shareholder of record as of the record date for the Shaw special meeting, you may submit your proxy by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing the enclosed proxy card and returning it in the postage-paid envelope provided.

A Shaw shareholder who submits his or her proxy by Internet or telephone is deemed to grant full authority to the proxy holder to attend the Shaw special meeting (including any postponements and adjournments thereof) on behalf of such Shaw shareholder and vote such Shaw shareholder's shares of Shaw common stock, as directed by such Shaw shareholder in the electronic transmission, at the Shaw special meeting (including any postponements and adjournments thereof).

A CB&I shareholder who submits his or her proxy by Internet or telephone is deemed to grant full authority to the person receiving the electronic or telephonic transmission to issue a proxy in the name of such CB&I shareholder to attend the CB&I special general meeting (including any postponements, adjournments or continuations thereof) on behalf of such CB&I shareholder and to vote such CB&I shareholder's shares of CB&I common stock, as directed by such CB&I shareholder in the electronic or telephonic transmission, at the CB&I special general meeting (including any postponements, adjournments or continuations thereof).

You may also cast your vote in person at your respective company's special meeting. If you hold CB&I common stock or Shaw common stock in street name through a bank, broker or other nominee, please refer to your voting instruction form or other information furnished by your bank, broker or other nominee to ensure that your shares are represented at your special meeting. Shareholders that hold shares through a bank, broker or other nominee who wish to vote at the meeting will need to obtain a legal proxy from their bank, broker or other nominee.

### **Q: What will happen in the proposed Transaction?**

A: Prior to entering into the Transaction Agreement, CB&I formed a new Louisiana corporation, Crystal Acquisition Subsidiary Inc. (Acquisition Sub). Pursuant to the Transaction Agreement, Acquisition Sub will merge with and into Shaw, as a result of which Shaw will become a wholly owned subsidiary of CB&I.

Additional information on the Transaction is provided under the heading "The Transaction," beginning on page 56.

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**Table of Contents**

**Q: What will I receive for my shares of Shaw common stock?**

A: Pursuant to the Transaction Agreement, at the effective time of the Transaction, each issued and outstanding share of Shaw common stock (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or Acquisition Sub and their respective subsidiaries) will be cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in euros equal to the par value of 0.12883 shares of CB&I common stock, which cash will not actually be paid, but will instead be converted automatically into 0.12883 shares of CB&I common stock immediately after the effective time of the Transaction. Based on the closing price on the New York Stock Exchange ( NYSE ), on November 14, 2012, the last practicable trading day prior to the date of this joint proxy statement/prospectus, the value of the 0.12883 shares of CB&I common stock to be received in respect of each share of Shaw common stock was \$4.78. Additional information on the consideration to be received in the Transaction is provided under the heading The Transaction Agreement Transaction Consideration, beginning on page 133.

**Q: Why have CB&I and Shaw decided to merge?**

A: CB&I and Shaw believe that the combination will provide substantial strategic and financial benefits to their shareholders, employees and customers. Additional information on the reasons for the Transaction and other factors considered by the CB&I Supervisory and Management Boards and the Shaw Board of Directors is provided under the headings The Transaction CB&I s Reasons for the Transaction and Recommendation of the CB&I Supervisory and Management Boards and The Transaction Shaw s Reasons for the Transaction and Recommendation of the Shaw Board of Directors, beginning on pages 67 and 79, respectively.

**Q: Where will CB&I be headquartered following the completion of the Transaction?**

A: CB&I will maintain its current corporate headquarters in The Hague, The Netherlands, and its administrative headquarters in The Woodlands, Texas following the completion of the Transaction. CB&I will also maintain substantial operations throughout Louisiana.

**Q: How do the rights of stockholders of CB&I, which is a Dutch public limited company, differ from those of Shaw, which is a Louisiana corporation?**

A: CB&I shareholders rights are governed by Dutch law and are different from rights of current Shaw shareholders under Louisiana law. In addition, CB&I s Articles of Association contain provisions that are different from the Shaw Articles and Shaw s Amended and Restated By-Laws, as amended (the Shaw By-Laws ). The material differences include:

Under the Shaw By-Laws, nominations for election of directors may be made by the Shaw Board of Directors or a committee appointed by the Shaw Board of Directors, or by any shareholder entitled to vote generally in the election of directors who complies with the advance notice procedure set forth in the Shaw By-Laws. The CB&I Supervisory Board is elected from binding nominations made by the CB&I Supervisory Board, which may only be overridden by a resolution passed by two-thirds of the votes cast at the shareholders meeting representing more than one-half of CB&I s issued share capital.

Under the Shaw By-Laws, the holders of shares having a majority of the voting power of Shaw common stock issued and outstanding and entitled to vote at the meeting of the shareholders constitute a quorum for the transaction of business, except as otherwise provided by law. Under Dutch law, there are no quorum requirements generally applicable to meetings of shareholders.

The Louisiana Business Corporation Law (the LBCL ) provides that a corporation may engage in certain extraordinary transactions, such as mergers or sales of all or substantially all assets only if approved by the holders of at least two-thirds of the voting power

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present at a special or annual meeting (or by such larger or smaller vote, not less than a majority, of the voting power present or of the total voting power, as the articles may require), and the Shaw Articles of Incorporation include the Supermajority Threshold requirement (75% of the outstanding shares, excluding Related Persons ). Under Dutch law, the general meeting of shareholders must approve by a majority of shares voting resolutions of the board of directors relating to an important change in the identity or character of CB&I or its business.

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**Table of Contents**

For a summary of certain differences between the rights of CB&I shareholders and Shaw shareholders, see Comparison of Shareholder Rights, beginning on page 174.

**Q: What vote is required to approve the Transaction?**

A: In order to complete the Transaction, in addition to the satisfaction of other conditions,

the CB&I Acquisition Proposal must be approved by the affirmative vote of a majority of the votes cast on the CB&I Acquisition Proposal at the CB&I special general meeting; and

the Shaw Transaction Proposal must be approved by (i) the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of Shaw common stock outstanding on the record date for the Shaw special meeting and entitled to vote on the matter but excluding shares beneficially owned by Related Persons (the Supermajority Threshold), as well as (ii) the affirmative vote of at least a majority of the voting power present (the Majority Threshold), each in accordance with the Shaw Articles of Incorporation. In determining whether the Shaw Transaction Proposal has received the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of Shaw common stock outstanding on the record date for the Shaw special meeting and entitled to vote on the matter, Shaw will exclude shares considered beneficially owned by a Related Person, as defined in the Shaw Articles of Incorporation. A Related Person includes any person that, together with its affiliates, beneficially owns in the aggregate five percent (5%) or more of the outstanding shares of the Shaw common stock as of the record date, other than any trustee of The Shaw Group Inc. 401(k) Plan (the Shaw 401(k) Plan). In determining 5% beneficial holders, Shaw will rely on all information reasonably available to it regarding its shareholders' beneficial holdings, including Shaw shareholders' most recent filings with the Securities and Exchange Commission. Further, when Shaw shareholders submit a proxy or otherwise cast or direct a vote on the Shaw Transaction Proposal, shareholders will be asked to certify that they have informed Shaw if they are Related Persons. Shareholders who fail to specify that they are Related Persons will be deemed to have certified that they are not Related Persons and will be treated accordingly, absent evidence to the contrary known by Shaw.

Each of the shareholder approvals listed above must be obtained to complete the Transaction. If you are a CB&I shareholder and fail to vote, it will have no effect on the CB&I Acquisition Proposal that is required to complete the Transaction.

If you are a Shaw shareholder (other than a Related Person) and fail to vote, it will have no effect on the Shaw Transaction Proposal with respect to the Majority Threshold, but will have the same effect as a vote **AGAINST** with respect to the Supermajority Threshold that is required to complete the Transaction. **Your vote is important, no matter how many or how few shares you own or whether or not you are a Related Person.**

If you are a Shaw shareholder that is a Related Person and fail to vote, it will have no effect on the Shaw Transaction Proposal with respect to either the Supermajority Threshold or the Majority Threshold.

As of November 14, 2012, the last practicable trading date prior to the date of this joint proxy statement/prospectus, 1.3% of the outstanding shares of CB&I common stock were owned by the directors and executive officers of CB&I, and 5.1% of the outstanding shares of Shaw common stock were owned by the directors and executive officers of Shaw.

Additional information on the shareholder approvals required to complete the Transaction is provided under the headings The CB&I Special General Meeting and The Shaw Special Meeting, beginning on pages 40 and 46, respectively.

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**Table of Contents**

**Q: If I hold my shares in street name through my broker, will my broker vote my shares for me?**

A: If you hold your shares through a bank, broker or other nominee (that is, in street name), you must provide such bank, broker or other nominee with instructions on how to vote your shares. Please refer to your voting instruction form or other information furnished by your bank, broker or other nominee. You may not vote shares held in street name by returning a proxy card directly to CB&I or Shaw or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee. Further, brokers who hold shares of CB&I common stock or Shaw common stock on behalf of their customers may not return a proxy card to CB&I or Shaw to vote those shares without specific instructions from their customers, as brokers do not have discretion to vote on any of the proposals to be considered at either the CB&I or Shaw special meeting.

If you are a CB&I shareholder and you do not instruct your bank, broker or other nominee on how to vote your shares, your bank, broker or other nominee may not vote your shares on the proposals to approve the CB&I Acquisition Proposal or to approve the CB&I Adjournment Proposal. For a CB&I shareholder, a broker non-vote will have no effect on the CB&I Acquisition Proposal or the CB&I Adjournment Proposal. Because there are no proposals being voted upon at the CB&I special general meeting that brokers have discretionary authority to vote on, CB&I does not expect any broker non-votes on any of the proposals.

If you are a Shaw shareholder and you do not instruct your bank, broker or other nominee on how to vote your shares, your bank, broker or other nominee may not vote your shares on the Shaw Transaction Proposal, the Shaw Adjournment Proposal, or the Shaw Compensation Proposal. For a Shaw shareholder, a broker non-vote:

will have no effect on the Shaw Transaction Proposal, with respect to the Majority Threshold;

will have the same effect as a vote **AGAINST** the Shaw Transaction Proposal, with respect to the Supermajority Threshold;

will have no effect on the Shaw Adjournment Proposal; and

will have no effect on the Shaw Compensation Proposal.

Because there are no proposals being voted upon at the Shaw special meeting that brokers have discretionary authority to vote on, Shaw does not expect any broker non-votes on any of the proposals.

**Q: What will happen to my future dividends?**

A: Shaw generally does not pay any dividends. Until the completion of the Transaction, the parties have agreed in the Transaction Agreement that Shaw will not make any distributions or dividends without the prior written consent of CB&I.

Until the completion of the Transaction, the parties have agreed in the Transaction Agreement that CB&I may, without the consent of Shaw, pay regular quarterly cash dividends on shares of CB&I common stock of not more than \$0.05 per share per quarter, consistent with past practice as to timing of declaration, record date and payment date.

After the Transaction, CB&I currently expects that it will continue its dividend policy in effect at the time of the Transaction.

Additional information on CB&I's expected dividend policy is provided under the heading "The Transaction Dividends," beginning on page 121.

**Q: What do I need to do now?**

- A: After carefully reading and considering the information contained or incorporated by reference herein, please submit your proxy by telephone or Internet, or by completing and signing your proxy card and returning it in the enclosed postage-paid envelope as soon as possible so that your shares may be represented

## **Table of Contents**

at the CB&I special general meeting and/or the Shaw special meeting, as applicable. In order to ensure that your vote is recorded, please submit your proxy as instructed on your proxy card even if you currently plan to attend your special meeting in person. If you hold your shares through a bank, broker or other nominee, please refer to your voting instruction form or other information furnished by your bank, broker or nominee. Please do not send in your Shaw share certificates now. If CB&I and Shaw complete the Transaction, former Shaw shareholders will receive instructions as to what to do with their Shaw share certificates formerly representing Shaw common stock.

Additional information on voting procedures is provided under the headings *The CB&I Special General Meeting How to Vote* and *The Shaw Special Meeting How to Vote*, beginning on pages 42 and 50, respectively.

### **Q: How will my proxy be voted?**

A: If you submit your proxy by telephone, by Internet, or by completing, signing, dating and returning your signed proxy card, your proxy will be voted in accordance with your instructions. If you sign, date and send your proxy card and do not indicate how you want to vote on any particular proposal, the person(s) named on the proxy card will vote your shares in favor of that proposal. Further, if you are a Shaw shareholder who has submitted a proxy or otherwise cast or directed a vote on the Shaw Transaction Proposal, but has not informed the Shaw Corporate Secretary of the fact that you are a Related Person, such person will be deemed not to be a Related Person for purposes of calculating the Supermajority Threshold for approval of the Shaw Transaction Proposal, absent information to the contrary that becomes known to Shaw.

Additional information on voting procedures is provided under the headings *The CB&I Special General Meeting Voting of Proxies* and *The Shaw Special Meeting Voting of Proxies*, beginning on pages 41 and 49, respectively.

### **Q: May I vote in person?**

A: Yes. If you are a shareholder of record of CB&I common stock at the close of business on November 20, 2012, you may attend the CB&I special general meeting and vote your shares in person, in lieu of submitting your proxy by telephone or Internet or returning your signed proxy card. If you hold your shares through a bank, broker or other nominee, you must provide a legal proxy at the CB&I special general meeting in order to vote in person, which legal proxy you must obtain from your bank, broker or other nominee. CB&I shareholders who wish to attend the CB&I special general meeting must give notice in writing to Investor Relations by mail at One CB&I Plaza, 2103 Research Forest Drive, The Woodlands, Texas 77380. This notice must be received by no later than 5:00 p.m. (Eastern time) on December 14, 2012.

If you are a shareholder of record of Shaw common stock at the close of business on November 30, 2012, you may attend the Shaw special meeting and vote your shares in person, in lieu of submitting your proxy by telephone or Internet or returning your signed proxy card. If you hold your shares through a bank, broker or other nominee, you must provide a legal proxy at the Shaw special meeting in order to vote in person, which legal proxy you must obtain from your bank, broker or other nominee.

### **Q: What must I bring to attend my special meeting?**

A: Only CB&I or Shaw shareholders, as the case may be, or their authorized representatives, record holders or beneficial owners of shares of CB&I or Shaw common stock, as the case may be, with proof of ownership may attend their company's meeting. If you wish to attend your special meeting, bring photo identification. If you are an authorized representative of a shareholder, also bring your legal proxy. If you hold your shares through a bank, broker, or other nominee, you must also bring proof of your beneficial ownership, such as the voter instruction form from your bank, broker or other nominee or an account statement. If you are a beneficial owner desiring to vote in person at the meeting, you must provide a legal proxy from your broker or other nominee.

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**Table of Contents**

**Q: What does it mean if I receive more than one set of materials?**

A: This means you own shares of both CB&I and Shaw common stock or you own shares of CB&I or Shaw common stock that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must complete, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the voting instruction forms you receive in order to vote all of the shares of CB&I and/or Shaw common stock that you own. Each proxy card you receive will come with its own postage-paid return envelope; if you submit your proxy by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

**Q: What do I do if I want to revoke my proxy or change my voting instructions?**

A: Send a later-dated, signed proxy card so that your company receives it prior to your company's special meeting or attend your company's meeting in person and vote. You may also revoke your proxy card by sending a notice of revocation that your company receives prior to your company's meeting to your company's Corporate Secretary at the address under the heading "Summary The Companies," beginning on page 12. You may also change your vote by submitting a later-dated proxy by telephone or Internet. You may change your vote by using any one of these methods regardless of the procedure used to submit your earlier proxy.

If your bank, broker or other nominee holds your shares in street name, you will need to contact your bank, broker or other nominee to change your voting instructions.

We provide additional information on revoking your proxy or changing your voting instructions under the headings "The CB&I Special General Meeting Revoking Your Proxy" and "The Shaw Special Meeting Revoking Your Proxy," beginning on pages 43 and 51, respectively.

**Q: If I, together with my affiliates, beneficially own 5% or more of Shaw's outstanding common stock, how does this impact my ability to vote at the Shaw special meeting? Is there anything special I need to do when voting my shares?**

A: If you, together with your affiliates, beneficially own in the aggregate five percent (5%) or more of the outstanding shares of Shaw common stock as of the record date, other than any trustee of the Shaw 401(k) Plan, you are considered a "Related Person" as defined in the Shaw Articles of Incorporation.

Under the Shaw Articles of Incorporation, in determining whether the Shaw Transaction Proposal has received the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of Shaw common stock outstanding on the record date for the Shaw special meeting and entitled to vote on the matter, Shaw will exclude shares considered beneficially owned by a "Related Person."

**Your vote is very important, regardless of whether or not you are a Related Person. Please submit your proxy as promptly as possible.**

In determining 5% beneficial holders, Shaw will rely on all information reasonably available to it regarding its shareholders' beneficial holdings, including Shaw shareholders' most recent filings with the Securities and Exchange Commission. Further, when Shaw shareholders submit a proxy or otherwise cast or direct a vote on the Shaw Transaction Proposal, shareholders will be asked to certify that they have informed Shaw if they are "Related Persons." Shareholders who fail to specify that they are "Related Persons" will be deemed to have certified that they are not "Related Persons" and will be treated accordingly, absent evidence to the contrary known by Shaw.



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**Table of Contents**

**Q: How may I ensure that I am not considered a Related Person ?**

A: As of November 14, 2012, there were 66,601,817 shares of Shaw common stock outstanding. Accordingly, as an example, if there is no change in the number of shares outstanding prior to the record date, the 5% ownership threshold for purposes of determining a Related Person would be 3,330,091 shares of Shaw common stock. In order to ensure that your and your affiliates' shares are included in the calculation of whether the Supermajority Threshold for approval of the Shaw Transaction Proposal has been met, you should monitor the number of shares you beneficially own, in the aggregate, as of the record date for the Shaw special meeting to ensure you do not meet the 5% ownership threshold on such date. In determining whether or not you are a Related Person, you should be aware that you will be deemed to beneficially own Shaw common stock if you have a right to acquire such Shaw common stock pursuant to any agreement, or upon exercise of conversion rights, warrants, or options, or otherwise, as well as in other circumstances described under The Shaw Special Meeting Determination of Related Persons, beginning on page 47.

If you have questions about whether or not you are a Related Person, please read The Shaw Special Meeting Determination of Related Persons and the definition of Related Person which is provided under the Shaw column in Comparison of Shareholder Rights Votes on Mergers, Consolidations, Sales or Leases of Assets and Certain Other Transactions, beginning on page 177.

**Q: As a participant in the Shaw 401(k) Plan, how do I vote shares held in my plan account?**

A: If you are a participant in the Shaw 401(k) Plan, the plan trustee will vote shares of Shaw common stock allocated to your plan account only if you execute and return the voting document you receive from the plan trustee, to the plan trustee. Plan participants must provide voting instructions on or before the deadline set forth in the voting document received from the plan trustee. The plan trustee will not vote any shares of Shaw common stock allocated to your plan account for which you do not provide voting instructions by the designated time and this will have the same effect as voting **AGAINST** the Shaw Transaction Proposal (for purposes of the Supermajority Threshold), but will have no effect on the vote for the Shaw Adjournment Proposal or the Shaw Compensation Proposal.

**Q: As a participant in the CB&I Savings Plan, how do I vote shares held in my plan account?**

A: If you are a participant in the CB&I Savings Plan, the plan trustee will vote shares of CB&I common stock allocated to your plan account only if you execute and return the voting document you receive from the plan trustee, to the plan trustee. Plan participants must provide voting instructions on or before the deadline set forth in the voting document received from the plan trustee. The plan trustee will vote undirected shares in proportion to how the directed shares in the CB&I Savings Plan are voted.

**Q: What happens if my special meeting is postponed or adjourned?**

A: Unless a new record date is fixed for any adjournment or postponement of the Shaw special meeting, your proxy for that meeting will still be valid and may be voted at the postponed or adjourned Shaw special meeting. Your proxy will still be valid and may be voted at any postponement or adjournment of the CB&I special general meeting provided that you are still a shareholder of record of CB&I on the record date that is established for the postponed or adjourned special general meeting. You will still be able to change or revoke your proxy for either meeting until it is voted.

**Q: Should I send in my Shaw share certificates now?**

A: No. If CB&I and Shaw complete the Transaction, former Shaw shareholders will receive written instructions for exchanging their Shaw share certificates. CB&I will issue shares of CB&I common stock to former holders of Shaw common stock in uncertificated form as a

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notation on the CB&I shareholders register, unless a former Shaw shareholder requests share certificates for shares of CB&I common stock to be issued in such shareholder's name, in which case CB&I will issue such certificates in accordance with its normal procedure for issuing share certificates to shareholders.

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**Table of Contents**

**Q: When do you expect to complete the Transaction?**

A: The companies are targeting a closing in the first quarter of 2013, although we cannot assure completion by any particular date. Completion of the Transaction is conditioned upon the approval of the Transaction-related matters by shareholders of both CB&I and Shaw, as well as other closing conditions, including the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ). Other regulatory approvals or clearances include: (i) approval under the applicable antitrust laws from the Ministry of Commerce of the People's Republic of China, (ii) clearance from the Committee on Foreign Investment in the United States and (iii) approval from the Nuclear Regulatory Commission. See Regulatory Matters, beginning on page 129.

**Q: Do I have dissenters' or appraisal rights as a holder of Shaw common stock?**

A: You may. Shaw is incorporated in Louisiana. Under Louisiana law, Shaw shareholders have the right to dissent from the Transaction and, upon full satisfaction of specified procedures and conditions, to receive (in lieu of the Transaction Consideration) the fair cash value of their shares in cash in accordance with the applicable provisions of the LBCL if the Transaction is completed but it was approved by a vote of less than eighty percent (80%) of Shaw's total voting power. Related Persons (as defined in the Shaw Articles of Incorporation) are included in calculating eighty percent (80%) of Shaw's total voting power for purposes of determining availability of dissenters' rights. The procedures that must be followed by dissenting Shaw shareholders before, during, and after the special meeting are summarized under The Transaction Dissenters' or Appraisal Rights of Shaw Shareholders, beginning on page 124, and the applicable provisions of the LBCL are reproduced as Annex D.

**Q: How can I find more information about CB&I and Shaw?**

A: For more information about CB&I and Shaw, see Where You Can Find More Information, beginning on page 188.

**Q: Who can answer any questions I may have about the special meetings or the Transaction?**

A: CB&I and Shaw shareholders who have questions about the special meetings, the Transaction or the other matters to be voted on at the special meetings or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

**if you are a CB&I shareholder:**

**Innisfree M&A Incorporated**  
501 Madison Avenue, 20th Floor  
New York, NY 10022  
Shareholders call toll free: (877) 456-3427  
Banks and brokers call collect: (212) 750-5833

**if you are a Shaw shareholder:**

**Morrow & Co., LLC**  
470 West Avenue  
Stamford, CT 06902  
Shareholders call toll free: (800) 607-0088  
Banks and brokers call collect: (203) 658-9400

shawinfo@morrowco.com

**Table of Contents**

**SUMMARY**

**This summary highlights selected information contained in this joint proxy statement/prospectus and may not contain all of the information that is important to you. For a more complete description of the Transaction Agreement and the Transaction, and for other relevant information, you should carefully read this entire joint proxy statement/prospectus and the other documents to which you have been referred. See **Where You Can Find More Information**, beginning on page 178. Page references are included to direct you to a more complete description of the topics presented in this summary.**

**The Companies**

***Chicago Bridge & Iron Company N.V. (see page 39)***

Oostduinlaan 75

2596 JJ The Hague

The Netherlands

011-31-70-373-2010

CB&I, a Dutch public limited company, is one of the world's leading integrated engineering, procurement and construction service providers and major process technology licensors, delivering comprehensive solutions to customers primarily in the energy and natural resource industries.

CB&I is comprised of three business sectors: Steel Plate Structures, Project Engineering and Construction, and Lummus Technology. Through these business sectors, CB&I offers services both independently and on an integrated basis.

For the year ended December 31, 2011, CB&I had total revenues of \$4.6 billion and net income of \$255.0 million. CB&I's consolidated assets as of December 31, 2011 were \$3.3 billion. CB&I common stock is listed and trades on the NYSE under the symbol CBI.

***The Shaw Group Inc. (see page 39)***

4171 Essen Lane

Baton Rouge, Louisiana 70809

(225) 932-2500

Shaw is a global provider of technology, engineering, procurement, construction, maintenance, fabrication, manufacturing, consulting, remediation, and facilities management services to a diverse client base that includes regulated electric utilities, independent and merchant power producers, government agencies, multinational and national oil companies, and industrial corporations.

Shaw has developed and acquired significant intellectual property, including induction pipe bending technology and environmental decontamination technologies. Shaw also has significant experience in effectively managing subcontractors, craft labor, and material procurement associated with the construction of electric power generation plants and other industrial facilities. Shaw provides technical and economic analysis and consulting to a global client base primarily in fossil, nuclear power, environmental energy, and chemical industries.

For the year ended August 31, 2012, Shaw had total revenues of \$6.0 billion and net income of \$198.9 million. Shaw had consolidated assets of \$5.0 billion as of August 31, 2012. Shaw common stock is listed and trades on the NYSE under the symbol SHAW.

## **Table of Contents**

### ***Crystal Acquisition Subsidiary Inc. (see page 39)***

Acquisition Sub is a Louisiana corporation and a wholly owned subsidiary of CB&I. Acquisition Sub was incorporated on July 17, 2012, for the purpose of effecting the Transaction and Acquisition Sub has not conducted any activities other than those incidental to its formation and the matters contemplated in the Transaction Agreement.

### **Risk Factors (see page 31)**

Before deciding whether to vote for the proposals presented in this joint proxy statement/prospectus, you should carefully consider all of the information contained in or incorporated by reference herein, as well as the specific factors under the heading Risk Factors, beginning on page 31.

### **The Transaction (see page 56)**

Upon completion of the Transaction, Acquisition Sub will merge with and into Shaw. Shaw will be the surviving corporation in the Transaction and will thereby become a wholly owned subsidiary of CB&I.

Pursuant to the Transaction Agreement, at the effective time of the Transaction, each issued and outstanding share of Shaw common stock, no par value (other than any dissenting shares, treasury shares, or shares held by Shaw, CB&I or Acquisition Sub and their respective subsidiaries), will be cancelled and extinguished and converted into the right to receive (i) \$41.00 in cash and (ii) an amount of cash in euros equal to the par value of 0.12883 shares of CB&I common stock, which cash will not actually be paid, but will instead be converted automatically into 0.12883 shares of CB&I common stock immediately after the effective time of the Transaction (the Transaction Consideration). Based on the closing price on the NYSE, on November 14, 2012, the last practicable trading day prior to the date of this joint proxy statement/prospectus, the value of the 0.12883 shares of CB&I common stock to be received in respect of each share of Shaw common stock was \$4.78. Pursuant to the Transaction Agreement, equity awards relating to shares of Shaw common stock will either be cancelled and converted upon the consummation of the Transaction into the right to receive the Transaction Consideration (or the cash value thereof) or will be converted into comparable equity awards relating to CB&I common stock on generally the same terms and conditions as prior to the Transaction.

Based on these numbers, upon the completion of the Transaction, CB&I shareholders and former Shaw shareholders would own approximately 90% and 10% of the common stock of CB&I, respectively, which shares of CB&I common stock will be listed on the NYSE.

The combined company will maintain CB&I's current corporate headquarters in The Hague, The Netherlands and its administrative headquarters in The Woodlands, Texas following the completion of the Transaction. CB&I will also maintain substantial operations throughout Louisiana. Until all necessary approvals have been received and the Transaction is completed, CB&I and Shaw will continue operating as separate entities. The companies are targeting to complete the Transaction in the first quarter of 2013, subject to receipt of the necessary shareholder and regulatory approvals and clearances, although CB&I and Shaw cannot assure completion by any particular date.

CB&I's preliminary estimate of the purchase price for the Transaction is approximately \$3.2 billion, comprised of approximately \$387.7 million in equity consideration and approximately \$2.8 billion in cash consideration. The cash portion of the purchase price is expected to be funded using approximately \$1.0 billion from existing cash balances of CB&I and Shaw on the closing date of the Transaction, borrowings of \$1.0 billion from a four-year unsecured term loan (estimated 3.0% interest rate), and approximately \$800.0 million from note offerings with anticipated tenors of 5 to 12 years (estimated weighted average tenor of 8.6 years and estimated 4.8% weighted average interest rate). If necessary, borrowings may also be made under CB&I's revolving credit

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## **Table of Contents**

facilities. Annual future maturities for the four-year term loan are expected to approximate \$75.0 million, \$100.0 million, \$100.0 million, and \$725.0 million, with interest due quarterly. Principal maturities for the notes are expected to occur at the end of each applicable note term, with interest due quarterly. For additional information, see *The Transaction Description of Debt Financing* and *Unaudited Pro Forma Condensed Combined Financial Statements*, beginning on pages 95 and 156, respectively.

### **Recommendation of the CB&I Supervisory and Management Boards (see page 144)**

The CB&I Supervisory and Management Boards unanimously recommend that the holders of CB&I common stock vote **FOR** the CB&I Acquisition Proposal and **FOR** the CB&I Adjournment Proposal (to the extent such proposal is considered at the CB&I special general meeting).

For a more complete description of CB&I's reasons for the Transaction and the recommendation of the CB&I Supervisory and Management Boards, see *The Transaction CB&I's Reasons for the Transaction and Recommendation of the CB&I Supervisory and Management Boards*, beginning on page 67.

### **Recommendation of the Shaw Board of Directors (see page 143)**

The Shaw Board of Directors unanimously recommends that the holders of Shaw common stock vote **FOR** the Shaw Transaction Proposal, **FOR** the Shaw Adjournment Proposal and **FOR** the Shaw Compensation Proposal.

For a more complete description of Shaw's reasons for the Transaction and the recommendation of the Shaw Board of Directors, see *The Transaction Shaw's Reasons for the Transaction and Recommendation of the Shaw Board of Directors* beginning on page 79. For a discussion of interests of Shaw's directors and executive officers in the Transaction that may be different from, or in addition to, the interests of Shaw shareholders generally, see *The Transaction Interests of Directors and Executive Officers of Shaw in the Transaction*, beginning on page 97.

## **Opinions of Financial Advisors**

### ***Opinion of Financial Advisor to CB&I (see page 72)***

In connection with the Transaction, Merrill Lynch, Pierce, Fenner & Smith Incorporated ( *BofA Merrill Lynch* ), CB&I's financial advisor, delivered to the CB&I Supervisory Board a written opinion, dated July 29, 2012, as to the fairness, from a financial point of view and as of the date of the opinion, of the Transaction Consideration to be paid by CB&I in the Transaction. The full text of the written opinion, dated July 29, 2012, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to the CB&I Supervisory Board (in its capacity as such) for the benefit and use of the CB&I Supervisory Board in connection with and for purposes of its evaluation of the Transaction Consideration from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the Transaction and no opinion or view was expressed as to the relative merits of the Transaction in comparison to other strategies or transactions that might be available to CB&I or in which CB&I might engage or as to the underlying business decision of CB&I to proceed with or effect the Transaction. BofA Merrill Lynch's opinion does not address any other aspect of the Transaction and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed Transaction or any related matter.**

### ***Opinion of Financial Advisor to Shaw (see page 84)***

At the meeting of the Shaw Board of Directors on July 29, 2012, Morgan Stanley & Co. LLC ( *Morgan Stanley* ) rendered its oral opinion, subsequently confirmed in writing, to the Shaw Board of Directors, that as of

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**Table of Contents**

such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the consideration to be received by holders of shares of Shaw common stock pursuant to the Transaction Agreement is fair from a financial point of view to the holders of shares of Shaw common stock.

**The full text of the written opinion of Morgan Stanley, dated July 29, 2012, is attached to this joint proxy statement/prospectus as Annex B and is incorporated herein by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. CB&I and Shaw encourage you to read the opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the Shaw Board of Directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of Shaw common stock pursuant to the Transaction Agreement, as of the date of the opinion. It does not address any other aspects of the Transaction and does not constitute a recommendation to any holder of Shaw common stock as to how to vote at any shareholders meeting held in connection with the Transaction or whether to take any other action with respect to the Transaction. For additional information relating to the opinion of Morgan Stanley, see The Transaction Opinion of Financial Advisor to Shaw, beginning on page 84.**

**Interests of Directors and Executive Officers of Shaw in the Transaction (see page 97)**

Shaw's directors and executive officers have financial interests in the Transaction that may be different from, or in addition to, the interests of Shaw's shareholders generally. The Shaw Board of Directors was aware of and considered these potential interests, among other matters, in evaluating and negotiating the Transaction Agreement and the Transaction, in approving the Transaction Agreement and in recommending the approval of the Shaw Transaction Proposal, the Shaw Adjournment Proposal and the Shaw Compensation Proposal. These interests include, among others:

Accelerated vesting of certain stock options, stock appreciation rights, restricted stock units and performance cash units that were granted pursuant to the terms of Shaw's equity compensation plans. Shaw estimates that the aggregate amount that would be received in connection with such accelerated vesting if the completion of the Transaction and certain qualifying terminations of service occurred on November 1, 2012 is approximately (i) \$44,258,934 for Shaw's executive officers who are named executive officers, (ii) \$8,616,932 for Shaw's executive officers who are not named executive officers, and (iii) \$1,709,113 for Shaw's non-employee directors;

Employment agreements that provide for payments following termination of employment, accelerated vesting of equity-based awards and accelerated vesting and payout of performance cash units if the employment of certain executive officers is terminated under certain circumstances following the completion of the Transaction. Shaw estimates that the aggregate cash payments that would be received pursuant to such employment agreements (excluding payments attributable to equity-based awards and performance cash units that are addressed in the preceding paragraph) if the completion of the Transaction and certain qualifying terminations of service occurred on November 1, 2012 is approximately (i) \$43,873,298 for Shaw's executive officers who are named executive officers and (ii) \$5,485,728 for Shaw's executive officers who are not named executive officers;

Accelerated vesting and payout of amounts deferred under Shaw's nonqualified deferred compensation plan. Shaw estimates that the aggregate amount that would be received in connection with such accelerated vesting and payout if the completion of the Transaction occurred on November 1, 2012 is approximately (i) \$1,074,271 for Shaw's executive officers who are named executive officers and (ii) \$1,967,108 for Shaw's executive officers who are not named executive officers;

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**Table of Contents**

Prorated payments upon completion of the Transaction under Shaw's management incentive plan for Fiscal Year 2013. Shaw estimates that, if the completion of the Transaction occurred on November 1, 2012, then the aggregate amount of such payments is approximately (i) \$956,755 for Shaw's executive officers who are named executive officers and (ii) \$450,903 for Shaw's executive officers who are not named executive officers;

Retention awards that provide for payment if the recipient continues employment through the three-month anniversary of the closing date of the Transaction, although an accelerated payment will be made if the employment of the recipient is terminated by CB&I without cause on or after the closing date of the Transaction. As of November 1, 2012, no such retention awards have been granted to Shaw's named executive officers, and Shaw's other executive officers have been granted retention awards with an aggregate potential value of \$2,320,000; and

Rights to indemnification and directors' and officers' liability insurance that will survive the completion of the Transaction. For additional information about these interests (including the payment estimates described above, the circumstances under which they become payable and the assumptions used to calculate such amounts), see "The Transaction - Interests of Directors and Executive Officers of Shaw in the Transaction," beginning on page 97.

**Board of Directors and Management Following the Completion of the Transaction (see page 112)**

As provided in the Transaction Agreement, at the completion of the Transaction, CB&I will, subject to the legal duties of the CB&I Supervisory Board under Dutch law, nominate one of the independent, non-management members of the Shaw Board of Directors to serve on the CB&I Supervisory Board. This person will be nominated for election to the Supervisory Board at the first annual or special meeting of shareholders of CB&I held after the effective time of the Transaction and is expected to be chosen following the completion of the Transaction.

CB&I currently anticipates that all of the existing executive officers of CB&I will remain executive officers of CB&I following the Transaction. As of the date of this joint proxy statement/prospectus, CB&I has not finalized any arrangements with current executive officers of Shaw with respect to their employment by the combined company. If none of the current executive officers of Shaw remain employed by CB&I following the Transaction, the associated termination payment costs are set forth in the section entitled "The Transaction - Interests of Directors and Executive Officers of Shaw in the Transaction," beginning on page 94. CB&I currently anticipates that J.M. Bernhard, Shaw's chairman, president and chief executive officer, and Brian K. Ferraioli, Shaw's executive vice president and chief financial officer, will terminate their employment with Shaw upon or following completion of the Transaction. The continuing management of CB&I following completion of the Transaction is described under the heading "The Transaction - Continuing Board and Management Positions," beginning on page 112.

**The Transaction Agreement (see page 132)**

The Transaction Agreement is included as Annex A hereto. CB&I and Shaw encourage you to read carefully the Transaction Agreement in its entirety. It is the principal document governing the Transaction and the other related transactions.

***Conditions to the Completion of the Transaction (see page 148)***

CB&I and Shaw currently expect to complete the Transaction during the first quarter of 2013, subject to receipt of required shareholder and regulatory approvals and the satisfaction or waiver of the conditions to the Transaction in the Transaction Agreement.



**Table of Contents**

The obligation of each of CB&I and Shaw to complete the Transaction is subject to the satisfaction or waiver of a number of customary conditions, including the following:

the approval by Shaw shareholders of the Shaw Transaction Proposal;

the approval by CB&I shareholders of the CB&I Acquisition Proposal;

the waiting period (including any extension thereof) applicable to the consummation of the Transaction under the HSR Act has terminated or expired;

all required clearances or approvals applicable to the consummation of the Transaction under any applicable antitrust law of the People's Republic of China have been obtained or any applicable waiting period thereunder has expired or terminated;

no order or law, entered, enacted, promulgated, enforced or issued by any governmental entity of competent jurisdiction, is in effect resisting, preventing or prohibiting the consummation of the Transaction;

the effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part, and the absence of any stop order or proceedings seeking a stop order or initiation or threat of such proceedings by the SEC; and

the authorization for listing on the NYSE, subject to official notice of issuance, of the shares of CB&I common stock that will be issued or reserved for issuance pursuant to the Transaction Agreement.

The obligation of each of CB&I and Acquisition Sub to complete the Transaction is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of Shaw, subject to certain standards, including materiality and material adverse effect qualifications, as described under "The Transaction Agreement - Conditions to the Completion of the Transaction," beginning on page 139;

Shaw having performed or complied with, in all material respects, the obligations contained in the Transaction Agreement required to be performed or complied with by Shaw prior to or on the closing date of the Transaction;

CB&I's receipt of an officers' certificate executed by Shaw's chief executive officer and chief financial officer certifying that the two preceding conditions have been satisfied;

there not having been, since the date of the Transaction Agreement, any event, occurrence, state of facts, circumstance, condition, effect or change that has had or would reasonably be likely to have, individually or in the aggregate, a Shaw material adverse effect (as "Company Material Adverse Effect" is defined in the Transaction Agreement);

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Committee on Foreign Investment in the United States ( CFIUS or Committee ) approval under Section 721 of the Defense Production Act of 1950, as amended, as defined in the Transaction Agreement, having been obtained (such approval, CFIUS Approval );

approval by the U.S. Nuclear Regulatory Commission (the NRC ) of the transfer of certain licenses under the Atomic Energy Act;

the consummation of the sale to Technip S.A. of substantially all of the business included within Shaw s Energy and Chemicals Segment, which sale was completed on August 31, 2012;

the valid exercise of put options by Shaw s wholly owned subsidiary Nuclear Energy Holdings, L.L.C. ( NEH ) to sell its equity investment in Toshiba Nuclear Energy Holdings (UK) Limited and Toshiba Nuclear Energy Holdings (US) Inc. (collectively, Westinghouse ) to Toshiba Corporation ( Toshiba ), which were exercised on October 6, 2012;

**Table of Contents**

Shaw's possession of at least \$800 million of unrestricted cash (as "Unrestricted Cash" is defined in the Transaction Agreement), as of the closing date;

Shaw EBITDA (as "Company EBITDA" is defined in the Transaction Agreement) for the period of four consecutive fiscal quarters ending prior to the closing date of the Transaction of not less than \$200 million; and

net indebtedness for borrowed money of Shaw (as "Net Indebtedness for Borrowed Money" is defined in the Transaction Agreement) not exceeding \$100 million as of the closing date of the Transaction.

The obligation of Shaw to complete the Transaction is subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of CB&I, subject to certain standards, including materiality and material adverse effect qualifications, as described under "The Transaction Agreement - Conditions to the Completion of the Transaction," beginning on page 148;

CB&I and Acquisition Sub having performed or complied with, in all material respects, their obligations contained in the Transaction Agreement required to be performed or complied with by either of them prior to or on the closing date of the Transaction Agreement;

Shaw's receipt of an officers' certificate of each of CB&I and Acquisition Sub executed by their respective chief executive officers and chief financial officers certifying that the two preceding conditions have been satisfied; and

there not having been, since the date of the Transaction Agreement, any event, occurrence, state of facts, circumstance, condition, effect or change that has had or would reasonably be likely to have, individually or in the aggregate, a CB&I material adverse effect (as "Acquiror Material Adverse Effect" is defined in the Transaction Agreement).

CB&I and Shaw may waive conditions to completion of the Transaction only to the extent legally permissible. In the event that either CB&I or Shaw determines to waive any condition to the Transaction and such waiver necessitates the recirculation of this joint proxy statement/prospectus and resolicitation of proxies under applicable law, CB&I and Shaw will recirculate this joint proxy statement/prospectus and resolicit proxies from CB&I and Shaw shareholders.

***Termination of the Transaction Agreement (see page 152)***

Generally, the Transaction Agreement may be terminated and the Transaction may be abandoned at any time prior to the effective time of the Transaction, under the following circumstances:

by the mutual written consent of the parties,

by either CB&I or Shaw if:

the Transaction has not been consummated on or before April 30, 2013, except that, if on April 30, 2013, (i) the condition requiring termination or expiration of the applicable waiting period under the HSR Act or applicable antitrust laws of the People's Republic of China; (ii) the condition requiring that there has been no antitrust law restraining the Transaction; (iii) the condition requiring that CFIUS Approval has been obtained; or (iv) the condition requiring approval by the NRC has not been satisfied but all other closing conditions have been satisfied, the date is extended to June 30, 2013, subject to certain

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exceptions discussed in The Transaction Agreement Termination of the Transaction Agreement, beginning on page 152;

the antitrust approvals under the HSR Act or the applicable antitrust laws of the People's Republic of China have been denied and such denial has become final and non-appealable, or a permanent,

**Table of Contents**

final and non-appealable injunction or order is issued preventing the Transaction, subject to certain exceptions discussed in The Transaction Agreement Termination of the Transaction Agreement, beginning on page 152;

Shaw shareholders do not approve the Shaw Transaction Proposal at the Shaw special meeting or any adjournment or postponement of such meeting; or

CB&I shareholders do not approve the CB&I Acquisition Proposal at the CB&I special general meeting or any adjournment or postponement of such meeting;

by CB&I if:

prior to Shaw shareholders approval of the Shaw Transaction Proposal, the Shaw Board of Directors makes a Shaw adverse recommendation change or a Shaw intervening event recommendation change (as Company Adverse Recommendation Change and Intervening Event Recommendation Change are each, respectively, defined in the Transaction Agreement); or

Shaw breaches or fails to comply with its representations, warranties, agreements or covenants in the Transaction Agreement which would give rise to the failure of certain conditions to closing and cannot be cured by April 30, 2013 or June 30, 2013, as applicable (or, if curable by such date, is not cured within 30 days following delivery of written notice received from CB&I), subject to certain exceptions discussed in The Transaction Agreement Termination of the Transaction Agreement, beginning on page 152;

by Shaw if:

prior to the Shaw special meeting, Shaw enters into a binding written agreement with respect to a Shaw superior proposal (as Company Superior Proposal is defined in the Transaction Agreement); provided, that Shaw has complied with its obligations described under The Transaction Agreement No Solicitation by Shaw of Alternative Proposals and has paid the amounts due as described under The Transaction Agreement Termination Fees, beginning on page 153;

prior to CB&I shareholders approval of the CB&I Acquisition Proposal, either the CB&I Supervisory or Management Board makes a CB&I adverse recommendation change (as Acquiror Adverse Recommendation Change is defined in the Transaction Agreement); or

CB&I or Acquisition Sub breaches or fails to comply with its representations, warranties, agreements or covenants in the Transaction Agreement which would give rise to the failure of certain conditions to closing and cannot be cured by April 30, 2013 or June 30, 2013, as applicable (or, if curable by such date, is not cured within 30 days following delivery of written notice received from Shaw), subject to certain exceptions discussed in The Transaction Agreement Termination of the Transaction Agreement, beginning on page 152.

***Termination Fees (see page 153)***

In certain circumstances in connection with the termination of the Transaction Agreement, including if the Shaw Board of Directors makes a Shaw adverse recommendation change or Shaw intervening event recommendation change, or terminates the Transaction Agreement to enter into an agreement with respect to a superior proposal, Shaw must pay CB&I a termination fee equal to \$104 million. Shaw must also pay to CB&I a termination fee equal to \$32 million if the Transaction Agreement is terminated because Shaw shareholders fail to approve the Shaw Transaction Proposal at the Shaw special meeting or any adjournment or postponement of such meeting. The Transaction Agreement also provides that CB&I is required to pay Shaw a reverse termination fee of \$64 million if the Transaction Agreement is terminated because the

CB&I Supervisory or Management

## **Table of Contents**

Board makes a CB&I adverse recommendation change or CB&I shareholders fail to approve the CB&I Acquisition Proposal at the CB&I special general meeting or any adjournment or postponement of such meeting, or \$208 million if the Transaction Agreement is terminated under circumstances where all closing conditions have been satisfied but the full proceeds of CB&I's debt financing are not available to complete the Transaction and CB&I fails to effect the closing of the Transaction.

### ***No Solicitation by Shaw of Alternative Proposals (see page 141)***

The Transaction Agreement restricts the ability of Shaw to, directly or indirectly:

solicit, initiate or knowingly facilitate or knowingly encourage (including by way of furnishing non-public information) any inquiries regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, a takeover proposal;

engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any other person any non-public information in connection with or for the purpose of encouraging or facilitating a takeover proposal; or

approve, recommend or enter into, or propose to approve, recommend or enter into, any letter of intent or similar document, agreement, commitment, or agreement in principle with respect to a takeover proposal.

If, however, at any time prior to the approval of the Transaction Agreement by Shaw shareholders, Shaw, directly or indirectly, receives a bona fide, unsolicited written takeover proposal from any person that does not result from a breach of the non-solicitation provisions of the Transaction Agreement and if the Shaw Board of Directors determines in good faith, after consultation with its outside financial advisors and outside legal counsel, that such takeover proposal constitutes or would reasonably be expected to lead to a superior proposal, then Shaw may directly or indirectly engage in or otherwise participate in discussions or negotiations with the person making such takeover proposal and its representatives and potential sources of financing regarding such takeover proposal, subject to specified conditions.

### ***Recommendation of the Shaw Board of Directors (see page 143)***

Subject to certain conditions, at any time prior to the approval of the Shaw Transaction Proposal by Shaw shareholders, the Shaw Board of Directors may effect a Shaw adverse recommendation change or terminate the Transaction Agreement in order to enter into a binding written agreement with respect to a superior proposal, in each case, after receiving a bona fide, unsolicited takeover proposal that (i) did not result from a breach of Shaw's non-solicitation obligations and (ii) the Shaw Board of Directors determines, after consultation with its outside financial advisors and outside counsel, constitutes a superior proposal and, in light of such takeover proposal, the failure to take such action would be reasonably likely to constitute a violation of its fiduciary duties under applicable law.

In addition, subject to certain conditions, at any time prior to the approval of the Shaw Transaction Proposal by Shaw shareholders, the Shaw Board of Directors may effect a Shaw intervening event recommendation change, if, in response to an intervening event, the Shaw Board of Directors has determined in good faith, after consultation with its outside financial advisors and outside legal counsel, that the failure to take such action would reasonably be likely to constitute a violation of its fiduciary duties under applicable law.

### ***Recommendation of the CB&I Supervisory and Management Boards (see page 144)***

At any time prior to the approval of the CB&I Acquisition Proposal by CB&I shareholders, the CB&I Supervisory and Management Boards may effect a CB&I adverse recommendation change if the CB&I

## **Table of Contents**

Supervisory and Management Boards determine in good faith, after consultation with outside financial advisors and outside legal counsel, that the failure to so make a CB&I adverse recommendation change would (i) constitute a violation of the CB&I Supervisory and Management Boards' fiduciary duties to CB&I shareholders or of other legal duties applicable to the CB&I Supervisory and Management Boards and their members under Dutch law or (ii) otherwise create a significant risk under Dutch law of material personal liability for the members of either of the CB&I Supervisory and Management Boards.

### **Accounting Treatment (see page 124)**

CB&I prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ( GAAP ). The Transaction will be accounted for by applying the acquisition method with CB&I treated as the acquiror.

### **Material U.S. Federal Income Tax Consequences of the Transaction (see page 121)**

The Transaction generally will be a taxable transaction to Shaw shareholders, and such Shaw shareholders will generally recognize gain or loss in an amount equal to the difference, if any, between (i) the sum of the amount of cash and of value of the CB&I common stock received in the Transaction and (ii) their adjusted tax basis in the shares of Shaw common stock exchanged in the Transaction.

The discussion of material U.S. federal income tax consequences of the Transaction contained in this joint proxy statement/prospectus is intended to provide only a general summary and is not a complete analysis or description of all potential U.S. federal income tax consequences of the Transaction. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws, including the tax consequences of the Transaction under Dutch tax law.

**Shaw shareholders are strongly urged to consult with their tax advisors regarding the tax consequences of the Transaction to them, including the effects of U.S. federal, state, local, foreign and other tax laws, including the tax consequences of the Transaction under Dutch tax law.**

For additional information, please see The Transaction Material U.S. Federal Income Tax Consequences of the Transaction, beginning on page 121.

### **Regulatory Matters (see page 129)**

To complete the Transaction, CB&I and Shaw must obtain approvals or consents from, or make filings with antitrust authorities in the United States and the People's Republic of China and other regulatory authorities. The material approvals, consents and filings include the following:

the expiration or early termination of certain waiting periods under the HSR Act and the related rules and regulations, which provide that certain transactions may not be completed until required information has been furnished to the Antitrust Division of the U.S. Department of Justice (the Antitrust Division ) and the Federal Trade Commission (the FTC ) and until certain waiting periods have been terminated or have expired;

receipt of all required clearances or approvals applicable to the consummation of the Transaction under any applicable antitrust law of the People's Republic of China;

CFIUS Approval; and

approval by the NRC of the transfer of certain licenses under the Atomic Energy Act of 1954, as amended.





## **Table of Contents**

CB&I and Shaw have made and intend to make various filings and submissions for the above-mentioned authorizations and approvals. CB&I and Shaw will seek to complete the Transaction in the first quarter of 2013. Although CB&I and Shaw believe that they will receive the required consents and approvals described above to complete the Transaction, CB&I and Shaw cannot give any assurance as to the timing of these consents and approvals or as to CB&I's and Shaw's ultimate ability to obtain such consents or approvals (or any additional consents or approvals which may otherwise become necessary). CB&I and Shaw also cannot ensure that they will obtain such consents or approvals on terms and subject to conditions satisfactory to CB&I and Shaw.

### **Effect on Awards Outstanding Under Shaw Stock Plans (see page 126)**

At the effective time of the Transaction, stock options and stock appreciation rights with respect to shares of Shaw common stock will be converted into stock options and stock appreciation rights, respectively, with respect to CB&I common stock. In addition, under the terms of the applicable Shaw equity compensation plans, stock options and stock appreciation rights held by Shaw employees (including Shaw's executive officers) that were granted prior to January 28, 2009 will vest automatically upon completion of the Transaction. Stock options and stock appreciation rights granted by Shaw under its equity compensation plans on or after January 28, 2009 will be subject to accelerated vesting upon certain terminations of employment pursuant to the terms of the plan under which they were granted or, in some instances, the individual's employment agreement.

Restricted stock units with respect to shares of Shaw common stock that were granted on or prior to July 30, 2012 will become fully vested at the effective time of the Transaction and converted into the right to receive the Transaction Consideration (or, in the case of restricted stock units that may be settled only in cash, the cash value thereof), and each restricted stock unit granted after July 30, 2012 will be converted into a restricted stock unit with respect to CB&I common stock. The resulting CB&I restricted stock units will generally continue to be subject to the same terms and conditions but may be subject to accelerated vesting if the holder's employment is terminated other than for cause during the two years following the Transaction (or upon such other event set forth in a holder's employment agreement, if applicable).

Performance cash units that were granted on or prior to July 30, 2012 will remain outstanding, with performance determined based on Shaw's relative total shareholder return from the beginning of the applicable performance period through the effective time of the Transaction and assuming target performance from and after the Transaction through the end of the applicable performance period. Performance cash units granted after July 30, 2012 will be converted into time-vesting restricted stock units with respect to CB&I common stock. These restricted stock units will vest in three equal one-third installments on each of the first, second and third anniversaries of the original date of grant of the performance cash unit, but may be subject to accelerated vesting if the holder's employment is terminated other than for cause during the two years following the Transaction, or if the holder separates from employment for reasons that would otherwise accelerate vesting of long-term incentives under the holder's employment agreement, if applicable.

### **Legal Proceedings (see page 123)**

After the announcement of the Transaction Agreement, several purported Shaw shareholders filed lawsuits against Shaw and its directors alleging various breaches of fiduciary duties in connection with the process that led to the board's approval of the Transaction Agreement and the terms of the Transaction Agreement, including the consideration offered by CB&I. The lawsuits also allege that CB&I and Acquisition Sub aided and abetted in the alleged breaches of fiduciary duty. One lawsuit also alleges that Shaw, its directors, and CB&I disseminated a preliminary proxy in connection with the Transaction that contains material omissions and misstatements in violation of federal securities laws. Shaw and CB&I believe that these lawsuits are without merit and intend to contest them vigorously. Additional information on legal proceedings related to the Transaction is provided in the section entitled "The Transaction - Legal Proceedings," beginning on page 123.

## **Table of Contents**

### **Comparison of Shareholder Rights (see page 174)**

Shaw is a Louisiana corporation. CB&I is a Dutch public limited company. The shares of CB&I common stock that Shaw shareholders will receive in the Transaction will be shares of a Dutch public limited company. Shaw shareholder rights under Louisiana law and CB&I shareholder rights under Dutch law are different. In addition, CB&I's Articles of Association contain provisions that are different from the Shaw Articles of Incorporation and Shaw By-Laws.

The material differences include:

Under the Shaw By-Laws, nominations for election of directors may be made by the Shaw Board or a committee appointed by the Board, or by any shareholder entitled to vote generally in the election of directors who complies with the advance notice procedure set forth in the Shaw By-Laws. The CB&I Supervisory Board is elected from binding nominations made by the CB&I Supervisory Board, which may only be overridden by a resolution passed by two-thirds of the votes cast at the shareholders meeting representing more than one-half of CB&I's issued share capital.

Under the Shaw By-Laws, the holders of shares having a majority of the voting power of Shaw common stock issued and outstanding and entitled to vote at the meeting of the shareholders constitute a quorum for the transaction of business, except as otherwise provided by law. Under Dutch law, there are no quorum requirements generally applicable to meetings of shareholders.

The LBCL provides that a corporation may engage in certain extraordinary transactions, such as mergers or sales of all or substantially assets only if approved by the holders of at least two-thirds of the voting power present at a special or annual meeting (or by such larger or smaller vote, not less than a majority, of the voting power present or of the total voting power, as the articles may require), and the Shaw Articles of Incorporation include the Supermajority Threshold requirement (75% of the outstanding shares, excluding Related Persons). Under Dutch law, the general meeting of shareholders must approve by a majority of shares voting resolutions of the board of directors relating to an important change in the identity or character of CB&I or its business.

For a summary of certain differences between the rights of CB&I shareholders and Shaw shareholders, see Comparison of Shareholder Rights, beginning on page 174.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF CB&I**

The following table sets forth selected consolidated financial data for CB&I. CB&I derived the selected statement of operations data for the nine months ended September 30, 2012 and 2011 and the selected balance sheet data as of September 30, 2012 and 2011 from CB&I's unaudited condensed consolidated interim financial statements. CB&I derived the selected statement of operations data for each of the years in the five year period ended December 31, 2011 and the selected balance sheet data as of December 31 for each of the five years in the period ended December 31, 2011 from CB&I's consolidated audited financial statements. The following information is only a summary and is not necessarily indicative of the results of future operations of CB&I or the combined company, and the information should be read together with CB&I's consolidated financial statements, the related notes thereto, and management's related discussion and analysis of CB&I's financial condition and results of operations, all of which are contained in CB&I's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information," beginning on page 188.

	As of and for the Nine Months Ended September 30,		As of and for the Years Ended December 31,				
	2012 (Unaudited)	2011	2011	2010	2009	2008 (1)	2007 (2)
<b>(In millions, except per share data)</b>							
<b>Statement of Operations Data</b>							
Revenue	\$ 3,947.7	\$ 3,295.3	\$ 4,550.5	\$ 3,642.3	\$ 4,556.5	\$ 5,945.0	\$ 4,363.5
Income before taxes	\$ 311.8	\$ 253.9	\$ 352.0	\$ 291.5	\$ 294.7	\$ 22.5	\$ 229.4
Net income (loss) attributable to CB&I	\$ 212.0	\$ 184.6	\$ 255.0	\$ 204.6	\$ 174.3	\$ (21.1)	\$ 165.6
<b>Per Share Data</b>							
Net income (loss) attributable to CB&I per share - diluted	\$ 2.16	\$ 1.84	\$ 2.55	\$ 2.04	\$ 1.79	\$ (0.22)	\$ 1.71
Cash dividend per common share	\$ 0.15	\$ 0.15	\$ 0.20	\$	\$	\$ 0.16	\$ 0.16
<b>Balance Sheet Data</b>							
Total assets	\$ 3,478.7	\$ 3,220.7	\$ 3,292.0	\$ 2,909.5	\$ 3,016.8	\$ 3,000.7	\$ 3,153.4
Long-term debt	\$	\$ 40.0	\$	\$ 40.0	\$ 80.0	\$ 120.0	\$ 160.0

- (1) Results of operations for the twelve months ended December 31, 2008 included charges of approximately \$457.0 million for projected costs to complete two large fixed-price projects in the United Kingdom that were completed in the first quarter of 2010.
- (2) Results of operations for the twelve months ended December 31, 2007 and subsequent periods include the operating results of an acquired business, Lummus Global, commencing on November 16, 2007, its acquisition date.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF SHAW**

The following table sets forth selected consolidated financial data for Shaw. Shaw derived the selected statement of operations data for each of the years in the five year period ended August 31, 2012 and the selected balance sheet data as of August 31 for each of the five years in the period ended August 31, 2012 from Shaw's consolidated audited financial statements. The following information is only a summary and is not necessarily indicative of the results of future operations of Shaw or the combined company, and the information should be read together with Shaw's consolidated financial statements, the related notes thereto, and management's related discussion and analysis of Shaw's financial condition and results of operations, all of which are contained in Shaw's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information," beginning on page 188.

	2012 (2)	As of and for the Years Ended August 31,			
		2011 (3)	2010	2009	2008
		(In millions, except per share data)			
<b>Statement of Operations Data</b>					
Revenues	\$ 6,008.4	\$ 5,937.7	\$ 6,984.0	\$ 7,276.3	\$ 6,998.0
Income (loss) before income taxes and earnings from unconsolidated affiliates (1)	\$ 240.1	\$ (300.9)	\$ 131.1	\$ 29.2	\$ 220.5
Net income (loss) attributable to Shaw	\$ 198.9	\$ (175.0)	\$ 82.0	\$ 12.8	\$ 140.7
<b>Per Share Data</b>					
Diluted net income (loss) per common share attributable to Shaw	\$ 2.90	\$ (2.18)	\$ 0.96	\$ 0.15	\$ 1.67
Cash dividends declared per common share	\$	\$	\$	\$	\$
<b>Balance Sheet Data</b>					
Total assets	\$ 5,007.5	\$ 5,487.0	\$ 5,996.3	\$ 5,557.2	\$ 4,587.3
Westinghouse bonds, short-term	\$ 1,640.5	\$ 1,679.8	\$ 1,520.7	\$ 1,388.0	\$
Long-term debt, less current maturities	\$ 5.3	\$ 0.6	\$ 1.0	\$ 7.6	\$ 1,165.6

- (1) Results of operations for the twelve months ended August 31, 2012, 2011, 2010, 2009 and 2008 included foreign currency remeasurement gains (losses) on Japanese-Yen denominated bonds of approximately \$40.8 million, (\$159.0) million, (\$131.6) million, (\$198.1) million and (\$69.7) million, respectively, associated with an investment in Westinghouse.
- (2) Results of operations for the twelve months ended August 31, 2012 included income before income taxes and earnings from unconsolidated affiliates of \$41.5 million for the E&C segment, which includes an \$83.3 million gain on disposal of E&C assets.
- (3) Results of operations for the twelve months ended August 31, 2011 included losses before income taxes and earnings from unconsolidated affiliates of (\$190.3) million for the E&C segment. The E&C segment losses for the period were primarily related to a project in Southeast Asia, which is expected to be substantially complete prior to closing the Transaction. Additionally, the period included an impairment charge of approximately (\$48.1) million for loans made to a project developer on a proposed nuclear power project in Texas.

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The Unaudited Pro Forma Condensed Combined Financial Statements (the pro forma financial statements) are based on the separate historical consolidated financial statements of CB&I and Shaw, which are incorporated by reference into this document. CB&I's fiscal year ends on December 31 and Shaw's fiscal year ends on August 31. To give effect to the Transaction for pro forma financial statement purposes, Shaw's historical results were brought to within one month of CB&I's latest available annual and interim period results presented for the periods ended December 31, 2011 and September 30, 2012, respectively. Shaw's annual period presented in the condensed combined pro forma statement of operations (the pro forma statement of operations) is for the twelve months ended November 30, 2011 and was derived by adding the annual results for the twelve-month period ended August 31, 2011 to the results for the interim three-month period ended November 30, 2011, and deducting the results for the interim three-month period ended November 30, 2010. Shaw's interim period presented in the pro forma statement of operations is for the nine months ended August 31, 2012 and was derived by deducting the results for the interim three-month period ended November 30, 2011 from the annual results for the twelve-month period ended August 31, 2012. The pro forma statements of operations reflect the Transaction and related events as if they occurred on January 1, 2011 for CB&I and December 1, 2010 for Shaw, while the pro forma condensed combined balance sheet (the pro forma balance sheet) assumes the Transaction occurred on September 30, 2012 for CB&I and August 31, 2012 for Shaw.

The pro forma financial statements are presented for illustrative purposes only, and are not necessarily indicative of the results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or the future operating results or financial position of the combined company following the Transaction. Future results may vary significantly from the results reflected because of various factors, including those discussed under the heading Risk Factors, beginning on page 31. You should read the following selected unaudited pro forma condensed combined financial data in conjunction with the Unaudited Pro Forma Condensed Combined Financial Statements and related notes, beginning on page 156.

	<b>Nine Months Ended September 30, 2012 (In millions, except per share data)</b>	<b>Twelve Months Ended December 31, 2011</b>
<b>Statement of Operations Data</b>		
Revenue	\$ 8,037.6	\$ 9,918.6
Income before taxes	\$ 389.7	\$ 385.2
Net income attributable to controlling interests	\$ 294.1	\$ 260.6
<b>Per Share Data</b>		
Net income attributable to controlling interests per share - diluted	\$ 2.71	\$ 2.36
Cash dividends per common share	\$ 0.15	\$ 0.20
		<b>As of September 30, 2012 (In millions)</b>
<b>Balance Sheet Data</b>		
Total assets		\$ 8,136.3
Long-term debt		\$ 1,730.3

**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE FINANCIAL DATA**

The following table presents: (1) historical per share information for CB&I and Shaw; (2) pro forma per share information of the combined company after giving effect to the Transaction; and (3) equivalent pro forma per share information for Shaw.

The combined company pro forma per share information was derived primarily by combining information from the historical consolidated financial statements of CB&I and Shaw and giving effect to the Transaction as described in Unaudited Pro Forma Condensed Combined Financial Statements and related notes, beginning on page 147. This table should be read together with the historical consolidated financial statements of CB&I and Shaw that are filed with the SEC and incorporated by reference herein. The pro forma per share information should not be relied upon as being indicative of actual results had the Transaction occurred on January 1, 2011 for CB&I and December 1, 2010 for Shaw, for statement of operations purposes or September 30, 2012 for CB&I and August 31, 2012 for Shaw, for book value per share data. Further, the pro forma financial statements do not purport to project the future operating results or financial position of the combined company following the Transaction.

	<b>CB&amp;I Historical</b>	<b>Shaw Historical (1)</b>	<b>Pro Forma Combined</b>	<b>Pro Forma Shaw Equivalent (2)</b>
<b>Nine Months Ended September 30, 2012</b>				
Net income attributable to controlling interests per share				
Basic	\$ 2.19	\$ 2.26	\$ 2.75	\$ 0.35
Diluted	\$ 2.16	\$ 2.23	\$ 2.71	\$ 0.35
<b>Twelve Months Ended December 31, 2011</b>				
Net income (loss) attributable to controlling interests per share				
Basic	\$ 2.60	\$ (1.43)	\$ 2.41	\$ 0.31
Diluted	\$ 2.55	\$ (1.43)	\$ 2.36	\$ 0.30
<b>As of September 30, 2012</b>				
Book value per share	\$ 13.63	\$ 14.32	\$ 15.63	\$ 2.01

- (1) Shaw's historical net income (loss) attributable to controlling interests per share is for the nine months ended August 31, 2012 and the twelve months ended November 30, 2011 and Shaw's historical book value per share is as of August 31, 2012.
- (2) Pro forma Shaw equivalent per share amounts were calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 0.12883 used to calculate the stock consideration component of the Transaction Consideration.

**Table of Contents**

**MARKET INFORMATION AND DIVIDENDS**

Shares of CB&I common stock are listed and trade on the NYSE under the symbol CBI. Shares of Shaw common stock are listed and trade on the NYSE under the symbol SHAW.

The following table presents the closing sales prices of shares of CB&I common stock and Shaw common stock, each as reported by the NYSE, and the Shaw Common Stock equivalent price per share, on (i) July 27, 2012, the last trading day for which market information is available prior to the public announcement of the execution of the Transaction Agreement and (ii) November 14, 2012, the last practicable trading day prior to the date of this joint proxy statement/prospectus.

	<b>CB&amp;I Common Stock</b>	<b>Shaw Common Stock</b>	<b>Shaw Common Stock Equivalent Per Share (1)</b>
July 27, 2012	\$ 40.70	\$ 26.69	\$ 46.24
November 14, 2012	\$ 37.12	\$ 43.71	\$ 45.78

- (1) Shaw common stock equivalent per share data was calculated by multiplying the closing market price of a share of CB&I common stock on each of the dates noted above by the exchange ratio of 0.12883, to arrive at the stock consideration component of the Transaction Consideration, an

	<b>Three Months Ended</b>					
	<b>March 31,</b>	<b>Years Ended December 31,</b>				
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends</b>						
Excluding interest on deposits	3.31x	3.83	3.63	2.91	1.61	1.13
Including interest on deposits	2.16x	2.37	2.30	1.79	1.27	1.06

For purposes of computing these ratios

earnings represent income from continuing operations before extraordinary items and cumulative effect of a change in accounting principles, plus income taxes and fixed charges (excluding capitalized interest);



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fixed charges, excluding interest on deposits, represent interest (including capitalized interest), one-third of rents and all amortization of debt issuance costs; and

fixed charges, including interest on deposits, represent all interest (including capitalized interest), one-third of rents and all amortization of debt issuance costs.

One-third of rents is used because it is the proportion deemed representative of the interest factor.

**Table of Contents****SELECTED CONSOLIDATED CONDENSED FINANCIAL DATA**

The following is selected unaudited consolidated condensed financial information for Wachovia for the three months ended March 31, 2005, and the year ended December 31, 2004. The summary below should be read in conjunction with the consolidated financial statements of Wachovia, and the related notes thereto, and the other detailed information contained in Wachovia's 2005 First Quarter Report on Form 10-Q and in Wachovia's 2004 Annual Report on Form 10-K.

	<b>Three Months</b>	
	<b>Ended March 31, 2005</b>	<b>Year Ended December 31, 2004</b>
<b>(In millions, except per share data)</b>		
<b>CONSOLIDATED CONDENSED SUMMARIES OF INCOME</b>		
Interest income	\$ 5,453	17,288
Interest expense	2,040	5,327
Net interest income	3,413	11,961
Provision for credit losses	36	257
Net interest income after provision for credit losses	3,377	11,704
Securities losses	(2)	(10)
Fee and other income	2,997	10,789
Merger-related and restructuring expenses	61	444
Other noninterest expense	3,811	14,222
Minority interest in income of consolidated subsidiaries	64	184
Income before income taxes	2,436	7,633
Income taxes	815	2,419
Net income	\$ 1,621	5,214
<b>PER COMMON SHARE DATA</b>		
Basic earnings	\$ 1.03	3.87
Diluted earnings	1.01	3.81
Cash dividends	\$ 0.46	1.66
Average common shares Basic	1,571	1,346
Average common shares Diluted	1,603	1,370
<b>CONSOLIDATED CONDENSED PERIOD-END BALANCE SHEET</b>		
Cash and cash equivalents	\$ 38,227	38,591
Trading account assets	47,149	45,932
Securities	116,731	110,597
Loans, net of unearned income	227,266	223,840
Allowance for loan losses	(2,732)	(2,757)
Loans, net	224,534	221,083
Loans held for sale	14,173	12,988
Goodwill	21,635	21,526
Other intangible assets	1,428	1,581
Other assets	42,956	41,026

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Total assets	\$ 506,833	493,324
	<hr/>	<hr/>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Deposits	297,657	295,053
Short-term borrowings	73,401	63,406
Trading account liabilities	22,418	21,709
Other liabilities	16,147	16,262
Long-term debt	47,932	46,759
	<hr/>	<hr/>
Total liabilities	457,555	443,189
Minority interest in net assets of consolidated subsidiaries	2,811	2,818
Stockholders equity	46,467	47,317
	<hr/>	<hr/>
Total liabilities and stockholders equity	\$ 506,833	493,324
	<hr/>	<hr/>

**Table of Contents****CAPITALIZATION**

The following table sets forth the unaudited capitalization of Wachovia at March 31, 2005.

<i>(In millions)</i>	<b>March 31, 2005</b>
<b>Long-term Debt</b>	
Total long-term debt	\$ 47,932
<b>Stockholders Equity</b>	
Dividend Equalization Preferred shares, issued 97 million shares	
Common stock, authorized 3 billion shares, issued 1.576 billion shares	5,255
Paid-in capital	30,976
Retained earnings	10,319
Accumulated other comprehensive income, net	(83)
<b>Total stockholders equity</b>	<b>46,467</b>
<b>Total long-term debt and stockholders equity</b>	<b>\$ 94,399</b>

As of the date of this prospectus, there has been no material change in the capitalization of Wachovia since March 31, 2005.

**REGULATORY CONSIDERATIONS**

As a financial holding company and a bank holding company under the Bank Holding Company Act, the Federal Reserve Board regulates, supervises and examines Wachovia. For a discussion of the material elements of the regulatory framework applicable to financial holding companies, bank holding companies and their subsidiaries and specific information relevant to Wachovia, please refer to Wachovia's annual report on Form 10-K for the fiscal year ended December 31, 2004, and any subsequent reports we file with the SEC, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the federal deposit insurance funds and not for the protection of security holders. As a result of this regulatory framework, Wachovia's earnings are affected by actions of the Federal Reserve Board, the Office of Comptroller of the Currency, that regulates our banking subsidiaries, the Federal Deposit Insurance Corporation, that insures the deposits of our banking subsidiaries within certain limits, and the SEC, that regulates the activities of certain subsidiaries engaged in the securities business.

Wachovia's earnings are also affected by general economic conditions, our management policies and legislative action.

In addition, there are numerous governmental requirements and regulations that affect our business activities. A change in applicable statutes, regulations or regulatory policy may have a material effect on Wachovia's business.

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Depository institutions, like Wachovia's bank subsidiaries, are also affected by various federal laws, including those relating to consumer protection and similar matters. Wachovia also has other financial services subsidiaries regulated, supervised and examined by the Federal Reserve Board, as well as other relevant state and federal regulatory agencies and self-regulatory organizations. Wachovia's non-bank subsidiaries may be subject to other laws and regulations of the federal government or the various states in which they are authorized to do business.

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**Table of Contents****DESCRIPTION OF THE NOTES WE MAY OFFER**

*The following information outlines some of the provisions of the indentures and the notes. This information may not be complete in all respects, and is qualified entirely by reference to the indenture under which the notes are issued. These indentures are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. This information relates to certain terms and conditions that generally apply to the notes. The specific terms of any series of notes will be described in the relevant pricing supplement. As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If your pricing supplement is inconsistent with this prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this section may not apply to your note.*

**General**

Senior notes will be issued under an indenture, dated as of April 1, 1983, as amended and supplemented, between Wachovia and JPMorgan Chase Bank, National Association, (formerly known as The Chase Manhattan Bank) as trustee. Subordinated notes will be issued under an indenture, dated as of March 15, 1986, as amended and supplemented, between Wachovia and J.P. Morgan Trust Company, National Association (formerly known as Bank One Trust Company, N.A.), as trustee. Each of the senior and the subordinated notes constitutes a single series of debt securities of Wachovia issued under the senior and the subordinated indenture, respectively. The provisions of each indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under that indenture, but also to reopen a previously issued series of debt securities and issue additional debt securities of that series. The term debt securities, as used in this prospectus, refers to all debt securities, including the notes, issued and issuable from time to time under the relevant indenture. The indentures are subject to, and governed by, the Trust Indenture Act of 1939, as amended. These indentures are more fully described below in this section. Whenever we refer to specific provisions or defined terms in one or both of the indentures, those provisions or defined terms are incorporated in this prospectus by reference. Section references used in this discussion are references to the relevant indenture. Capitalized terms which are not otherwise defined shall have the meaning given to them in the relevant indenture. As long as the notes are listed on the Luxembourg Stock Exchange, the indentures will be available for inspection at the offices of the Luxembourg Listing Agent and Luxembourg Paying Agent and Transfer Agent.

The notes will be limited to an aggregate initial offering price of \$9,100,000,000, or at Wachovia's option if so specified in the relevant pricing supplement, the equivalent of this amount in any other currency or currency unit, and will be Wachovia's direct, unsecured obligations. The notes will not be deposits or other bank obligations and will not be FDIC insured.

The notes are being offered on a continuous basis by Wachovia through one or more agents listed under Plan of Distribution. The indentures do not limit the aggregate principal amount of senior or subordinated notes that we may issue. We may, from time to time, without the consent of the holders of the notes, provide for the issuance of notes or other debt securities under the indentures in addition to the \$9,100,000,000 aggregate initial offering price of notes noted on the cover of this prospectus. Each note issued under this prospectus will mature nine months or more from its date of issue, as selected by the purchaser and agreed to by Wachovia and may be subject to redemption or repayment before its stated maturity. Notes may be issued at significant discounts from their principal amount due on the stated maturity (or on any prior date on which the principal or an installment of principal of a note becomes due and payable, whether by the declaration of acceleration, call for redemption at the option of Wachovia, repayment at the option of the holder or otherwise), and some notes may not bear interest. Wachovia may from time to time, without the consent of the existing holders of the relevant notes, create and issue further notes having the same terms and conditions as such notes in all respects, except for the issue date, issue price and, if applicable, the first payment of interest thereon. Additional notes issued in this manner will be consolidated with, and will form a single series with, the previously outstanding notes.

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Unless we specify otherwise in the relevant pricing supplement, currency amounts in this prospectus are expressed in United States dollars.  
Unless we specify otherwise in any note and pricing supplement, the notes

## **Table of Contents**

will be denominated in U.S. dollars and payments of principal, premium, if any, and any interest on the notes will be made in U.S. dollars. If any note is to be denominated other than exclusively in U.S. dollars, or if the principal of, premium, if any, or any interest on the note is to be paid in one or more currencies (or currency units or in amounts determined by reference to an index or indices) other than that in which that note is denominated, additional information (including authorized denominations and related exchange rate information) will be provided in the relevant pricing supplement. Unless we specify otherwise in any pricing supplement, notes denominated in U.S. dollars will be issued in denominations of \$1,000 or any integral multiple of \$1,000.

Interest rates that we offer on the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered concurrently to different investors. We may change interest rates or formulas and other terms of notes from time to time, but no change of terms will affect any note we have previously issued or as to which we have accepted an offer to purchase.

Each note will be issued as a book-entry note in fully registered form without coupons. Each note issued in book-entry form will be represented by a global note that we deposit with and register in the name of a financial institution or its nominee, that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable pricing supplement, The Depository Trust Company, New York, New York, will be the depository for all notes in global form. Except as discussed below under "Global Notes", owners of beneficial interests in book-entry notes will not be entitled to physical delivery of notes in certificated form. We will make payments of principal of, and premium, if any and interest, if any, on the notes through the applicable trustee to the depository for the notes. See "Global Notes".

The indentures do not limit the aggregate principal amount of debt securities or of any particular series of debt securities which may be issued under the indentures and provide that these debt securities may be issued at various times in one or more series, in each case with the same or various maturities, at par or at a discount. (*Section 301*) The indentures provide that there may be more than one trustee under the indentures with respect to different series of debt securities. As of March 31, 2005, \$16.0 billion aggregate principal amount of senior debt securities was outstanding under the senior indenture. The senior trustee is trustee for such series. As of March 31, 2005, \$31.9 billion aggregate principal amount of subordinated debt securities was outstanding under the subordinated indenture. The subordinated trustee is trustee for such series.

The indentures do not limit the amount of other debt that Wachovia may issue and do not contain financial or similar restrictive covenants. As of March 31, 2005, Wachovia had an aggregate of \$27.4 billion of short-term senior indebtedness outstanding which consisted primarily of commercial paper and other borrowed money. Wachovia expects from time to time to incur additional senior indebtedness and Other Financial Obligations (as defined below). The indentures do not prohibit or limit additional senior indebtedness or Other Financial Obligations.

Because Wachovia is a holding company and a legal entity separate and distinct from its subsidiaries, Wachovia's rights to participate in any distribution of assets of any subsidiary upon its liquidation, reorganization or otherwise, and the holders of notes' ability to benefit indirectly from such distribution, would be subject to prior creditor's claims, except to the extent that Wachovia itself may be a creditor of that subsidiary with recognized claims. Claims on Wachovia's subsidiary banks by creditors other than Wachovia include long-term debt and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations. The indentures do not contain any covenants designed to afford holders of notes protection in the event of a highly leveraged transaction involving Wachovia.

## **Legal Ownership**

### ***Street Name and Other Indirect Holders***



Investors who hold their notes in accounts at banks or brokers will generally not be recognized by us as legal holders of notes. This is called holding in street name. Instead, we would recognize only the bank or

## **Table of Contents**

broker, or the financial institution the bank or broker uses to hold its notes. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the notes, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold your notes in street name, you should check with your own institution to find out:

how it handles note payments and notices;

whether it imposes fees or charges;

how it would handle voting if it were ever required;

whether and how you can instruct it to send you notes registered in your own name so you can be a direct holder as described below; and

how it would pursue rights under the notes if there were a default or other event triggering the need for holders to act to protect their interests.

### ***Direct Holders***

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the notes run only to persons who are registered as holders of notes. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold your notes in that manner or because the notes are issued in the form of global securities as described below. For example, once we make payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

### ***Global Notes***

A global note is a special type of indirectly held security, as described above under [Street Name and Other Indirect Holders](#) . If we choose to issue notes in the form of global notes, the ultimate beneficial owners of global notes can only be indirect holders. We require that the global note be registered in the name of a financial institution we select.

We also require that the notes included in the global note not be transferred to the name of any other direct holder except in the special circumstances described in the section [Global Notes](#) . The financial institution that acts as the sole direct holder of the global note is called the depositary. Any person wishing to own a global note must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The pricing supplement indicates whether your series of notes will be issued only in the form of global notes.

Further details of legal ownership are discussed in the section [Global Notes](#) below.

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*In the remainder of this description you or holder means direct holders and not street name or other indirect holders of notes. Indirect holders should read the previous subsection titled Street Name and Other Indirect Holders .*

### **Types of Notes**

We may issue the following four types of notes:

***Fixed Rate Notes.*** A note of this type will bear interest at a fixed rate described in the applicable pricing supplement. This type includes zero-coupon notes, which bear no interest and are instead issued at a price lower than the principal amount.

## **Table of Contents**

***Floating Rate Notes.*** A note of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below in Interest Rates Floating Rate Notes . If your note is a floating rate note, the formula and any adjustments that apply to the interest rate will be specified in your pricing supplement.

***Indexed Notes.*** A note of this type provides that the principal amount payable at its maturity, and/or the amount of interest payable on an interest payment date, will be determined by reference to:

one or more securities;

one or more currencies;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or

indices or baskets of any of these items.

If you are a holder of an indexed note, you may receive a principal amount at maturity that is greater than or less than the face amount of your note depending upon the value of the applicable index at maturity. That value may fluctuate over time. If you purchase an indexed note your pricing supplement will include information about the relevant index and about how amounts that are to become payable will be determined by reference to that index. Before you purchase any indexed note, you should read carefully the section entitled Risk Factors Risks Relating to Indexed Notes above.

***Exchangeable Notes.*** We may issue notes, which we refer to as exchangeable notes, that are exchangeable, at our option or the option of the holder, into securities of an issuer other than Wachovia or into other property. The exchangeable notes may or may not bear interest or be issued with original issue discount or at a premium. The general terms of the exchangeable notes are described below.

***Optionally Exchangeable Notes.*** The holder of an optionally exchangeable note may, during a period, or at specific times, exchange the note for the underlying property at a specified rate of exchange. If specified in your pricing supplement, we will have the option to redeem the optionally exchangeable note prior to maturity. If the holder of an optionally exchangeable note does not elect to exchange the note prior to maturity or any redemption date, the holder will receive the principal amount of the note plus any accrued interest at maturity or upon redemption.

***Mandatorily Exchangeable Notes.*** At maturity, the holder of a mandatorily exchangeable note must exchange the note for the underlying property at a specified rate of exchange, and, therefore, depending upon the value of the underlying property at maturity, the holder of a mandatorily exchangeable note may receive less than the principal amount of the note at maturity. If so indicated in your pricing supplement, the specified rate at which a mandatorily exchangeable note may be exchanged may vary depending on the value of the underlying property so that, upon exchange, the holder participates in a percentage, which may be less than, equal to, or greater than 100% of the change in value of the underlying property. Mandatorily exchangeable notes may include notes where we have the right, but not the obligation, to require holders of notes to exchange their notes for the underlying property.

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***Payments upon Exchange.*** Your pricing supplement will specify if upon exchange, at maturity or otherwise, the holder of an exchangeable note may receive, at the specified exchange rate, either the underlying property or the cash value of the underlying property. The underlying property may be the securities of either U.S. or foreign entities or both. The exchangeable notes may or may not provide for

## **Table of Contents**

protection against fluctuations in the exchange rate between the currency in which that note is denominated and the currency or currencies in which the market prices of the underlying security or securities are quoted. Exchangeable notes may have other terms, which will be specified in your pricing supplement.

***Special Requirements for Exchange of Global Securities.*** If an optionally exchangeable note is represented by a global security, the depositary's nominee will be the holder of that note and therefore will be the only entity that can exercise a right to exchange. In order to ensure that the depositary's nominee will timely exercise a right to exchange a particular note or any portion of a particular note, the beneficial owner of the note must instruct the broker or other direct or indirect participant through which it holds an interest in that note to notify the depositary of its desire to exercise a right to exchange. Different firms have different deadlines for accepting instructions from their customers. Each beneficial owner should consult the broker or other participant through which it holds an interest in a note in order to ascertain the deadline for ensuring that timely notice will be delivered to the depositary.

***Payments upon Acceleration of Maturity or upon Tax Redemption.*** If the principal amount payable at maturity of any exchangeable note is declared due and payable prior to maturity, the amount payable on:

an optionally exchangeable note will equal the face amount of the note plus accrued interest, if any, to but excluding the date of payment, except that if a holder has exchanged an optionally exchangeable note prior to the date of declaration or tax redemption without having received the amount due upon exchange, the amount payable will be an amount of cash equal to the amount due upon exchange and will not include any accrued but unpaid interest; and

a mandatorily exchangeable note will equal an amount determined as if the date of declaration or tax redemption were the maturity date plus accrued interest, if any, to but excluding the date of payment.

## **Original Issue Discount Notes**

A fixed rate note, a floating rate note or an indexed note may be an original issue discount note. A note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount note may be a zero coupon note. A note issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of maturity. See United States Taxation below for a brief description of the U.S. federal income tax consequences of owning an original issue discount note.

## **Information in the Pricing Supplement**

Your pricing supplement will describe one or more of the following terms of your note:

the stated maturity;

the specified currency or currencies for principal and interest, if not U.S. dollars;

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the price at which we originally issue your note, expressed as a percentage of the principal amount, and the original issue date;

whether your note is a fixed rate note, a floating rate note, an indexed note or an exchangeable note;

if your note is a fixed rate note, the yearly rate at which your note will bear interest, if any, and the interest payment dates;

if your note is a floating rate note, the interest rate basis, which may be one of the nine interest rate bases described in [Interest Rates - Floating Rate Notes](#) below; any applicable index currency or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the

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**Table of Contents**

interest reset, determination, calculation and payment dates, all of which we describe under Interest Rates Floating Rate Notes below;

if your note is an indexed note, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and whether your note will be exchangeable for or payable in cash, securities of an issuer other than Wachovia or other property;  
if your note is an exchangeable note, the securities or property for which the notes may be exchanged, whether the notes are exchangeable at your option or at Wachovia's option, and the other items described in Exchangeable Notes above;

if your note is an original issue discount note, the yield to maturity;

if applicable, the circumstances under which your note may be redeemed at our option before the stated maturity, including any redemption commencement date, redemption price(s) and redemption period(s);

if applicable, the circumstances under which you may demand repayment of your note before the stated maturity, including any repayment commencement date, repayment price(s) and repayment period(s);

any special United States federal income tax consequences of the purchase, ownership or disposition of a particular issuance of notes;

the use of proceeds, if materially different than those discussed in this prospectus; and

any other terms of your note, which could be different from those described in this prospectus.

***Market-Making Transactions.*** If you purchase your note in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in which Wachovia Securities or another of our affiliates resells a note that it has previously acquired from another holder. A market-making transaction in a particular note occurs after the original sale of the note.

**Redemption at the Option of Wachovia; No Sinking Fund**

If an initial redemption date is specified in the applicable pricing supplement, we may redeem the particular notes prior to their stated maturity date at our option on any date on or after that initial redemption date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at the applicable redemption price (as defined below), together with unpaid interest accrued thereon to the date of redemption. We must give written notice to registered holders of the particular notes to be redeemed at our option not more than 60 nor less than 30 calendar days prior to the date of redemption. Redemption price, with respect to a note, means an amount equal to the initial redemption percentage specified in the applicable pricing supplement (as adjusted by the annual redemption percentage reduction, if applicable) multiplied by the unpaid principal amount thereof to be redeemed. The initial redemption percentage, if any, applicable to a note shall decline at each anniversary of the initial redemption date by an amount equal to the applicable annual redemption percentage reduction, if any, until the redemption price is equal to 100% of the unpaid principal amount thereof to be redeemed.

The notes will not be subject to, or entitled to the benefit of, any sinking fund.





## **Table of Contents**

### **Repayment at the Option of the Holder**

If one or more optional repayment dates are specified in the applicable pricing supplement, registered holders of the particular notes may require us to repay those notes prior to their stated maturity date on any optional repayment date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at a repayment price equal to 100% of the unpaid principal amount thereof to be repaid, together with unpaid interest accrued thereon to the date of repayment. A registered holder's exercise of the repayment option will be irrevocable.

For any note to be repaid, the applicable trustee must receive, at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the date of repayment, the particular notes to be repaid and, in the case of a book-entry note, repayment instructions from the applicable beneficial owner (as defined below) to the depositary and forwarded by the depositary.

Only the depositary may exercise the repayment option in respect of global notes representing book-entry notes. Accordingly, beneficial owners of global notes that desire to have all or any portion of the book-entry notes represented thereby repaid must instruct the participant (as defined below) through which they own their interest to direct the depositary to exercise the repayment option on their behalf by forwarding the repayment instructions to the applicable trustee as aforesaid. In order to ensure that these instructions are received by the applicable trustee on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before that participant's deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, beneficial owners should consult their participants for the respective deadlines. All instructions given to participants from beneficial owners of global notes relating to the option to elect repayment shall be irrevocable. In addition, at the time repayment instructions are given, each beneficial owner shall cause the participant through which it owns its interest to transfer the beneficial owner's interest in the global note representing the related book-entry notes, on the depositary's records, to the applicable trustee. See Global Notes.

If applicable, we will comply with the requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules promulgated thereunder, and any other securities laws or regulations in connection with any repayment of notes at the option of the registered holders thereof.

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may, at our discretion, be held, resold or surrendered to the applicable trustee for cancellation.

### **Interest**

Each interest-bearing note will bear interest from its date of issue at the rate per annum, in the case of a fixed rate note, or pursuant to the interest rate formula, in the case of a floating rate note, in each case as specified in the applicable pricing supplement, until the principal thereof is paid. We will make interest payments in respect of fixed rate notes and floating rate notes in an amount equal to the interest accrued from and including the immediately preceding interest payment date in respect of which interest has been paid or from and including the date of issue, if no interest has been paid, to but excluding the applicable interest payment date or the maturity date, as the case may be (each, an interest period).

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Interest on fixed rate notes and floating rate notes will be payable in arrears on each interest payment date and on the maturity date. The first payment of interest on any note originally issued between a regular record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding record date to the registered holder on the next succeeding record date. The

## **Table of Contents**

regular record date shall be the fifteenth calendar day, whether or not a business day, immediately preceding the related interest payment date. Business Day is defined below under Interest Rates Special Rate Calculation Terms. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 P.M., New York City time, on that day.

### **Interest Rates**

This subsection describes the different kinds of interest rates that may apply to your note, if it bears interest.

#### ***Fixed Rate Notes***

The relevant pricing supplement will specify the interest payment dates for a fixed rate note as well as the maturity date. Interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months or such other day count fraction set forth in the pricing supplement.

If any interest payment date or the maturity date of a fixed rate note falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and/or interest on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

#### ***Floating Rate Notes***

*In this subsection, we use several specialized terms relating to the manner in which floating interest rates are calculated. These terms appear in **bold, italicized** type the first time they appear, and we define these terms in Special Rate Calculation Terms at the end of this subsection.*

The following will apply to floating rate notes.

***Interest Rate Basis.*** We currently expect to issue floating rate notes that bear interest at rates based on one or more of the following interest rate bases:

commercial paper rate;

prime rate;

LIBOR;

EURIBOR;

treasury rate;

CMT rate;

CD rate;

consumer price index ( CPI ) rate; and/or

federal funds rate.

We describe each of the interest rate bases in further detail below in this subsection. If you purchase a floating rate note, your pricing supplement will specify the interest rate basis that applies to your note.

***Calculation of Interest.*** Calculations relating to floating rate notes will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may include any affiliate of ours, such as Wachovia Securities or Wachovia Bank, National Association. If other than Wachovia

## **Table of Contents**

Securities or Wachovia Bank, National Association, the pricing supplement for a particular floating rate note will name the institution that we have appointed to act as the calculation agent for that note as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the note without your consent and without notifying you of the change.

For each floating rate note, the calculation agent will determine, on no later than the corresponding interest calculation date or on the interest determination date, as described below, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate note by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the relevant pricing supplement.

Upon the request of the holder of any floating rate note, the calculation agent will provide for that note the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a note will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the interest rate basis that applies to a floating rate note during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as discussed below. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any agent participating in the distribution of the relevant floating rate notes and its affiliates, and they may include affiliates of Wachovia.

**Initial Interest Rate.** For any floating rate note, the interest rate in effect from the original issue date to the first interest reset date will be the initial interest rate. We will specify the initial interest rate or the manner in which it is determined in the relevant pricing supplement.

**Spread or Spread Multiplier.** In some cases, the interest rate basis for a floating rate note may be adjusted:

by adding or subtracting a specified number of basis points, called the spread, with one basis point being 0.01%; or

by multiplying the interest rate basis by a specified percentage, called the spread multiplier.

If you purchase a floating rate note, your pricing supplement will indicate whether a spread or spread multiplier will apply to your note and, if so, the amount of the spread or spread multiplier.



**Table of Contents**

**Maximum and Minimum Rates.** The actual interest rate, after being adjusted by the spread or spread multiplier, may also be subject to either or both of the following limits:

a maximum rate i.e., a specified upper limit that the actual interest rate in effect at any time may not exceed; and/or

a minimum rate i.e., a specified lower limit that the actual interest rate in effect at any time may not fall below.

If you purchase a floating rate note, your pricing supplement will indicate whether a maximum rate and/or minimum rate will apply to your note and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a floating rate note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by U.S. law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less than \$250,000 is 16% and for any loan in the amount of \$250,000 or more but less than \$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of \$2,500,000 or more.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a floating rate note.

**Interest Reset Dates.** The rate of interest on a floating rate note will be reset, by the calculation agent described below, daily, weekly, monthly, quarterly, semi-annually or annually. The date on which the interest rate resets and the reset rate becomes effective is called the interest reset date. Except as otherwise specified in the applicable pricing supplement, the interest reset date will be as follows:

for floating rate notes that reset daily, each *business day*;

for floating rate notes that reset weekly and are not treasury rate notes, the Wednesday of each week;

for treasury rate notes that reset weekly, the Tuesday of each week;

for floating rate notes that reset monthly, the third Wednesday of each month;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

for floating rate notes that reset semi-annually, the third Wednesday of each of two months of each year as indicated in the relevant pricing supplement; and

for floating rate notes that reset annually, the third Wednesday of one month of each year as indicated in the relevant pricing supplement.



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For a floating rate note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest interest reset date that occurs on or before that day. There are several exceptions, however, to the reset provisions described above.

The interest rate in effect from the original issue date to the first interest reset date will be the initial interest rate.

If any interest reset date for a floating rate note would otherwise be a day that is not a business day, the interest reset date will be postponed to the next day that is a business day. For a LIBOR or EURIBOR note, however, if that business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day.

## **Table of Contents**

***Interest Determination Dates.*** The interest rate that takes effect on an interest reset date will be determined by the calculation agent by reference to a particular date called an interest determination date. Except as otherwise indicated in the relevant pricing supplement:

for commercial paper rate, federal funds rate and prime rate notes, the interest determination date relating to a particular interest reset date will be the business day preceding the interest reset date;

for CD rate, CPI rate, and CMT rate notes, the interest determination date relating to a particular interest reset date will be the second business day preceding the interest reset date;

for LIBOR notes, the interest determination date relating to a particular interest reset date will be the second ***London business day*** preceding the interest reset date, unless the ***index currency*** is pounds sterling, in which case the interest determination date will be the interest reset date. We refer to an interest determination date for a LIBOR note as a LIBOR interest determination date;

for EURIBOR notes, the interest determination date relating to a particular interest reset date will be the second ***euro business day*** preceding the interest reset date. We refer to an interest determination date for a EURIBOR note as a EURIBOR interest determination date; and

for treasury rate notes, the interest determination date relating to a particular interest reset date, which we refer to as a treasury interest determination date, will be the day of the week in which the interest reset date falls on which treasury bills i.e., direct obligations of the U.S. government would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the treasury interest determination date relating to the interest reset date occurring in the next succeeding week.

The interest determination date pertaining to a floating rate note the interest rate of which is determined with reference to two or more interest rate bases will be the latest business day which is at least two business days before the related interest reset date for the applicable floating rate note on which each interest rate basis is determinable.

***Interest Calculation Dates.*** As described above, the interest rate that takes effect on a particular interest reset date will be determined by reference to the corresponding interest determination date. Except for LIBOR notes and EURIBOR notes, however, the determination of the rate will actually be made on a day no later than the corresponding interest calculation date. The interest calculation date will be the earlier of the following:

the tenth calendar day after the interest determination date or, if that tenth calendar day is not a business day, the next succeeding business day; and

the business day immediately preceding the interest payment date or the maturity, whichever is the day on which the next payment of interest will be due.

The calculation agent need not wait until the relevant interest calculation date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

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***Interest Payment Dates.*** The interest payment dates for a floating rate note will depend on when the interest rate is reset and, unless we specify otherwise in the relevant pricing supplement, will be as follows:

for floating rate notes that reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the relevant pricing supplement;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

## Table of Contents

for floating rate notes that reset semi-annually, the third Wednesday of the two months of each year specified in the relevant pricing supplement; or

for floating rate notes that reset annually, the third Wednesday of the month specified in the relevant pricing supplement.

Regardless of these rules, if a note is originally issued after the regular record date and before the date that would otherwise be the first interest payment date, the first interest payment date will be the date that would otherwise be the second interest payment date.

In addition, the following special provision will apply to a floating rate note with regard to any interest payment date other than one that falls on the maturity. If the interest payment date would otherwise fall on a day that is not a business day, then the interest payment date will be the next day that is a business day. However, if the floating rate note is a LIBOR note or a EURIBOR note and the next business day falls in the next calendar month, then the interest payment date will be advanced to the next preceding day that is a business day. If the maturity date of a floating rate note falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and interest on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

**Calculation Agent.** We have initially appointed Wachovia Capital Markets, LLC as our calculation agent for the notes. See Calculation of Interest above for details regarding the role of the calculation agent.

### **Commercial Paper Rate Notes**

If you purchase a commercial paper rate note, your note will bear interest at an interest rate equal to the commercial paper rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The commercial paper rate will be the **money market yield** of the rate, for the relevant interest determination date, for commercial paper having the **index maturity** indicated in your pricing supplement, as published in **H.15(519)** under the heading Commercial Paper Nonfinancial . If the commercial paper rate cannot be determined as described above, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the commercial paper rate will be the rate, for the relevant interest determination date, for commercial paper having the index maturity specified in your pricing supplement, as published in **H.15 daily update** or any other recognized electronic source used for displaying that rate, under the heading Commercial Paper Nonfinancial .

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the commercial paper rate will be the money market yield of the arithmetic mean of the following offered rates for U.S. dollar commercial paper that has the relevant index maturity and is placed for an industrial issuer whose bond rating is AA , or the equivalent, from a nationally recognized rating agency: the rates offered as of 11:00 A.M., New York City time, on the relevant interest determination date, by three leading U.S. dollar commercial paper dealers in New York City selected by the calculation agent.

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If fewer than three dealers selected by the calculation agent are quoting as described above, the commercial paper rate for the new interest period will be the commercial paper rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

## **Table of Contents**

### ***Prime Rate Notes***

If you purchase a prime rate note, your note will bear interest at an interest rate equal to the prime rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The prime rate will be the rate, for the relevant interest determination date, published in H.15(519) under the heading **Bank Prime Loan**. If the prime rate cannot be determined as described above, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the prime rate will be the rate, for the relevant interest determination date, as published in H.15 daily update or another recognized electronic source used for the purpose of displaying that rate, under the heading **Bank Prime Loan**.

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the prime rate will be the arithmetic mean of the following rates as they appear on the **Reuters screen US PRIME 1 page**: the rate of interest publicly announced by each bank appearing on that page as that bank's prime rate or base lending rate, as of 11:00 A.M., New York City time, on the relevant interest determination date.

If fewer than four of these rates appear on the Reuters screen US PRIME 1 page, the prime rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on the relevant interest determination date, of three major banks in New York City selected by the calculation agent. For this purpose, the calculation agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year.

If fewer than three banks selected by the calculation agent are quoting as described above, the prime rate for the new interest period will be the prime rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

### ***LIBOR Notes***

If you purchase a LIBOR note, your note will bear interest at an interest rate equal to LIBOR, which will be the London interbank offered rate for deposits in U.S. dollars or any other index currency, as noted in your pricing supplement. In addition, when LIBOR is the interest rate basis the applicable LIBOR rate will be adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement. LIBOR will be determined in the following manner:

LIBOR will be either:

the offered rate appearing on the **Telerate LIBOR page**; or

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the arithmetic mean of the offered rates appearing on the *Reuters screen LIBOR page* unless that page by its terms cites only one rate, in which case that rate;

in either case, as of 11:00 A.M., London time, on the relevant LIBOR interest determination date, for deposits of the relevant index currency having the relevant index maturity beginning on the relevant interest reset date. Your pricing supplement will indicate the index currency, the index maturity and the reference page that apply to your LIBOR note. If no reference page is mentioned in your pricing supplement, Telerate LIBOR page will apply to your LIBOR note.

If Telerate LIBOR page applies and the rate described above does not appear on that page, or if Reuters screen LIBOR page applies and fewer than two of the rates described above appears on that page or no rate appears on any page on which only one rate normally appears, then LIBOR

**Table of Contents**

will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on the relevant LIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the London interbank market by four major banks in that market selected by the calculation agent: deposits of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a *representative amount*. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for the relevant LIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, LIBOR for the relevant LIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading European banks quoted, at approximately 11:00 A.M., in the principal financial center for the country of the index currency, on that LIBOR interest determination date, by three major banks in that financial center selected by the calculation agent: loans of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.

If fewer than three banks selected by the calculation agent are quoting as described above, LIBOR for the new interest period will be LIBOR in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***EURIBOR Notes***

If you purchase a EURIBOR note, your note will bear interest at an interest rate equal to the interest rate for deposits in euro, designated as EURIBOR and sponsored jointly by the European Banking Federation and ACI the Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing that rate. In addition, when EURIBOR is the interest rate basis the EURIBOR base rate will be adjusted by the spread or spread multiplier, if any, specified in your pricing supplement. EURIBOR will be determined in the following manner:

EURIBOR will be the offered rate for deposits in euros having the index maturity specified in your pricing supplement, beginning on the second *euro business day* after the relevant EURIBOR interest determination date, as that rate appears on *Telerate page* 248 as of 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date.

If the rate described above does not appear on Telerate page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the *euro-zone* interbank market by the principal euro-zone office of each of four major banks in that market selected by the calculation agent: euro deposits having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount. The calculation agent will request the principal euro-zone office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on that EURIBOR interest determination date, by three major banks in the euro-zone selected by the calculation agent: loans of euros having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.

If fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.





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**Table of Contents**

***Treasury Rate Notes***

If you purchase a treasury rate note, your note will bear interest at an interest rate equal to the treasury rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The treasury rate will be the rate for the auction, on the relevant treasury interest determination date, of treasury bills having the index maturity specified in your pricing supplement, as that rate appears on Telerate page 56 or 57 under the heading *Investment Rate*. If the treasury rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, the treasury rate will be the ***bond equivalent yield*** of the rate, for the relevant interest determination date, for the type of treasury bill described above, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading *U.S. Government Securities/Treasury Bills/Auction High*.

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the auction rate, for the relevant treasury interest determination date and for treasury bills of the kind described above, as announced by the U.S. Department of the Treasury.

If the auction rate described in the prior paragraph is not so announced by 3:00 P.M., New York City time, on the relevant interest calculation date, or if no such auction is held for the relevant week, then the treasury rate will be the bond equivalent yield of the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15(519) under the heading *U.S. Government Securities /Treasury Bills/Secondary Market*.

If the rate described in the prior paragraph does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the treasury rate will be the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading *U.S. Government Securities/Treasury Bills/Secondary Market*.

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the arithmetic mean of the following secondary market bid rates for the issue of treasury bills with a remaining maturity closest to the specified index maturity: the rates bid as of approximately 3:30 P.M., New York City time, on the relevant treasury interest determination date, by three primary U.S. government securities dealers in New York City selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described in the prior paragraph, the treasury rate in effect for the new interest period will be the treasury rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***CD Rate Notes***

If you purchase a CD rate note, your note will bear interest at an interest rate equal to the CD rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

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**Table of Contents**

The CD rate will be the rate, on the relevant interest determination date, for negotiable U.S. dollar certificates of deposit having the index maturity specified in your pricing supplement, as published in H.15(519) under the heading CDs (Secondary Market) . If the CD rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CD rate will be the rate, for the relevant interest determination date, described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading CDs (Secondary Market).

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the CD rate will be the arithmetic mean of the following secondary market offered rates for negotiable U.S. dollar certificates of deposit of major U.S. money market banks with a remaining maturity closest to the specified index maturity, and in a representative amount: the rates offered as of 10:00 A.M., New York City time, on the relevant interest determination date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described above, the CD rate in effect for the new interest period will be the CD rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***CMT Rate Notes***

If you purchase a CMT rate note, your note will bear interest at an interest rate equal to the CMT rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The CMT rate will be the following rate displayed on the designated ***CMT Moneyline Telerate page*** under the heading . . . Treasury Constant Maturities . . . Federal Reserve Board Release H.15 Mondays Approximately 3:45 P.M., under the column for the ***designated CMT index maturity***:

if the designated CMT Moneyline Telerate page is Telerate page 7051, the rate for the relevant interest determination date; or

if the designated CMT Moneyline Telerate page is Telerate page 7052, the weekly or monthly average, as specified in your pricing supplement, for the week that ends immediately before the week in which the relevant interest determination date falls, or for the month that ends immediately before the month in which the relevant interest determination date falls, as applicable.

If the CMT rate cannot be determined in this manner, the following procedures will apply.

If the applicable rate described above is not displayed on the relevant designated CMT Moneyline Telerate page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from

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that source at that time, then the CMT rate will be the applicable treasury constant maturity rate described above i.e., for the designated CMT index maturity and for either the relevant interest determination date or the weekly or monthly average, as applicable as published in H.15(519).

If the applicable rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the treasury constant

**Table of Contents**

maturity rate, or other U.S. treasury rate, for the designated CMT index maturity and with reference to the relevant interest determination date, that:

is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; *and*

is determined by the calculation agent to be comparable to the applicable rate formerly displayed on the designated CMT Moneyline Telerate page and published in H.15(519).

If the rate described in the prior paragraph does not appear at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for the most recently issued treasury notes having an original maturity of approximately the designated CMT index maturity and a remaining term to maturity of not less than the designated CMT index maturity *minus* one year, and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. Treasury notes are direct, non-callable, fixed rate obligations of the U.S. government.

If the calculation agent is unable to obtain three quotations of the kind described in the prior paragraph, the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for treasury notes with an original maturity longer than the designated CMT index maturity, with a remaining term to maturity closest to the designated CMT index maturity and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. If two treasury notes with an original maturity longer than the designated CMT index maturity have remaining terms to maturity that are equally close to the designated CMT index maturity, the calculation agent will obtain quotations for the treasury note with the shorter remaining term to maturity.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the bid rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

If two or fewer primary dealers selected by the calculation agent are quoting as described above, the CMT rate in effect for the new interest period will be the CMT rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***CPI Rate Notes***

If you purchase a CPI rate note, your note will bear interest at an interest rate equal to the CPI rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

**Table of Contents**

Except as otherwise specified in the applicable pricing supplement, the CPI rate will be the rate, determined as of the relevant interest determination date, expressed as a percentage and calculated in accordance with the following formula:

$$\text{CPI rate} = \frac{(C - P)}{P} + 1$$

where

**C** means the CPI (as defined below) applicable for the calendar month which is two months preceding the month of the relevant interest determination date;

**P** means the CPI applicable for the calendar month which is twelve months immediately preceding the calendar month for which C is determined; and

**CPI** means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor. For reference purposes only, the CPI is available on Bloomberg page CPURNSA or any successor service. In the event of an inconsistency between the CPI published on Bloomberg page CPURNSA and the CPI published by the Bureau of Labor Statistics, the CPI shall be the CPI published by the Bureau of Labor Statistics.

***Federal Funds Rate Notes***

If you purchase a federal funds rate note, your note will bear interest at an interest rate equal to the federal funds rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The federal funds rate will be the rate for U.S. dollar federal funds on the relevant interest determination date, as published in H.15 (519) under the heading Federal Funds (Effective) , as that rate is displayed on Telerate page 120. If the federal funds rate cannot be determined in this manner, the following procedures will apply.

If the rate described above is not displayed on Telerate page 120 at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the federal funds rate, for the relevant interest determination date, will be the rate described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading Federal Funds (Effective) .

If the rate described above is not displayed on Telerate page 120 and does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the federal funds rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on the relevant interest determination date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the calculation agent.

If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate in effect for the new interest period will be the federal funds rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.



**Table of Contents*****Special Rate Calculation Terms***

In this subsection entitled **Interest Rates**, we use several terms that have special meanings relevant to calculating floating interest rates. We define these terms as follows:

The term ***bond equivalent yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where

**D** means the annual rate for treasury bills quoted on a bank discount basis and expressed as a decimal;

**N** means 365 or 366, as the case may be; and

**M** means the actual number of days in the applicable interest reset period.

The term ***business day*** means, for any note, a day that meets all the following applicable requirements:

for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close;

if the note is a LIBOR note, is also a London business day;

if the note has a specified currency other than U.S. dollars or euros, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and

if the note is a EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the index currency is euros, is also a TARGET business day.

The term ***designated CMT index maturity*** means the index maturity for a CMT rate note and will be the original period to maturity of a U.S. treasury security either 1, 2, 3, 5, 7, 10, 20 or 30 years specified in the applicable pricing supplement.

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The term *designated CMT Moneyline Telerate page* means the Telerate page mentioned in the relevant pricing supplement that displays treasury constant maturities as reported in H.15(519). If no Telerate page is so specified, then the applicable page will be Telerate page 7052. If Telerate page 7052 applies but the relevant pricing supplement does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term *euro business day* means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

The term *euro-zone* means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992.

*H.15(519)* means the weekly statistical release entitled Statistical Release H.15 (519) , or any successor publication, published by the Board of Governors of the Federal Reserve System.

*H.15 daily update* means the daily update of H.15(519) available through the worldwide website of the Board of Governors of the Federal Reserve System, at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

**Table of Contents**

The term ***index currency*** means, with respect to a LIBOR note, the currency specified as such in the relevant pricing supplement. The index currency may be U.S. dollars or any other currency, and will be U.S. dollars unless another currency is specified in the relevant pricing supplement.

The term ***index maturity*** means, with respect to a floating rate note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

***London business day*** means any day on which dealings in the relevant index currency are transacted in the London interbank market.

The term ***money market yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where

D means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and

M means the actual number of days in the relevant interest reset period.

The term ***representative amount*** means an amount that, in the calculation agent's judgment, is representative of a single transaction in the relevant market at the relevant time.

***Reuters screen LIBOR page*** means the display on the Reuters Monitor Money Rates Service, or any successor service, on the page designated as LIBO or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

***Reuters screen US PRIME 1 page*** means the display on the US PRIME 1 page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

***Telerate LIBOR page*** means Telerate page 3750 or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

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**Telerate page** means the display on Moneyline Telerate, or any successor service, on the page or pages specified in this prospectus or the relevant pricing supplement, or any replacement page or pages on that service.

If, when we use the terms designated CMT Moneyline Telerate page, H.15(519), H.15 daily update, Reuters screen LIBOR page, Reuters screen US PRIME 1 page, Telerate LIBOR page or Telerate page, we refer to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the calculation agent.

### **Payment of Additional Amounts to United States Aliens**

Wachovia will, subject to certain exceptions and limitations listed below (unless otherwise specified in any pricing supplement), pay to the holder of any note who is a United States Alien (as defined below), as additional interest, certain amounts ( Additional Amounts ) as may be necessary so that every net payment on that note (including payment of the principal of and interest on that note) by Wachovia or a paying agent, after deduction or withholding for or on account of any present or future tax, assessment or other

**Table of Contents**

governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority of or in the United States), will not be less than the amount provided in that note to be then due and payable; this obligation to pay Additional Amounts, however, will not apply to:

(a) any tax, assessment or other governmental charge that would not have been so imposed but for (i) the existence of any present or former connection between the holder or beneficial owner of that note (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, that holder, if that holder is an estate or a trust, or a member or shareholder of that holder, if that holder is a partnership or corporation) and the United States or any political subdivision or taxing authority, including but not limited to that holder (or the fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident of the United States or treated as a resident of the United States or being or having been engaged in a trade or business in the United States or present in the United States or having or having had a permanent establishment in the United States or (ii) that holder's or beneficial owner's past or present status as a personal holding company, foreign personal holding company, foreign private foundation or other foreign tax-exempt organization relating to the United States, controlled foreign corporation for United States tax purposes or corporation that accumulates earnings to avoid United States Federal income tax;

(b) any estate, inheritance, gift, excise, sales, transfer, wealth or personal property tax or any similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a note for payment more than 30 days after the date on which that payment became due and payable or the date on which payment on that note was duly provided for, whichever occurred later;

(d) any tax, assessment or other governmental charge that is payable otherwise than by withholding from a payment on a note;

(e) any tax, assessment or other governmental charge required to be withheld by any paying agent from a payment on a note, if that payment can be made without that withholding by any other paying agent;

(f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, information, documentation, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note if that compliance is required by statute or regulation of the United States or by an applicable tax treaty to which the United States is a party as a precondition to relief or exemption from that tax, assessment or other governmental charge;

(g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of Wachovia's stock;

(h) any withholding or deduction imposed pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law or regulation implementing such directive; or

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(i) any combination of items (a), (b), (c), (d), (e), (f), (g) and (h);

nor shall Additional Amounts be paid in relation to a payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of that payment to the extent a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner would not have been entitled to Additional Amounts (or payment of Additional Amounts would not have been necessary) had that beneficiary, settlor, member or beneficial owner been the holder of that note.

For the purposes of this discussion, a United States Alien means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien

## **Table of Contents**

fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary, of a foreign estate or trust. United States means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas that come under its jurisdiction.

### ***Redemption for Tax Purposes***

If (a) as a result of any change in the laws, regulations or rulings of the United States (or any political subdivision or taxing authority of or in the United States), or any change in the official application (including a ruling by a court of competent jurisdiction in the United States) or interpretation of those laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the consummation of any offering of the notes, Wachovia is obligated to pay Additional Amounts as described above or (b) any act is taken by a taxing authority of the United States on or after the consummation of any offering of the notes, whether or not this act is taken in relation to Wachovia or any affiliate, that results in a substantial likelihood that Wachovia will or may be required to pay these Additional Amounts, then Wachovia may, at its option, redeem, as a whole, but not in part, the notes on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with accrued interest to the date fixed for redemption; provided that Wachovia determines, in its business judgment, that the obligation to pay these Additional Amounts cannot be avoided by the use of reasonable measures available to it, not including substitution of the obligor under the notes or any action that would entail a material cost to Wachovia. No redemption under (b) above may be made unless Wachovia shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial likelihood that it will or may be required to pay Additional Amounts described above and Wachovia shall have delivered to the Trustee a certificate, signed by a duly authorized officer, saying that based on this opinion Wachovia is entitled to redeem the notes according to their terms.

### **Other Provisions; Addenda**

Any provisions relating to the notes, including the determination of the interest rate basis, calculation of the interest rate applicable to a floating rate note, its interest payment dates, any redemption or repayment provisions, or any other term relating thereto, may be modified and/or supplemented by the terms as specified under Other Provisions on the face of the applicable notes or in an Addendum relating to the applicable notes, if so specified on the face of the applicable notes, and, in each case, in the relevant pricing supplement.

### **Subordination of the Subordinated Notes**

Wachovia's obligations to make any payment of the principal and interest on any subordinated notes will, to the extent the subordinated indenture specifies, be subordinate and junior in right of payment to all of Wachovia's senior indebtedness. Unless otherwise specified in the pricing supplement relating to a specific series of subordinated notes, Wachovia's senior indebtedness is defined in the subordinated indenture to mean the principal of, premium and interest, if any, on

all Wachovia indebtedness for money borrowed, including indebtedness Wachovia guarantees, other than the subordinated notes, whether outstanding on the date of execution of the indenture or incurred afterward, except

any obligations on account of Existing Subordinated Indebtedness and

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indebtedness as is by its terms expressly stated to be not superior in payment right to the subordinated notes or to rank equal to the subordinated notes and

any deferrals, renewals or extensions of any such senior indebtedness. (*Section 101* of the subordinated indenture)



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**Table of Contents**

The payment of the principal and interest on the subordinated notes will, to the extent described in the subordinated indenture, be subordinated in payment right to the prior payment of all senior indebtedness. Unless otherwise described in the pricing supplement relating to the specific series of subordinated notes, in certain events of insolvency, the payment of the principal and interest on the subordinated notes, other than subordinated notes that are also Existing Subordinated Indebtedness, will, to the extent described in the subordinated indenture, also be effectively subordinated in payment right to the prior payment of all Other Financial Obligations. Upon any payment or distribution of assets to creditors under Wachovia's liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, or any bankruptcy, insolvency or similar proceedings, all senior indebtedness holders will be entitled to receive payment in full of all amounts due before the subordinated note holders will be entitled to receive any payment in respect of the principal or interest on their securities. If upon any such payment or asset distribution to creditors, there remains, after giving effect to those subordination provisions in favor of senior indebtedness holders, any amount of cash, property or securities available for payment or distribution in respect of subordinated notes (defined in the subordinated indenture as Excess Proceeds) and if, at that time, any Entitled Persons (as defined below) in respect of Other Financial Obligations have not received payment of all amounts due on such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay these Other Financial Obligations before any payment may be applied to the subordinated notes which are not Existing Subordinated Indebtedness. In the event of the acceleration of the maturity of any subordinated notes, all senior indebtedness holders will be entitled to receive payment of all amounts due before the subordinated note holders will be entitled to receive any payment upon the principal of or interest on their subordinated notes. (*Sections 1403, 1404 and 1413* of the subordinated indenture)

By reason of such subordination in favor of senior indebtedness holders, in the event of insolvency, Wachovia's creditors who are not senior indebtedness holders or subordinated note holders may recover less, ratably, than senior indebtedness holders and may recover more, ratably, than subordinated note holders. By reason of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect to Other Financial Obligations, in the event of insolvency, Existing Subordinated Indebtedness holders may recover less, ratably, than Entitled Persons in respect of Other Financial Obligations and may recover more, ratably, than the subordinated note holders (other than Existing Subordinated Indebtedness).

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Existing Subordinated Indebtedness means subordinated notes issued under the subordinated indenture prior to November 15, 1992. (*Section 101* of the subordinated indenture)

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Other Financial Obligations means all obligations of Wachovia to make payment under the terms of financial instruments, such as

securities contracts and foreign currency exchange contracts;

derivative instruments such as

swap agreements (including interest rate and foreign exchange rate swap agreements);

cap agreements;

floor agreements;

collar agreements;

interest rate agreements;

foreign exchange rate agreements;

options;

**Table of Contents**

commodity futures contracts;

commodity option contracts; and

similar financial instruments other than

obligations on account of senior indebtedness; and

obligations on account of indebtedness for money borrowed ranking equal or subordinate to the subordinated notes. (*Section 101* of the subordinated indenture)

Unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, **Entitled Persons** means any person who is entitled to payment under the terms of Other Financial Obligations. (*Section 101* of the subordinated indenture)

Wachovia's obligations under the subordinated notes shall rank equal in right of payment with each other and with the Existing Subordinated Indebtedness, subject, unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, to the obligations of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as provided in the subordinated indenture. (*Section 1413* of the subordinated indenture)

The relevant pricing supplement may further describe the provisions, if any, applicable to the subordination of the subordinated notes of a particular series.

**Defaults**

***The Senior Indenture***

The senior indenture defines an event of default as

default in any principal or premium payment on any senior note of that series at maturity;

default for 30 days in interest payment of any senior note of that series;

failure to deposit any sinking fund payment when due in respect of that series;

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Wachovia's failure for 60 days after notice in performing any other covenants or warranties in the senior indenture (other than a covenant or warranty solely for the benefit of other senior notes series);

failure to pay when due any Wachovia indebtedness or Wachovia Bank, National Association indebtedness in excess of \$5,000,000, or maturity acceleration of any indebtedness exceeding that amount if acceleration results from a default under the instrument giving rise to that indebtedness and is not annulled within 30 days after due notice;

Wachovia's or Wachovia Bank, National Association's bankruptcy, insolvency or reorganization; and

any other event of default provided for senior notes of that series. (*Section 501*)

The senior indenture provides that, if any event of default for senior notes of any series outstanding occurs and is continuing, either the senior trustee or the holders of not less than 25% in principal amount of the outstanding senior notes of that series may declare the principal amount (or, if the notes of that series are original issue discount notes, such principal amount portion as the terms of that series specify) of all senior notes of that series to be due and payable immediately. However, no such declaration is required upon certain bankruptcy events. In addition, upon fulfillment of certain conditions, this declaration may be annulled and past defaults waived by the holders of a majority in principal amount of the outstanding senior notes of that

## **Table of Contents**

series on behalf of all senior note holders of that series. (*Sections 502 and 513*) In the event of Wachovia's bankruptcy, insolvency or reorganization, senior note holders' claims would fall under the broad equity power of a federal bankruptcy court, and to that court's determination of the nature of those holders' rights.

The senior indenture contains a provision entitling the senior trustee, acting under the required standard of care, to be indemnified by the holders of any outstanding senior note series before proceeding to exercise any right or power under the senior indenture at the holders' request. (*Section 603*) The holders of a majority in principal amount of outstanding senior notes of any series may direct the time, method and place of conducting any proceeding for any remedy available to the senior trustee, or exercising any trust or other power conferred on the senior trustee, with respect to the senior notes of such series. The senior trustee, however, may decline to act if that direction is contrary to law or the senior indenture or would involve the senior trustee in personal liability. (*Section 512*)

Wachovia will file annually with the senior trustee a compliance certificate as to all conditions and covenants in the senior indenture. (*Section 1007*)

### ***The Subordinated Indenture***

Subordinated notes principal payment may be accelerated only upon an event of default. There is no acceleration right in the case of a default in the payment of interest or principal prior to the maturity date or a default in Wachovia performing any covenants in the subordinated indenture, unless a specific series of subordinated notes provide otherwise, which will be described in the relevant pricing supplement.

The subordinated indenture defines an event of default as certain events involving Wachovia's bankruptcy, insolvency or reorganization and any other event of default provided for the subordinated notes of that series. (*Section 501*) The subordinated indenture defines a default to include

any event of default;

a default in any principal or premium payment of any subordinated debt security of that series at maturity;

default in any interest payment when due and continued for 30 days;

a default in any required designation of funds as available funds; or

default in the performance, or breach, of Wachovia's covenants in the subordinated indenture or in the subordinated notes of that series and continued for 90 days after written notice to

Wachovia by the subordinated trustee; or

Wachovia and the subordinated trustee by the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series. (*Section 503*)

If an event of default for subordinated notes of any series occurs and is continuing, either the subordinated trustee or the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series may accelerate the maturity of all outstanding subordinated notes of such series. The holders of a majority in aggregate principal amount of the outstanding subordinated notes of that series may waive an event of default resulting in acceleration of the subordinated notes of such series, but only if all events of default have been remedied and all payments due on the subordinated notes of that series (other than those due as a result of acceleration) have been made and certain other conditions have been met. (*Section 502*) Subject to subordinated indenture provisions relating to the subordinated trustee's duties, in case a default shall occur and be continuing, the subordinated trustee will be under no obligation to exercise any of its rights or powers under the subordinated indenture at the holders' request or direction, unless such holders shall have offered to the subordinated trustee reasonable indemnity. (*Section 603*) Subject to such indemnification provisions, the holders of a majority in aggregate principal amount of the outstanding

## **Table of Contents**

subordinated notes of that series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the subordinated trustee or exercising any trust or power conferred on the subordinated trustee. (*Section 512*) The holders of a majority in aggregate principal amount of the outstanding subordinated notes of that series may waive any past default under the subordinated indenture with respect to such series, except a default in principal or interest payment or a default of a subordinated indenture covenant which cannot be modified without the consent of each outstanding subordinated note holder of the series affected. (*Section 513*) In the event of Wachovia's bankruptcy, insolvency or reorganization, subordinated note holders' claims would fall under the broad equity power of a federal bankruptcy court, and to that court's determination of the nature of those holders' rights.

Wachovia will file annually with the subordinated trustee a compliance certificate as to all conditions and covenants in the subordinated indenture. (*Section 1007*)

## **Modification and Waiver**

Each indenture may be modified and amended by Wachovia and the relevant trustee. Certain modifications and amendments require the consent of the holders of at least a majority in aggregate principal amount of the outstanding notes of each series issued under that indenture and affected by the modification or amendment. No such modification or amendment may, without the consent of the holder of each outstanding note issued under such indenture and affected by it

change the stated maturity of the principal, or any installment of principal or interest, on any outstanding note;

reduce any principal amount, premium or interest, on any outstanding note, including in the case of an original issue discount note the amount payable upon acceleration of the maturity of that note;

change the place of payment where, or the coin or currency or currency unit in which, any principal, premium or interest, on any outstanding note is payable;

impair the right to institute suit for the enforcement of any payment on or after the stated maturity, or in the case of redemption, on or after the redemption date;

reduce the above-stated percentage of outstanding notes necessary to modify or amend the applicable indenture; or

modify the above requirements or reduce the percentage of aggregate principal amount of outstanding notes of any series required to be held by holders seeking to waive compliance with certain provisions of the relevant indenture or seeking to waive certain defaults. (*Section 902*)

The holders of at least a majority in aggregate principal amount of the outstanding notes of any series may on behalf of all outstanding note holders of that series waive, insofar as that series is concerned, Wachovia's compliance with certain restrictive provisions of the relevant indenture. (*Section 1008*) The holders of at least a majority in aggregate principal amount of the outstanding notes of any series may on behalf of all outstanding note holders of that series waive any past default under the relevant indenture with respect to that series, except a default in the payment of the principal, or premium, if any, or interest on any outstanding note of that series or in respect of an indenture covenant which cannot be modified or amended without each outstanding note holder consenting. (*Section 513*)

Certain modifications and amendments of each indenture may be made by Wachovia and the relevant trustee without the outstanding note holders consenting. (*Section 901*)

Each indenture provides that in determining whether the holders of the requisite principal amount of the outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver under that indenture or are present at a meeting of holders of outstanding notes for quorum purposes

the principal amount of an original issue discount note that shall be deemed to be outstanding shall be the amount of the principal that would be due and payable as of the date of such determination upon acceleration of its maturity; and



## **Table of Contents**

the principal amount of outstanding notes denominated in a foreign currency or currency unit shall be the U.S. dollar equivalent, determined on the date of original issuance of that outstanding note, of the principal amount of that outstanding note or, in the case of an original issue discount note, the U.S. dollar equivalent, determined on the date of original issuance of such outstanding note, of the amount determined as provided in the above bullet-point. (*Section 101*)

## **Consolidation, Merger and Sale of Assets**

The indentures each provide that Wachovia may not consolidate with or merge into any other corporation or transfer its properties and assets substantially as an entirety to any person unless

the corporation formed by the consolidation or into which Wachovia is merged, or the person to which Wachovia's properties and assets are so transferred, shall be a corporation organized and existing under the laws of the U.S., any state or Washington, D.C. and shall expressly assume by supplemental indenture the payment of any principal, premium or interest on the notes, and the performance of Wachovia's other covenants under the relevant indenture;

immediately after giving effect to this transaction, no event of default or default, as applicable, and no event which, after notice or lapse of time or both, would become an event of default or default, as applicable, shall have occurred and be continuing; and

certain other conditions are met. (*Section 801*)

## **Limitation on Disposition of Wachovia Bank, National Association Stock**

The indentures each contain Wachovia's covenant that, so long as any of the debt securities issued under that indenture before August 1, 1990 are outstanding, but subject to Wachovia's rights in connection with its consolidation with or merger into another corporation or a sale of Wachovia's assets, it will not sell, assign, transfer, grant a security interest in or otherwise dispose of any shares of, securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Wachovia Bank, National Association voting stock, nor will it permit Wachovia Bank, National Association to issue any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Wachovia Bank, National Association voting stock, unless

any such sale, assignment, transfer, issuance, grant of a security interest or other disposition is made for fair market value, as determined by Wachovia's board; and

Wachovia will own at least 80% of the issued and outstanding Wachovia Bank, National Association voting stock free and clear of any security interest after giving effect to such transaction. (*Section 1006*)

The above covenant is not a covenant for the benefit of any series of notes issued on or after August 1, 1990.

## **Restriction on Sale or Issuance of Voting Stock of Major Subsidiary Bank**

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With respect to the senior notes, the senior indenture contains Wachovia's covenant that it will not, and will not permit any subsidiary to, sell, assign, transfer, grant a security interest in, or otherwise dispose of, any shares of voting stock, or any securities convertible into shares of voting stock, of any Major Subsidiary Bank (as defined below) or any subsidiary owning, directly or indirectly, any shares of voting stock of any Major Subsidiary Bank and that it will not permit any Major Subsidiary Bank or any subsidiary owning, directly or indirectly, any shares of voting stock of a Major Subsidiary Bank to issue any shares of its voting stock or any securities convertible into shares of its voting stock, except for sales, assignments, transfers or other dispositions which

are for the purpose of qualifying a person to serve as a director;

**Table of Contents**

are for fair market value, as determined by Wachovia's board, and, after giving effect to such dispositions and to any potential dilution, Wachovia will own not less than 80% of the shares of voting stock of such Major Subsidiary Bank or any such subsidiary owning any shares of voting stock of such Major Subsidiary Bank;

are made

in compliance with court or regulatory authority order; or

in compliance with a condition imposed by any such court or authority permitting Wachovia's acquisition of any other bank or entity; or

in compliance with an undertaking made to such authority in connection with such an acquisition; provided, in the case of the two preceding bullet-points, the assets of the bank or entity being acquired and its consolidated subsidiaries equal or exceed 75% of the assets of such Major Subsidiary Bank or such subsidiary owning, directly or indirectly, any shares of voting stock of a Major Subsidiary Bank and its respective consolidated subsidiaries on the date of acquisition; or

to Wachovia or any wholly-owned subsidiary.

Despite the above requirements, any Major Subsidiary Bank may be merged into or consolidated with another banking institution organized under U.S. or state law, if after giving effect to that merger or consolidation Wachovia or any wholly-owned subsidiary owns at least 80% of the voting stock of the other banking institution free and clear of any security interest and if, immediately after the merger or consolidation, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing. (Section 1007) A Major Subsidiary Bank is defined in each indenture to mean any subsidiary which is a bank and has total assets equal to 25% or more of Wachovia's consolidated assets determined on the date of the most recent audited financial statements of these entities. At present, the Major Subsidiary Bank is Wachovia Bank, National Association.

The above covenant is not a covenant for the benefit of any series of debt securities issued before August 1, 1990, or, in the case of subordinated debt securities including the subordinated notes, issued after November 15, 1992.

**Form, Exchange and Transfer**

If the notes cease to be issued in global form, they will be issued:

only in fully registered form;

without interest coupons; and

unless we indicate otherwise in your pricing supplement, in denominations of \$1,000 and that are multiples of \$1,000.

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Holders may exchange their notes for notes of smaller denominations or combined into fewer notes of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their notes at the office of the relevant trustee, or in the event definitive notes are issued and so long as the notes are listed on the Luxembourg Stock Exchange, at the offices of the paying agent. We have appointed the respective trustees to act as our agents for registering notes in the names of holders and transferring notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their notes, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The

## **Table of Contents**

transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your note, they will be named in your pricing supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any notes are redeemable and we redeem less than all those notes, we may block the transfer or exchange of those notes during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange any note selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any note being partially redeemed.

If a note is issued as a global note, only the depositary (e.g., DTC, Euroclear and Clearstream) will be entitled to transfer and exchange the note as described in this subsection, since it will be the sole holder of the note.

## **Payment Mechanics**

### ***Who Receives Payment?***

If interest is due on a note on an interest payment date, we will pay the interest to the person or entity in whose name the note is registered at the close of business on the regular record date relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the note. If principal or another amount besides interest is due on a note at maturity, we will pay the amount to the holder of the note against surrender of the note at a proper place of payment (or, in the case of a global note, in accordance with the applicable policies of the depositary).

### ***How We Will Make Payments Due in U.S. Dollars***

We will follow the practice described in this subsection when paying amounts due in U.S. dollars. Payments of amounts due in other currencies will be made as described in the next subsection.

***Payments on Global Notes.*** We will make payments on a global note in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will pay directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global note. An indirect holder's right to receive those payments will be governed by the rules and practices of the depositary and its participants, as described under "Global Notes" and "Global Notes".

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***Payments on Non-Global Notes.*** We will make payments on a note in non-global form as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check at the paying agent described below, against surrender of the note. All payments by check will be made in next-day funds i.e., funds that become available on the day after the check is cashed.

Alternatively, if a non-global note has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the note by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other

## **Table of Contents**

payment, payment will be made only after the note is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

*Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their notes.*

### ***How We Will Make Payments Due In Other Currencies***

We will follow the practice described in this subsection when paying amounts that are due in a specified currency other than U.S. dollars.

***Payments on Global Notes.*** We will make payments on a global note in accordance with the applicable policies as in effect from time to time of the depositary, which will be DTC, Euroclear or Clearstream. Unless we specify otherwise in the applicable pricing supplement, DTC will be the depositary for all notes in global form. We understand that DTC's policies, as currently in effect, are as follows.

Unless otherwise indicated in your pricing supplement, if you are an indirect holder of global notes denominated in a specified currency other than U.S. dollars and if you elect to receive payments in that other currency, you must notify the participant through which your interest in the global note is held of your election:

on or before the applicable regular record date, in the case of a payment of interest, or

on or before the 16th day prior to stated maturity, or any redemption or repayment date, in the case of payment of principal or any premium.

You may elect to receive all or only a portion of any interest, principal or premium payment in a specified currency other than U.S. dollars.

Your participant must, in turn, notify DTC of your election on or before the third DTC business day after that regular record date, in the case of a payment of interest, and on or before the 12th DTC business day prior to stated maturity, or on the redemption or repayment date if your note is redeemed or repaid earlier, in the case of a payment of principal or any premium.

DTC, in turn, will notify the paying agent of your election in accordance with DTC's procedures.

If complete instructions are received by the participant and forwarded by the participant to DTC, and by DTC to the paying agent, on or before the dates noted above, the paying agent, in accordance with DTC's instructions will make the payments to you or your participant by wire transfer of immediately available funds to an account maintained by the payee with a bank located in the country issuing the specified currency or in another jurisdiction acceptable to us and the paying agent.

If the foregoing steps are not properly completed, we expect DTC to inform the paying agent that payment is to be made in U.S. dollars. In that case, we or our agent will convert the payment to U.S. dollars in the manner described below under "Conversion to U.S. Dollars". We expect that we or our agent will then make the payment in U.S. dollars to DTC, and that DTC in turn will pass it along to its participants.

*Indirect holders of a global note denominated in a currency other than U.S. dollars should consult their banks or brokers for information on how to request payment in the specified currency.*



## **Table of Contents**

**Payments on Non-Global Notes.** Except as described in the last paragraph under this heading, we will make payments on notes in non-global form in the applicable specified currency. We will make these payments by wire transfer of immediately available funds to any account that is maintained in the applicable specified currency at a bank designated by the holder and is acceptable to us and the trustee. To designate an account for wire payment, the holder must give the paying agent appropriate wire instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the regular record date. In the case of any other payment, the payment will be made only after the note is surrendered to the paying agent. Any instructions, once properly given, will remain in effect unless and until new instructions are properly given in the manner described above.

If a holder fails to give instructions as described above, we will notify the holder at the address in the trustee's records and will make the payment within five business days after the holder provides appropriate instructions. Any late payment made in these circumstances will be treated under the indenture as if made on the due date, and no interest will accrue on the late payment from the due date to the date paid.

Although a payment on a note in non-global form may be due in a specified currency other than U.S. dollars, we will make the payment in U.S. dollars if the holder asks us to do so. To request U.S. dollar payment, the holder must provide appropriate written notice to the trustee at least five business days before the next due date for which payment in U.S. dollars is requested. In the case of any interest payment due on an interest payment date, the request must be made by the person or entity who is the holder on the regular record date. Any request, once properly made, will remain in effect unless and until revoked by notice properly given in the manner described above.

*Book-entry and other indirect holders of a note with a specified currency other than U.S. dollars should contact their banks or brokers for information about how to receive payments in the specified currency or in U.S. dollars.*

**Conversion to U.S. Dollars.** When we are asked by a holder to make payments in U.S. dollars of an amount due in another currency, either on a global note or a non-global note as described above, the exchange rate agent described below will calculate the U.S. dollar amount the holder receives in the exchange rate agent's discretion.

A holder that requests payment in U.S. dollars will bear all associated currency exchange costs, which will be deducted from the payment.

**When the Specified Currency is Not Available.** If we are obligated to make any payment in a specified currency other than U.S. dollars, and the specified currency or any successor currency is not available to us due to circumstances beyond our control such as the imposition of exchange controls or a disruption in the currency markets we will be entitled to satisfy our obligation to make the payment in that specified currency by making the payment in U.S. dollars, on the basis of the exchange rate determined by the exchange rate agent described below, in its discretion.

The foregoing will apply to any note, whether in global or non-global form, and to any payment, including a payment at maturity. Any payment made under the circumstances and in a manner described above will not result in a default under any note or the relevant indenture.

**Exchange Rate Agent.** If we issue a note in a specified currency other than U.S. dollars, we will appoint a financial institution to act as the exchange rate agent and will name the institution initially appointed when the note is originally issued in the applicable pricing supplement. We may select Wachovia Bank, National Association or another of our affiliates to perform this role. We may change the exchange rate agent from

time to time after the original issue date of the note without your consent and without notifying you of the change.

## **Table of Contents**

All determinations made by the exchange rate agent will be at its sole discretion unless we state in the applicable pricing supplement that any determination requires our approval. In the absence of manifest error, those determinations will be conclusive for all purposes and binding on you and us, without any liability on the part of the exchange rate agent.

### ***Payment When Offices Are Closed***

If any payment is due on a note on a day that is not a business day, we will make the payment on the next day that is a business day. Payments postponed to the next business day in this situation will be treated under the relevant indenture as if they were made on the original due date. Postponement of this kind will not result in a default under any note or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day. The term business day has a special meaning, which we describe above under [Interest Rates](#) [Special Rate Calculation Terms](#) .

### ***Paying Agent***

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices notes in non-global entry form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed Wachovia Bank, National Association, at its corporate trust office in New York City or its headquarters in Charlotte, North Carolina, as the paying agent. We must notify you of changes in the paying agents.

Citibank, N.A., acting through its London office (or such other agent appointed in accordance with the Senior Indenture or the Subordinated Indenture, as the case may be), will act as London paying agent and London issuing agent.

In the event definitive notes are issued as described in this prospectus and as long as the notes are listed on the Luxembourg Stock Exchange, the holders of those notes will be able to receive payments and effect transfers at the offices of Dexia Banque Internationale à Luxembourg, Luxembourg or its successor as paying agent in Luxembourg relating to the notes. Each indenture provides for the replacement of a mutilated, lost, stolen or destroyed definitive note, so long as the applicant furnishes to Wachovia and the relevant trustee the security or indemnity required by them to save each of them harmless and any evidence of ownership of the note as they may require.

Dexia Banque Internationale à Luxembourg will act as a paying agent and transfer agent in Luxembourg in relation to the notes, and as long as the notes are listed on the Luxembourg Stock Exchange, Wachovia will maintain a paying agent and transfer agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg in accordance with the second paragraph below under [Notices](#) .

### ***Unclaimed Payments***

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Regardless of who acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the relevant trustee, any other paying agent or anyone else.

### *Notices*

Notices to be given to holders of a global note will be given only to the depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of notes not in global form will be sent by mail to the respective addresses of the holders as they appear in the relevant trustee's records, and will be deemed given when mailed.

## **Table of Contents**

As long as the notes are listed on the Luxembourg Stock Exchange and its rules require, we will also give notices to holders by publication in a daily newspaper of general circulation in Luxembourg. We expect that newspaper to be, but it need not be, the *Luxemburger Wort*. If publication in Luxembourg is not practical, we will make the publication elsewhere in Western Europe. By "daily newspaper" we mean a newspaper that is published on each day, other than a Saturday, Sunday or holiday, in Luxembourg or, when applicable, elsewhere in Western Europe. You will be presumed to have received these notices on the date we first publish them. If we are unable to give notice as described in this paragraph because the publication of any newspaper is suspended or it is otherwise impracticable for us to publish the notice, then we or the relevant trustee, acting on our instructions, will give holders notice in another form. That alternate form of notice will be sufficient notice to you.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive notices.

## **Trustees**

Either or both of the trustees may resign or be removed with respect to one or more series of notes and a successor trustee may be appointed to act with respect to that series. (*Section 610*) In the event that two or more persons are acting as trustee with respect to different series of notes, each such trustee shall be a trustee of a trust under the relevant indenture separate and apart from the trust administered by any other such trustee (*Section 611*), and any action to be taken by the trustee may then be taken by each such trustee with respect to, and only with respect to, the one or more series of notes for which it is trustee.

In the normal course of business, Wachovia and its subsidiaries conduct banking transactions with the trustees and their affiliates, and the trustees and their affiliates conduct banking transactions with Wachovia and its subsidiaries.

## **Title**

Wachovia, the trustees and any of their agents may treat the registered owner of any note as the absolute owner of that security, whether or not that note is overdue and despite any notice to the contrary, for any purpose. See "Global Notes" .

## **Governing Law**

The indentures and the notes will be governed by New York law.

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**Table of Contents**

**GLOBAL NOTES**

We will issue each note in book-entry form only. Each note issued in book-entry form will be represented by a global note that we deposit with and register in the name of one or more financial institutions or clearing systems, or their nominees, which we select. A financial institution or clearing system that we select for this purpose is called the depository for that note. A note will usually have only one depository but it may have more.

Each series of notes will have one or more of the following as the depositories.

The Depository Trust Company, New York, New York, which is known as DTC ;

JPMorgan Chase Bank, N.A. holding the notes on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear system, which is known as Euroclear ;

Citibank, N.A. holding the notes on behalf of Clearstream Banking, société anonyme, Luxembourg, which is known as Clearstream ; and

any other clearing system or financial institution named in the applicable pricing supplement.

The depositories named above may also be participants in one another's system. Thus, for example, if DTC is the depository for a global note, investors may hold beneficial interests in that note through Euroclear or Clearstream, as DTC participants. The depository or depositories for your notes will be named in your pricing supplement; if none is named, the depository will be DTC.

A global note may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under Holder's Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated . As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all notes represented by a global note, and investors will be permitted to own only indirect interests in a global note. Indirect interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, an investor whose note is represented by a global note will not be a holder of the note, but only an indirect owner of an interest in the global note.

If the pricing supplement for a particular note indicates that the note will be issued in global form only, then the note will be represented by a global note at all times unless and until the global note is terminated. We describe the situations in which this can occur below under Holder's Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated . If termination occurs, we may issue the notes through another book-entry clearing system or decide that the notes may no longer be held through any book-entry clearing system.

DTC has informed Wachovia that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that DTC participants deposit with DTC. DTC also facilitates the settlement among DTC participants of securities transactions,

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such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC participants' accounts, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations, and may include other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and DTC participants are on file with the Commission.

## **Table of Contents**

### **Special Considerations for Global Notes**

As an indirect owner, an investor's rights relating to a global note will be governed by the account rules of the depositary and those of the investor's financial institution or other intermediary through which it holds its interest (e.g., Euroclear or Clearstream, if DTC is the depositary), as well as general laws relating to note transfers. We do not recognize this type of investor or any intermediary as a holder of notes and instead deal only with the depositary that holds the global note.

If notes are issued only in the form of a global note, an investor should be aware of the following:

An investor cannot cause the notes to be registered in his or her own name, and cannot obtain non-global certificates for his or her interest in the notes, except in the special situations we describe below;

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the notes and protection of his or her legal rights relating to the note, as we describe above under "Description of the Notes We May Offer" Legal Ownership ;

An investor may not be able to sell interests in the notes to some insurance companies and other institutions that are required by law to own their notes in non-book-entry form;

An investor may not be able to pledge his or her interest in a global note in circumstances where certificates representing the notes must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

The depositary's policies will govern payments, deliveries, transfers, exchanges, notices and other matters relating to an investor's interest in a global note, and those policies may change from time to time. We and the relevant trustee will have no responsibility for any aspect of the depositary's policies, actions or records or ownership interests in a global note. We and the trustees also do not supervise the depositary in any way;

The depositary will require that those who purchase and sell interests in a global note within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and

Financial institutions that participate in the depositary's book-entry system and through which an investor holds its interest in the global notes, directly or indirectly, may also have their own policies affecting payments, deliveries, transfers, exchanges, notices and other matters relating to the notes, and those policies may change from time to time. For example, if you hold an interest in a global note through Euroclear or Clearstream, when DTC is the depositary, Euroclear or Clearstream, as applicable, will require those who purchase and sell interests in that note through them to use immediately available funds and comply with other policies and procedures, including deadlines for giving instructions as to transactions that are to be effected on a particular day. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the policies or actions or records of ownership interests of any of those intermediaries.

### **Holder's Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated**



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If we issue any series of notes in book-entry form but we choose to give the beneficial owners of that series the right to obtain non-global notes, any beneficial owner entitled to obtain non-global notes may do so by following the applicable procedures of the depositary for that series and that owner's bank, broker or other financial institution through which that owner holds its beneficial interest in the notes. If you are entitled to request a non-global certificate and wish to do so, you will need to allow sufficient lead time to enable us or our agent to prepare the requested certificate.

## **Table of Contents**

In addition, in a few special situations described below, a global note will be terminated and interests in it will be exchanged for certificates in non-global form representing the notes it represented. After that exchange, the choice of whether to hold the notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global note transferred on termination to their own names, so that they will be holders. We have described the rights of holders and street name investors above under Description of the Notes We May Offer Legal Ownership .

Unless otherwise mentioned in the relevant pricing supplement, the special situations for termination of a global note are as follows:

if the depositary notifies Wachovia that it is unwilling, unable or no longer qualified to continue as depositary for that global note;

if Wachovia executes and delivers to the relevant trustee an order complying with the requirements of the relevant indenture that this global note shall be so exchangeable; or

if there has occurred and is continuing a default in the payment of any amount due in respect of the notes or an event of default or an event that, with the giving of notice or lapse of time, or both, would constitute an event of default with respect to these notes.

If a global note is terminated, only the depositary, and not we or the relevant trustee, is responsible for deciding the names of the institutions in whose names the notes represented by the global note will be registered and, therefore, who will be the holders of those notes.

## **Considerations Relating to Clearstream and Euroclear**

Clearstream and Euroclear are securities clearance systems in Europe. Clearstream and Euroclear have informed Wachovia that Clearstream and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream and Euroclear also deal with domestic securities markets in several countries through established depositary and custodial relationships. Clearstream and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Clearstream and Euroclear customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream and Euroclear is available to other institutions which clear through or maintain a custodial relationship with an account holder of either system.

Euroclear and Clearstream may be depositaries for a global note. In addition, if DTC is the depositary for a global note, Euroclear and Clearstream may hold interests in the global note as participants in DTC.

As long as any global note is held by Euroclear or Clearstream, as depositary, you may hold an interest in the global note only through an organization that participates, directly or indirectly, in Euroclear or Clearstream. If Euroclear or Clearstream is the depositary for a global note and there is no depositary in the United States, you will not be able to hold interests in that global note through any securities clearance system in the United States.

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Payments, deliveries, transfers, exchanges, notices and other matters relating to the notes made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over those systems or their participants and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on one hand, and participants in DTC, on the other hand, when DTC is the depositary, would also be subject to DTC's rules and procedures.

**Table of Contents**

**Special Timing Considerations for Transactions in Euroclear and Clearstream**

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices and other transactions involving any notes held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the notes through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream may need to make special arrangements to finance any purchases or sales of their interest between the U.S. and European clearing systems, and those transactions may settle later than would be the case for transactions within one clearing system.

**Table of Contents**

**UNITED STATES TAXATION**

This section describes the material United States federal income tax consequences of owning the notes we are offering. It is the opinion of Sullivan & Cromwell LLP, counsel to Wachovia. It applies to you only if you hold your notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns notes that are a hedge or that are hedged against interest rate or currency risks,

a person that owns notes as part of a straddle or conversion transaction for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with notes that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning notes that are due to mature more than 30 years from their date of issue will be discussed in an applicable pricing supplement. This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

*Please consult your own tax advisor concerning the consequences of owning these notes in your particular circumstances under the Code and the laws of any other taxing jurisdiction.*

**United States Holders**

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This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to **United States Alien Holders** below.

### ***Payments of Interest***

Except as described below in the case of interest on a discount note that is not qualified stated interest each as defined below under **Original Issue Discount - General**, you will be taxed on any interest on your note, whether payable in U.S. dollars or a foreign currency, including a composite currency or basket of currencies other than U.S. dollars, as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

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## **Table of Contents**

**Cash Basis Taxpayers.** If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes and you receive an interest payment that is denominated in, or determined by reference to, a foreign currency, you must recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

**Accrual Basis Taxpayers.** If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, you will determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire. You may not revoke this election without the consent of the Internal Revenue Service.

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your note, denominated in, or determined by reference to, a foreign currency for which you accrued an amount of income, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

### ***Original Issue Discount***

**General.** If you own a note, other than a short-term note with a term of one year or less, it will be treated as a discount note issued at an original issue discount if the amount by which the note's stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount. Generally, a note's issue price will be the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A note's stated redemption price at maturity is the total of all payments provided by the note that are not payments of qualified stated interest. Generally, an interest payment on a note is qualified stated interest if it is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note. There are special rules for variable rate notes that are discussed under [Variable Rate Notes](#).

In general, your note is not a discount note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of  $\frac{1}{4}$  of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your note will have *de minimis* original issue discount if the amount of the excess is less than the *de minimis* amount. If your note has *de minimis* original issue discount, you must include the *de minimis* amount in income as stated principal payments are made on the note, unless you make the election described below under [Election to Treat All Interest as Original Issue Discount](#). You can determine the includible amount with respect to each such payment by multiplying the total amount of your note's *de minimis* original issue discount by a fraction equal to:

the amount of the principal payment made



**Table of Contents**

divided by:

the stated principal amount of the note.

Generally, if your discount note matures more than one year from its date of issue, you must include original issue discount, or OID, in income before you receive cash attributable to that income. The amount of OID that you must include in income is calculated using a constant-yield method, and generally you will include increasingly greater amounts of OID in income over the life of your note. More specifically, you can calculate the amount of OID that you must include in income by adding the daily portions of OID with respect to your discount note for each day during the taxable year or portion of the taxable year that you hold your discount note. You can determine the daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your discount note and you may vary the length of each accrual period over the term of your discount note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount note must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

multiplying your discount note's adjusted issue price at the beginning of the accrual period by your note's yield to maturity, and then

subtracting from this figure the sum of the payments of qualified stated interest on your note allocable to the accrual period.

You must determine the discount note's yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your discount note's adjusted issue price at the beginning of any accrual period by:

adding your discount note's issue price and any accrued OID for each prior accrual period, and then

subtracting any payments previously made on your discount note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount note contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

the amount payable at the maturity of your note, other than any payment of qualified stated interest, and

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your note's adjusted issue price as of the beginning of the final accrual period.

**Acquisition Premium.** If you purchase your note for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your note after the purchase date but is greater than the amount of your note's adjusted issue price, as determined above under General , the excess is

**Table of Contents**

acquisition premium. If you do not make the election described below under Election to Treat All Interest as Original Issue Discount , then you must reduce the daily portions of OID by a fraction equal to:

the excess of your adjusted basis in the note immediately after purchase over the adjusted issue price of the note

divided by:

the excess of the sum of all amounts payable, other than qualified stated interest, on the note after the purchase date over the note's adjusted issue price.

***Pre-Issuance Accrued Interest.*** An election may be made to decrease the issue price of your note by the amount of pre-issuance accrued interest if:

a portion of the initial purchase price of your note is attributable to pre-issuance accrued interest,

the first stated interest payment on your note is to be made within one year of your note's issue date, and

the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on your note.

***Notes Subject to Contingencies Including Optional Redemption.*** Your note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you must determine the yield and maturity of your note by assuming that the payments will be made according to the payment schedule most likely to occur if:

the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and

one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you must include income on your note in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable pricing supplement.

Notwithstanding the general rules for determining yield and maturity, if your note is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the note under an alternative payment schedule or

schedules, then:

in the case of an option or options that we may exercise, we will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on your note and

in the case of an option or options that you may exercise, you will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on your note.

If both you and we hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. You may determine the yield on your note for the purposes of those calculations by using any date on which your note may be redeemed or repurchased as the maturity date and the amount payable on the date that you chose in accordance with the terms of your note as the principal amount payable at maturity.

**Table of Contents**

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you must redetermine the yield and maturity of your note by treating your note as having been retired and reissued on the date of the change in circumstances for an amount equal to your note's adjusted issue price on that date.

***Election to Treat All Interest as Original Issue Discount.*** You may elect to include in gross income all interest that accrues on your note using the constant-yield method described above under **General**, with the modifications described below. For purposes of this election, interest will include stated interest, OID, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium, described below under **Notes Purchased at a Premium**, or acquisition premium.

If you make this election for your note, then, when you apply the constant-yield method:

the issue price of your note will equal your cost,

the issue date of your note will be the date you acquired it, and

no payments on your note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the note for which you make it; however, if the note has amortizable bond premium, you will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if you make this election for a market discount note, you will be treated as having made the election discussed below under **Notes Purchased with Market Discount** to include market discount in income currently over the life of all debt instruments that you currently own or later acquire. You may not revoke any election to apply the constant-yield method to all interest on a note or the deemed elections with respect to amortizable bond premium or market discount notes without the consent of the Internal Revenue Service.

***Variable Rate Notes.*** Your note will be a variable rate note if:

your note's issue price does not exceed the total noncontingent principal payments by more than the lesser of:

1. .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
2. 15 percent of the total noncontingent principal payments; and

your note provides for stated interest, compounded or paid at least annually, only at:

1. one or more qualified floating rates,

2. a single fixed rate and one or more qualified floating rates,
3. a single objective rate, or
4. a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Your note will have a variable rate that is a qualified floating rate if:

variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your note is denominated; or

the rate is equal to such a rate multiplied by either:

**Table of Contents**

1. a fixed multiple that is greater than 0.65 but not more than 1.35, or
2. a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and

the value of the rate on any date during the term of your note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If your note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the note, the qualified floating rates together constitute a single qualified floating rate.

Your note will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the note or are not reasonably expected to significantly affect the yield on the note.

Your note will have a variable rate that is a single objective rate if:

the rate is not a qualified floating rate,

the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party, and

the value of the rate on any date during the term of your note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your note will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of your note's term.

An objective rate as described above is a qualified inverse floating rate if:

the rate is equal to a fixed rate minus a qualified floating rate, and

the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your note will also have a single qualified floating rate or an objective rate if interest on your note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

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the fixed rate and the qualified floating rate or objective rate have values on the issue date of the note that do not differ by more than 0.25 percentage points, or

the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

Commercial paper rate notes, prime rate notes, LIBOR notes, EURIBOR rate notes, treasury rate notes, CMT rate notes, CD rate notes, CPI rate notes, and federal funds rate notes generally will be treated as variable rate notes under these rules.

In general, if your variable rate note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your note is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating



## Table of Contents

rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your note.

If your variable rate note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally must determine the interest and OID accruals on your note by:

determining a fixed rate substitute for each variable rate provided under your variable rate note,

constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,

determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and

adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate note, you generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your note.

If your variable rate note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally must determine interest and OID accruals by using the method described in the previous paragraph. However, your variable rate note will be treated, for purposes of the first three steps of the determination, as if your note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your variable rate note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

**Short-Term Notes.** In general, if you are an individual or other cash basis United States holder of a short-term note, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, you will be required to accrue OID on short-term notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short-term note will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short-term notes, you will be required to defer deductions for interest on borrowings allocable to your short-term notes in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short-term note, including stated interest, in your short-term note's stated redemption price at maturity.

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**Foreign Currency Discount Notes.** If your discount note is denominated in, or determined by reference to, a foreign currency, you must determine OID for any accrual period on your discount note in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States holder, as described under United States Holders Payments of

**Table of Contents**

Interest . You may recognize ordinary income or loss when you receive an amount attributable to OID in connection with a payment of interest or the sale or retirement of your note.

***Notes Purchased at a Premium***

If you purchase your note for an amount in excess of its principal amount, you may elect to treat the excess as amortizable bond premium. If you make this election, you will reduce the amount required to be included in your income each year with respect to interest on your note by the amount of amortizable bond premium allocable to that year, based on your note's yield to maturity. If your note is denominated in, or determined by reference to, a foreign currency, you will compute your amortizable bond premium in units of the foreign currency and your amortizable bond premium will reduce your interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time your amortized bond premium offsets interest income and the time of the acquisition of your note is generally taxable as ordinary income or loss. If you make an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the Internal Revenue Service. See also Original Issue Discount Election to Treat All Interest as Original Issue Discount .

***Notes Purchased with Market Discount***

You will be treated as if you purchased your note, other than a short-term note, at a market discount, and your note will be a market discount note if:

in the case of an initial purchaser, you purchase your note for less than its issue price as determined above under Original Issue Discount General , and

the difference between the note's stated redemption price at maturity or, in the case of a discount note, the note's revised issue price, and the price you paid for your note is equal to or greater than  $\frac{1}{4}$  of 1 percent of your note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the note's maturity.

To determine the revised issue price of your note for these purposes, you generally add any OID that has accrued on your note to its issue price.

If your note's stated redemption price at maturity or, in the case of a discount note, its revised issue price, exceeds the price you paid for the note by less than  $\frac{1}{4}$  of 1 percent multiplied by the number of complete years to the note's maturity, the excess constitutes de minimis market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount note as ordinary income to the extent of the accrued market discount on your note. Alternatively, you may elect to include market discount in income currently over the life of your note. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the Internal Revenue Service. If you own a market discount note and do not make this election, you will generally be required to defer deductions for interest on borrowings allocable to your note in an amount not exceeding the accrued market discount on your note until the maturity or disposition of your note.

You will accrue market discount on your market discount note on a straight-line basis unless you elect to accrue market discount using a constant-yield method. If you make this election, it will apply only to the note with respect to which it is made and you may not revoke it.

**Table of Contents**

***Purchase, Sale and Retirement of the Notes***

Your tax basis in your note will generally be the U.S. dollar cost, as defined below, of your note, adjusted by:

adding any OID or market discount, de minimis original issue discount and de minimis market discount previously included in income with respect to your note, and then

subtracting any payments on your note that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on your note.

If you purchase your note with foreign currency, the U.S. dollar cost of your note will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your note is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of your note will be the U.S. dollar value of the purchase price on the settlement date of your purchase.

You will generally recognize gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement and your tax basis in your note. If your note is sold or retired for an amount in foreign currency, the amount you realize will be the U.S. dollar value of such amount on the date the note is disposed of or retired, except that in the case of a note that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your note, except to the extent:

described above under Original Issue Discount Short-Term Notes or Notes Purchased with Market Discount ,

attributable to accrued but unpaid interest,

the rules governing contingent payment obligations apply, or

attributable to changes in exchange rates as described below.

Capital gain of a noncorporate United States holder that is recognized before January 1, 2009 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a note as ordinary income or loss to the extent attributable to changes in exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

*Exchange of Amounts in Other Than U.S. Dollars*

If you receive foreign currency as interest on your note or on the sale or retirement of your note, your tax basis in the foreign currency will equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase notes or exchange it for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

## **Table of Contents**

### ***Indexed Notes, Exchangeable Notes, and Contingent Payment Notes***

The applicable pricing supplement will discuss any special United States federal income tax rules with respect to notes the payments on which are determined by reference to any index, notes that are exchangeable at our option or the option of the holder into securities of an issuer other than Wachovia or into other property, and other notes that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate notes.

### **United States Alien Holders**

This subsection describes the tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a note and are, for United States federal income tax purposes:

a nonresident alien individual,

a foreign corporation, or

an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a note.

If you are a United States holder, this subsection does not apply to you.

This discussion assumes that the note is not subject to the rules of Section 871(h)(4)(A) of the Internal Revenue Code, relating to interest payments that are determined by reference to the income, profits, changes in the value of property or other attributes of the debtor or a related party.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a note:

we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal, premium, if any, and interest, including OID, to you if, in the case of payments of interest:

1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote,
2. you are not a controlled foreign corporation that is related to the Company through stock ownership, and

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3. the U.S. payor does not have actual knowledge or reason to know that you are a United States person and:
  - a. you have furnished to the U.S. payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are (or, in the case of a United States alien holder that is a partnership or an estate or trust, such forms certifying that each partner in the partnership or beneficiary of the estate or trust is) a non-United States person,
  - b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the U.S. payor documentation that establishes your identity and your status as a non-United States person,
  - c. the U.S. payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:



**Table of Contents**

- i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),
- ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or
- iii. a U.S. branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the notes in accordance with U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

- d. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business,
  - i. certifying to the U.S. payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and
  - ii. to which is attached a copy of the Internal Revenue Service Form W-8BEN or acceptable substitute form, or
- e. the U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the notes in accordance with U.S. Treasury regulations; and

no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your note.

Further, a note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for United States federal estate tax purposes if:

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote at the time of death and

the income on the note would not have been effectively connected with a United States trade or business of the decedent at the same time.

**Treasury Regulations Requiring Disclosure of Reportable Transactions**

Recently-promulgated Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a Reportable Transaction ). Under these regulations, if the notes are denominated in a foreign currency, a United States holder (or a United States alien holder that holds the notes in connection with a U.S. trade or business) that recognizes a loss with respect to the notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886

## **Table of Contents**

(Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of notes.

## **Backup Withholding And Information Reporting**

In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest on your note, and the accrual of OID on a discount note. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your note before maturity within the United States. Additionally, backup withholding will apply to any payments, including payments of OID, if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

In general, if you are a United States alien holder, payments of principal, premium or interest, including OID, made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under United States Alien Holders are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your notes on Internal Revenue Service Form 1042-S even if the payments are not otherwise subject to information reporting requirements. In addition, payment of the proceeds from the sale of notes effected at a United States office of a broker will not be subject to backup withholding and information reporting provided that:

the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker:

an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or

other documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations, or

you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a non-United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

the proceeds are transferred to an account maintained by you in the United States,

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the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or

the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption.

**Table of Contents**

In addition, payment of the proceeds from the sale of notes effected at a foreign office of a broker will be subject to information reporting if the broker is:

a United States person,

a controlled foreign corporation for United States tax purposes,

a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or

a foreign partnership, if at any time during its tax year:

one or more of its partners are U.S. persons, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or

such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

**Table of Contents**

**EUROPEAN UNION DIRECTIVE ON TAXATION OF SAVINGS INCOME**

On June 3, 2003, the Council of the European Union (Ecofin) approved a directive regarding the taxation of, and information exchange among member states of the European Union ( EU Member States ) with respect to, interest income. Accordingly, each EU Member State is required to implement provisions that will require paying agents (within the meaning of the directive) established within its territory to provide to the competent authority of this state information about the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, however, and until a number of conditions are met, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the directive at a rate of 15% for the first three years from application of the provisions of the directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of the directive. Austria, Belgium and Luxembourg shall, however, provide for one or both of the procedures set forth in article 13 of the directive order to ensure that the beneficial owners may request that no tax be withheld.

The Council of the European Union agreed that the provisions to be enacted by the EU Member States for implementation of the directive shall be applied by the EU Member States as from July 1, 2005 provided that (i) Switzerland, Liechtenstein, San Marino, Monaco and Andorra apply from that same date measures equivalent to those contained in the directive, in accordance with agreements entered into by them with the European Community and (ii) also all the relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) apply from that same date an automatic exchange of information or, during the transitional period described above, apply a withholding tax in the described manner.

**EMPLOYEE RETIREMENT INCOME SECURITY ACT**

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employment Retirement Income Security Act of 1974, as amended ( ERISA ), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit an employee benefit plan, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Internal Revenue Code, from engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Internal Revenue Code with respect to the plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA and Section 4975 of the Internal Revenue Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Therefore, a fiduciary of an employee benefit plan should also consider whether an investment in the notes might constitute or give rise to a prohibited transaction under ERISA and the Internal Revenue Code. Employee benefit plans which are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and foreign plans (as described in Section 4(b)(4) of ERISA) generally are not subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code.

Wachovia and certain of its affiliates may each be considered a party in interest or disqualified person with respect to many employee benefit plans. This could be the case, for example, if one of these companies is a service provider to a plan. Special caution should be exercised,

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therefore, before notes are purchased by an employee benefit plan. In particular, the fiduciary of the plan should consider whether exemptive relief is available under an applicable administrative exemption. The Department of Labor has issued five prohibited

**Table of Contents**

transaction class exemptions that could apply to exempt the purchase, sale and holding of notes from the prohibited transaction provisions of ERISA and the Internal Revenue Code. Those class exemptions are Prohibited Transaction Exemption 96-23 (for transactions determined by in-house asset managers), Prohibited Transaction Exemption 95-60 (for certain transactions involving insurance company general accounts), Prohibited Transaction Exemption 91-38 (for certain transactions involving bank investment funds), Prohibited Transaction Exemption 90-1 (for certain transactions involving insurance company separate accounts), and Prohibited Transaction Exemption 84-14 (for certain transactions determined by independent qualified asset managers).

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering the purchase of notes on behalf of or with plan assets of any employee benefit plan consult with their counsel regarding the consequences under ERISA and the Internal Revenue Code of the acquisition of the notes and the availability of exemptive relief under Prohibited Transaction Exemption 96-23, 95-60, 91-38, 90-1 or 84-14.



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**Table of Contents****PLAN OF DISTRIBUTION**

Unless otherwise indicated in any pricing supplement, the U.S. distribution agents shall be Wachovia Capital Markets, LLC, an indirect, wholly-owned subsidiary of Wachovia; ABN AMRO Incorporated; Barclays Capital Inc.; Bear, Stearns & Co. Inc.; Blaylock & Partners, L.P.; Citigroup Global Markets Inc.; Credit Suisse First Boston LLC; Goldman, Sachs & Co.; Greenwich Capital Markets, Inc.; Guzman & Company; J.P. Morgan Securities Inc.; Keefe, Bruyette & Woods, Inc.; Lehman Brothers Inc.; Loop Capital Markets, LLC; Merrill Lynch, Pierce, Fenner & Smith Inc.; Samuel A. Ramirez & Co. Inc.; Sandler O'Neill & Partners, L.P.; UBS Securities LLC; Utendahl Capital Partners, L.P.; The Williams Capital Group, L.P.; and the European distribution agents shall be Wachovia Securities International Limited, an indirect, wholly-owned subsidiary of Wachovia; Barclays Bank PLC; Bear, Stearns International Limited; Citigroup Global Markets Limited; Credit Suisse First Boston (Europe) Limited; Goldman Sachs International; Guzman & Company; J.P. Morgan Securities Ltd.; Lehman Brothers International (Europe); Merrill Lynch International; UBS AG, acting through its business group UBS Securities and Utendahl Capital Partners, L.P. Under the terms of a Distribution Agreement among Wachovia and these agents, Wachovia may sell notes to an agent, acting as principal, for resale to one or more investors or other purchasers at varying prices related to prevailing market prices at the time of resale, as determined by any of these agents or, if so agreed, at a fixed offering price. A form of Distribution Agreement has been filed as an exhibit to the registration statement for this prospectus. Unless otherwise indicated in the relevant pricing supplement, any note sold to an agent as principal will be purchased by that agent at a price equal to 100% of the principal amount of that note, less a percentage not exceeding the maximum commission applicable to any agency sale of a note of identical maturity, and, subject to the restriction noted in the following sentence, may be resold by that Agent to investors and other purchasers. An agent may offer the notes it has purchased as principal to other brokers or dealers at a discount and, unless otherwise indicated in any pricing supplement, the discount allowed to any broker or dealer will not exceed the discount to be received by that agent from Wachovia. After the initial public offering of notes, the public offering price (in the case of notes to be resold on a fixed public offering price basis), the concession and the discount may be changed.

Wachovia may also offer the notes on a continuing basis through the agents, which have agreed to use their reasonable efforts to solicit offers to purchase the notes, on an agency basis. When Wachovia has sold notes through an agent on an agency basis, it will pay that agent a commission (or grant a discount) as agreed by Wachovia and that agent of from 0.125% to 8% of the principal amount of each note sold through that agent. Any agent will have the right, in its discretion reasonably exercised, without notice to Wachovia, to reject any offer to purchase notes received by it in whole or in part.

Unless otherwise mentioned in the relevant pricing supplement, the obligations of any agents to purchase the notes will be subject to certain conditions precedent, and each of the agents with respect to a sale of notes will be obligated to purchase all of its notes if any are purchased.

Wachovia has reserved the right to sell notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No selling commission will be payable nor will a selling discount be allowed on any sales made directly by Wachovia.

Wachovia has reserved the right to withdraw, cancel or modify the offer made by this prospectus without notice and may reject orders in whole or in part whether placed directly with Wachovia or with an agent. No termination date has been established for the offering of the notes.

The notes are a new issue of securities with no established trading market. Wachovia has been advised by the agents that they intend to make a market in the notes but are not obligated to do so and may discontinue market-making at any time without notice. The agents may from time to time purchase and sell notes in the secondary market, but no agent is obligated to do so. We can give no assurance that the notes offered by this prospectus will be sold or that there will be a secondary market for the notes (or liquidity in such secondary market, if one develops).



## **Table of Contents**

We have applied to list on the Luxembourg Stock Exchange any notes issued under this prospectus during the twelve-month period after the date of this prospectus. We may also list any notes on any additional securities exchanges on which we and the agents agree in relation to each issuance. We may also issue unlisted notes.

Unless otherwise indicated in any pricing supplement, payment of the purchase price of notes, other than notes denominated in a non-U.S. dollar currency, will be required to be made in funds immediately available in The City of New York. The notes will be in the Same Day Funds Settlement System at DTC and, to the extent the secondary market trading in the notes is effected through the facilities of such depository, such trades will be settled in immediately available funds. See "Global Notes" above.

In facilitating the sale of notes, agents may receive compensation from Wachovia or from purchasers of notes for whom they may act as agents in the form of discounts, concessions or commissions. Agents may sell notes to or through brokers or dealers, and these brokers and dealers may receive compensation in the form of discounts, concessions or commissions from the agents and/or commissions from the purchasers for whom they may act as agents. Agents, brokers and dealers that participate in the distribution of notes may be considered "underwriters", and any discounts or commissions received by them from Wachovia and any profit on the resale of notes by them may be considered underwriting discounts and commissions under the Securities Act. Any such agent will be identified, and any such compensation received from Wachovia will be described, in the pricing supplement relating to those notes. Wachovia has agreed to indemnify the agents against and contribute toward certain liabilities, including liabilities under the Securities Act. Wachovia has also agreed to reimburse the agents for certain expenses.

If Wachovia offers and sells notes directly to a purchaser or purchasers in respect of which this prospectus is delivered, purchasers involved in the reoffer or resale of such notes, if these purchasers may be considered underwriters as that term is defined in the Securities Act, will be named and the terms of their reoffers or resales will be mentioned in the relevant pricing supplement. These purchasers may then reoffer and resell such notes to the public or otherwise at varying prices to be determined by such purchasers at the time of resale or as otherwise described in the relevant pricing supplement. Purchasers of notes directly from Wachovia may be entitled under agreements that they may enter into with Wachovia to indemnification by Wachovia against certain liabilities, including liabilities under the Securities Act, and may engage in transactions with or perform services for Wachovia in the ordinary course of their business or otherwise.

The agents may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit reclaiming a selling concession from a syndicate member when the notes originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may stabilize, maintain or otherwise affect the market price of the notes, which may be higher than it would otherwise be in the absence of such transactions. The agents are not required to engage in these activities, and may end any of these activities at any time.

The participation of Wachovia Capital Markets, LLC or any other broker-dealer affiliate of Wachovia in the offer and sale of the notes must comply with the requirements of Rule 2720 of the National Association of Securities Dealers, Inc. regarding underwriting securities of an affiliate. Neither Wachovia Capital Markets, LLC nor any other broker-dealer affiliate of Wachovia will execute a transaction in the notes in a discretionary account without the prior specific written approval of such member's customer.

This prospectus and the related pricing supplements may be used by Wachovia Capital Markets, LLC or other broker-dealer affiliates of Wachovia for offers and sales related to market-making transactions in the



## **Table of Contents**

securities. Wachovia Capital Markets, LLC and other broker-dealer affiliates of Wachovia may act as principal or agent in these transactions. These sales will be made at prices related to prevailing market prices at the time of sale or otherwise.

From time to time the agents engage in transactions with Wachovia in the ordinary course of business. The agents or their affiliates may have performed investment banking services for Wachovia in the last two years and may have received fees for these services and may do so in the future. The agents and/or their affiliates may be customers of (including borrowers from), engage in transactions with, and/or perform services for the senior trustee and the subordinated trustee, in the ordinary course of business.

In addition to offering notes through the agents as discussed above, other medium-term notes that have terms substantially similar to the terms of the notes offered by this prospectus (but constituting one or more separate series of notes for purposes of the indentures) may in the future be offered, concurrently with the offering of the notes, on a continuing basis by Wachovia pursuant to the Distribution Agreement and directly to investors. Any of these notes sold pursuant to the Distribution Agreement or sold by Wachovia directly to investors will reduce the aggregate amount of notes which may be offered by this prospectus.

## **Selling Restrictions Outside the United States**

Wachovia has taken no action that would permit a public offering of the notes or possession or distribution of this prospectus or any other offering material in any jurisdiction outside the United States where action for that purpose is required other than as described below. Accordingly, each agent has represented, warranted and agreed, and each other agent will be required to represent, warrant and agree, that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells notes or possesses or distributes this prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and Wachovia shall have no responsibility in relation to this.

With regard to each note, the relevant purchaser will be required to comply with those restrictions that Wachovia and the relevant purchaser shall agree and as shall be set out in the relevant pricing supplement.

## ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State ), each agent has represented and agreed, and each other agent will be required to represent and agree, that with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State (the Relevant Implementation Date ) it has not made and will not make an offer of the notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

in the period beginning on the date of publication of this prospectus which has been approved by the competent authority in that Relevant Member State in accordance with the EU Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the EU Prospectus Directive and ending on the date which is twelve months after the date of such publication;

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at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

at any time in any other circumstances which do not require the publication by Wachovia of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

## **Table of Contents**

For the purposes of the above, the expression of an offer of the notes to the public in relation to the notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression of the EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### ***United Kingdom***

Each agent has represented and agreed, and each other agent will be required to represent and agree, that:

with respect to notes which have a maturity of one year or more, during the period up to but excluding the date on which the EU Prospectus Directive is implemented in the United Kingdom (the Implementation Date ), it has not offered or sold and will not offer or sell any such notes to persons in the United Kingdom prior to the expiring of a period of six months from the issue date of such notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

with respect to notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the FSMA ) by Wachovia;

it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to Wachovia; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The notes have not been, and will not be, registered under the Securities and Exchange Law of Japan. Accordingly, each distribution agent has represented and agreed, and each other distribution agent or dealer will be required to represent and agree, that, in connection with the notes, it has not, directly or indirectly, offered, sold or delivered and will not, directly or indirectly, offer, sell or deliver any notes in Japan or to residents of Japan or for the benefit of any Japanese person (which term as used herein means any person resident in Japan including any corporation or other entity organized under the laws of Japan) or to others for re-offering, resale or delivery, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to any Japanese person except in compliance with any applicable laws and regulations of Japan taken as a whole. Each distribution agent agrees to provide any necessary information on notes denominated or payable in Yen to Wachovia (which shall not include the names of clients) so that Wachovia may make any required reports to the Ministry of Finance through its designated agent.





## **Table of Contents**

In connection with an issuance of notes denominated or payable in Yen, Wachovia will be required to comply with all applicable laws, regulations and guidelines, as amended from time to time, of the Japanese government and regulatory authorities.

### ***Germany***

No selling prospectus (*Verkausprospekt*) within the meaning of the German Securities Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of December 13, 1990 (as amended) has been and will be registered or published within the Federal Republic of Germany. The notes have not been offered or sold and will not be offered or sold in the Federal Republic of Germany otherwise than in accordance with the provisions of the Securities Prospectus Act.

### ***France***

This prospectus has not been submitted to the French *Commission des opérations de bourse* for approval and the notes have not and will not be offered or sold, directly or indirectly, to the public in France. Accordingly, each distribution agent has agreed that it will only offer notes in France to qualified investors, as defined under Article 6 of French Ordinance No. 67-833 dated September 28, 1967 (as amended); provided, in this case, that it shall have obtained a certificate from the investor providing an acknowledgement that: (i) the offering is a private placement in France and no prospectus has been submitted to the *Commission des opérations de bourse*, (ii) the investor is an *investisseur qualifié* within the meaning of Article 6 of French Ordinance No. 67-833 dated September 28, 1967 (as amended), (iii) the investor is investing for his own account, and (iv) the investor will not resell the notes in violation of French securities laws and regulations.

### ***Switzerland***

Each agent has represented and agreed, and each other agent will be required to represent and agree, that the issue of any notes denominated in Swiss francs or carrying a Swiss franc-related element will be effected in compliance with the relevant regulations of the Swiss National Bank, which currently require that such issues have a maturity of more than one year, to be effected through a bank domiciled in Switzerland that is regulated under the Swiss Federal Law on Banks and Savings Banks of 1934 (as amended) (which includes a branch or subsidiary located in Switzerland of a foreign bank) or through a securities dealer which has been licensed as a securities dealer under the Swiss Federal Law on Stock Exchanges and Securities Trading of 1995 (except for issues of notes denominated in Swiss francs on a syndicated basis, where only the lead manager need be a bank domiciled in Switzerland). The relevant agent must report certain details of the relevant transaction to the Swiss National Bank no later than the time of delivery of the notes.

### ***The Netherlands***

Each agent represented and agreed, and each other agent will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any notes with a denomination of less than 50,000 (or its foreign currency equivalent) other than to persons who trade or invest in securities in the conduct of a profession or business (which includes banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions or exceptions to the prohibition contained in Article 3 of the Dutch Securities Transactions Supervision Act 1995 (*Wet toezicht effectenverkeer* 1995) is applicable and the conditions attached to such exemption or exception are complied with.



**Table of Contents**

**VALIDITY OF THE NOTES**

The validity of the notes will be passed upon for Wachovia by Ross E. Jeffries, Jr., Esq., Senior Vice President and Assistant General Counsel of Wachovia, and for the agents by Sullivan & Cromwell LLP, 125 Broad Street, New York, New York. Sullivan & Cromwell LLP will rely upon the opinion of Mr. Jeffries as to matters of North Carolina law, and Mr. Jeffries will rely upon the opinion of Sullivan & Cromwell LLP as to matters of New York law. The opinions of Mr. Jeffries and Sullivan & Cromwell LLP will be conditioned upon, and subject to certain assumptions regarding, future action to be taken by Wachovia and the trustees in connection with the issuance and sale of any particular note, the specific terms of notes and other matters which may affect the validity of notes but which cannot be ascertained on the date of such opinions. Mr. Jeffries owns shares of Wachovia's common stock and holds options to purchase additional shares of Wachovia's common stock. Sullivan & Cromwell LLP regularly performs legal services for Wachovia. Certain members of Sullivan & Cromwell LLP performing these legal services own shares of Wachovia's common stock.

**Table of Contents**

**EXPERTS**

The consolidated balance sheets of Wachovia Corporation as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2004, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, included in Wachovia's 2004 Annual Report to Stockholders which is incorporated by reference in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2004, and incorporated by reference in this prospectus, have been incorporated by reference in this prospectus in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

**LISTING AND GENERAL INFORMATION**

**Listing and Documents Available**

Application has been made to list the notes offered by this prospectus on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated to the program the number 12695 for listing purposes. The Amended and Restated Articles of Incorporation and the By-Laws of Wachovia and a legal notice relating to the issuance of the notes will be deposited prior to listing with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where such documents may be examined and copies obtained upon request. Copies of the above documents together with this prospectus, any pricing supplements, the Distribution Agreement, the indentures and Wachovia's Annual Report on Form 10-K for the year ended December 31, 2004 as well as all other documents incorporated by reference herein (other than exhibits to such documents, unless such exhibits are incorporated by reference therein) including future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, so long as the notes are listed on the Luxembourg Stock Exchange, will be made available for inspection, and may be obtained free of charge, at the main office of the Luxembourg listing agent. The Luxembourg listing agent will act as a contact between the Luxembourg Stock Exchange and Wachovia or the holders of the notes. We have appointed Dexia Banque Internationale à Luxembourg as the Luxembourg listing agent for the notes.

However, notes may be issued under the program which will not be listed on the Luxembourg Stock Exchange or which will be listed on any other securities exchange as Wachovia and the relevant agent(s) may agree.

**Authorization**

The program has been established and the notes will be issued pursuant to authority granted by the Board of Directors of Wachovia on December 14, 2004 as such authority may be supplemented from time to time.

**Material Change**

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As of the date of this prospectus, other than as disclosed or contemplated herein or in the documents incorporated by reference, to the best of Wachovia's knowledge and belief, there has been no material adverse change in the financial position of Wachovia on a consolidated basis since December 31, 2004. See "Where You Can Find More Information" above.

## **Table of Contents**

### **Litigation**

As of the date of this prospectus, other than as disclosed or contemplated herein or in the documents incorporated by reference, to the best of Wachovia's knowledge and belief, Wachovia is not a party to any legal or arbitration proceedings (including any that are pending or threatened) which may have, or have had, since December 31, 2004, a significant effect on Wachovia's consolidated financial position or that are material in the context of the program or the issue of the notes which could jeopardize Wachovia's ability to discharge its obligation under the program or of the notes issued under the program.

### **Clearance Systems**

The notes have been accepted for clearance through the DTC, Euroclear and Clearstream systems. The appropriate CUSIP, Common Code and ISIN for each tranche of notes to be held through any of these systems will be contained in the relevant pricing supplement.

### **Agents**

The United States Registrar and Domestic Paying Agent for the notes will be initially Wachovia Bank, National Association, located at its corporate trust office at 12 East 49th Street, 37th Floor, New York, New York 10017, Attn: Corporate Trust, or at its headquarters at One Wachovia Center, Charlotte, North Carolina, 28288-0600, United States of America.

The London Paying Agent and London Issuing Agent for the notes will be initially Citibank, N.A., located at P.O. Box 18055, 5 Carmelite Street, London, EC4Y 0PA.

The Luxembourg Paying Agent and Transfer Agent for the notes will be initially Dexia Banque Internationale à Luxembourg located at 69, route d'Esch, L-2953 Luxembourg.

The Listing Agent for the notes will be initially Dexia Banque Internationale à Luxembourg located at 69, route d'Esch, L-2953 Luxembourg.

**Table of Contents**

**ISSUER**

**Wachovia Corporation**

One Wachovia Center

Charlotte, North Carolina 28288-0013

United States of America

**UNITED STATES**

**DISTRIBUTION AGENTS**

Wachovia Securities

ABN AMRO

Barclays Capital

Bear, Stearns & Co. Inc.

Blaylock & Company

Citigroup

Credit Suisse First Boston

Goldman, Sachs & Co.

Greenwich Capital Markets

Guzman & Company

JPMorgan

Keefe, Bruyette & Woods

Lehman Brothers

Loop Capital Markets

Merrill Lynch & Co.

Samuel A. Ramirez & Co.

Sandler O'Neill & Partners

UBS Investment Bank

**EUROPEAN  
DISTRIBUTION AGENTS**

Wachovia Securities International Limited

Barclays Capital

Bear, Stearns International Limited

Citigroup

Credit Suisse First Boston

Goldman Sachs International

Guzman & Company

J.P. Morgan Securities Ltd.

Lehman Brothers

Merrill Lynch International

UBS Investment Bank

Utendahl Capital Partners, L.P.

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Utendahl Capital Partners, L.P.

The Williams Capital Group

**UNITED STATES REGISTRAR AND**

**DOMESTIC PAYING AGENT**

**Wachovia Bank,  
National Association**

One Wachovia Center

Charlotte, North Carolina 28288-0600

United States of America

**LONDON PAYING AGENT**

**AND LONDON ISSUING AGENT**

**Citibank, N.A.**

P.O. Box 18055

5 Carmelite Street,

London EC4Y 0PA

**LUXEMBOURG PAYING AGENT,**

**LISTING AGENT**

**AND TRANSFER AGENT**

**Dexia Banque Internationale à Luxembourg**

69, route d Esch

L-2953 Luxembourg

**LEGAL ADVISORS**

*To the Issuer*

As to United States Law:

**Ross E. Jeffries, Jr., Esq.**

Senior Vice President and

Assistant General Counsel

Wachovia Corporation

One Wachovia Center

Charlotte, North Carolina 28288-0630

United States of America

*To the Distribution Agents*

As to United States Law:

**Sullivan & Cromwell LLP**

125 Broad Street

New York, New York 10004

United States of America





Table of Contents

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**Wachovia Corporation**

•% *Trigger* CAPITALS<sup>SM</sup>

**(Covered Asset Participation Target exchangeable Securities)**

**Linked to the Common Stock of ImClone Systems Incorporated**

**due •, 2006**

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PROSPECTUS SUPPLEMENT

•, 2005

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**Wachovia Securities**

**Table of Contents**

**CAPITALS<sup>SM</sup> is a servicemark of Wachovia Corporation.**