

CHICAGO BRIDGE & IRON CO N V
Form DEF 14A
March 25, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Chicago Bridge & Iron Company N.V.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
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1) Amount Previously Paid:

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4) Date Filed:

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CHICAGO BRIDGE & IRON COMPANY N.V.

OOSTDUINLAAN 75

2596 JJ THE HAGUE, THE NETHERLANDS

NOTICE OF AND AGENDA FOR ANNUAL GENERAL MEETING

OF SHAREHOLDERS TO BE HELD MAY 8, 2013

To the Shareholders of:

CHICAGO BRIDGE & IRON COMPANY N.V.

You are hereby notified that the Annual General Meeting of Shareholders (the Annual Meeting) of Chicago Bridge & Iron Company N.V. (CB&I , CBI , the Company or we) will be held at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands, at 2:00 p.m., local time, on Wednesday, May 8, 2013, for the following purposes:

1. To elect two members of the Supervisory Board to serve until the Annual Meeting of Shareholders in 2016. The Supervisory Board recommends the election of Deborah M. Fretz and Michael L. Underwood to fill these positions;
2. To approve, by non-binding vote, the compensation of the Company s named executive officers;
3. To authorize the preparation of our Dutch statutory annual accounts and the annual report of our Management Board in the English language, to discuss our annual report of the Management Board for the year ended December 31, 2012 and to adopt our Dutch statutory annual accounts for the year ended December 31, 2012;
4. To approve the final dividend for the year ended December 31, 2012 in an amount of \$.20 per share, which has previously been paid out to shareholders in the form of interim dividends;
5. To discharge the sole member of our Management Board from liability in respect of the exercise of its duties during the year ended December 31, 2012;
6. To discharge the members of our Supervisory Board from liability in respect of the exercise of their duties during the year ended December 31, 2012;
7. To appoint Ernst & Young LLP as our independent registered public accounting firm, who will audit our accounts for the year ending December 31, 2013;
8. To approve the extension of the authority of our Management Board, acting with the approval of the Supervisory Board, to repurchase up to 10% of our issued share capital until November 8, 2014 on the open market, through privately negotiated transactions or in one or more self tender offers for a price per share not less than the nominal value of a share and not higher than 110% of the most recent available (as of the time of repurchase) price of a share on any securities exchange where our shares are traded;
9. To approve the extension of the authority of our Supervisory Board to issue shares and/or grant rights to acquire our shares (including options to subscribe for shares), never to exceed the number of authorized but unissued shares, and to limit or exclude the preemptive rights of shareholders with respect to the issuance of shares and/or the grant of the right to acquire shares, until May 8, 2018;
10. To adopt an amendment to the Chicago Bridge & Iron 2001 Employee Stock Purchase Plan; and
11. To discuss our dividend policy.

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

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

Richard E. Chandler, Jr.,

Secretary

March 25, 2013

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 8, 2013: The proxy statement and annual report to security holders are available on the Internet at www.proxyvote.com.

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CB&I

PROXY STATEMENT

This proxy statement, which is first being mailed or made available to holders of registered shares on or about March 25, 2013, is furnished in connection with the solicitation of proxies on behalf of CB&I, who ask you to vote promptly, and if voting by mail, to complete, sign, date and mail the enclosed proxy for use at the Annual General Meeting of Shareholders to be held at the InterContinental Amstel Amsterdam, Professor Tulpplein 1, 1018 GX Amsterdam, The Netherlands, at 2:00 p.m., local time, on Wednesday, May 8, 2013 (the Annual Meeting), for the purposes set forth in the foregoing notice and agenda.

We are utilizing U.S. Securities and Exchange Commission (SEC) rules allowing companies to furnish our proxy materials over the Internet. Instead of a paper copy of this proxy statement and our 2012 Annual Report, most of our shareholders are receiving a notice regarding the availability of our proxy materials. The notice includes instructions on how to access the proxy materials over the Internet. The notice also contains instructions on how each shareholder can receive a paper copy of our proxy materials, including this proxy statement, our 2012 Annual Report and a form of proxy card.

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

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

Only holders of record of the 107,856,611 registered shares of our share capital, par value EUR 0.01 (the common shares or shares), outstanding at the close of business on March 14, 2013, are entitled to notice of and to vote at the Annual Meeting. Shareholders must give notice in writing to the Management Board of their intention to attend the Annual Meeting prior to May 6, 2013. Admittance of shareholders and acceptance of written voting proxies shall be governed by Dutch law.

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

We will bear the cost of soliciting proxies on the accompanying proxy card. Some of our directors, officers and regular employees may solicit proxies in person or by mail, telephone or fax, but will not receive any additional compensation for their services. We may reimburse brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of our shares. We have also retained The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support for a services fee and the reimbursement of customary disbursements. Such fee and disbursements are not expected to exceed \$15,000 in the aggregate.

Shareholders and interested persons may communicate with the Supervisory Board or one or more directors by sending a letter addressed to the Supervisory Board or to any one or more directors in care of Richard E. Chandler, Jr., Secretary, CB&I, Oostduinlaan 75, 2596 JJ The Hague, The Netherlands, in an envelope clearly marked Shareholder Communication. Mr. Chandler's office will forward such correspondence unopened to Larry D. McVay, or to another independent director, unless the envelope specifies that it should be delivered to another director.

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CORPORATE GOVERNANCE

Certain Transactions

Director Independence

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

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

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

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

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

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

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

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

However, in making the determination as to independence, the Supervisory Board will broadly consider all relevant facts and circumstances in evaluating any relationships that exist between a director and the Company. Such determinations, in individual cases, may warrant exceptions to the above general guidelines. Based on these guidelines, the Supervisory Board has determined that the following members of the Supervisory Board do not have a relationship with us, and that each of Messrs. Flury, Jennett, Kissel, McVay, Neale, Bolch, and Underwood and Ms. Williams are independent under the standards described above. Mr. Asherman, our Chief Executive Officer, is not independent. The Supervisory Board has also determined that all members of the Supervisory Board, except Mr. Asherman, are independent as that term is defined by the Dutch Corporate Governance Code adopted by the Dutch Corporate Governance Committee on December 9, 2003 and subsequently amended and restated in October 2008 (the Dutch Corporate Governance Code).

Related Party Transactions

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

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Legal Compliance Policy, and make recommendations to the Supervisory Board concerning the granting of waivers, if appropriate, under the Company's Code of Ethics. Each director, officer and employee must make prompt and full disclosure of all conflicts of interest to the President and Chief Executive Officer, the Chief Financial Officer or the Chief Legal Officer of the Company or the Non-Executive Chairman (defined below) or the Chairman of the Audit Committee. A conflict of interest includes any shareholder who holds more than 10% of our shares, a director, officer or employee having a financial interest in any contract with us or in any organization doing business with us, or any such person receiving improper personal benefits or loans as a result of his or her position in the Company. On an annual basis, each member of the Supervisory Board and executive officer is obligated to complete a Director and Officer Questionnaire, which requires disclosure of any transactions with the Company in which the member of the Supervisory Board or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. These obligations are set forth in writing in our Code of Ethics and the Nominating Committee charter available through our website, www.cbi.com.

Nominations for Directors/Director Qualifications

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

holding a position as a chief executive officer or chief operating officer or running a significant division of a public company;

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

knowledge of international business;

technological expertise;

financial adeptness, liability/equity management and human relations skills;

outside interests;

participation on other boards;

education;

ability to serve for at least five years;

compatibility with existing Supervisory Board, management and the Company corporate culture; and

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

The Nominating Committee and the Supervisory Board prefer nominees who will contribute to a board that is diverse in terms of business training, experience across a range of industries, leadership, background and education. The Nominating Committee and the Supervisory Board consider how a specific nominee contributes to the diversity of the Supervisory Board by identifying a nominee's experience and background and determining how such experience and background will complement the overall makeup of the Supervisory Board. The Nominating Committee identifies nominees through the use of third-party entities whose practice includes outside director searches and by conducting its own searches primarily based on personal knowledge and recommendations of other members of the Supervisory Board and our management. Nominees are evaluated by

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the Committee as a whole with reference to Appendix I. The Nominating Committee does not solicit director nominees but will consider and evaluate shareholder recommendations that meet the criteria set forth in Appendix I in the same manner as it evaluates other potential nominees. Recommendations should be submitted in writing and addressed to the Chairman of the Nominating Committee, c/o Richard E. Chandler, Jr., Secretary, CB&I, Oostduinlaan 75, 2596 JJ The Hague, The Netherlands.

Board Leadership Structure and Role in Risk Oversight

The Supervisory Board requires that the Chairman of the Supervisory Board be a non-executive. The Supervisory Board separates the roles of Chief Executive Officer and Chairman of the Supervisory Board in recognition of the differences between the two roles and the commitment required by each role. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the non-executive Chairman of the Supervisory Board (the Non-Executive Chairman), as an independent leader, to lead the Supervisory Board in its fundamental role of providing advice to and independent oversight of management. The Supervisory Board recognizes both the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, and the commitment required of the Non-Executive Chairman to properly fulfill his role. The Supervisory Board believes this structure is appropriate for the Company not only because of the size and composition of the Supervisory Board, the scope and complexity of the Company's operations and the responsibilities of the Supervisory Board and management, but also as a demonstration of our commitment to good corporate governance.

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

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

integrity of the Company's financial statements;

Company's compliance with legal and regulatory requirements;

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

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

Company's system of disclosure and internal controls regarding finance, accounting, legal compliance and ethics. The Strategic Initiatives Committee, chaired by the Non-Executive Chairman, participates in and, in certain instances, oversees significant core activities of the Company. The Strategic Initiatives Committee deals directly with risk-related issues facing the Company when and as the Committee carries out its duties to:

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

review and make recommendations to the Supervisory Board with respect to matters brought to its attention by the Chief Executive Officer in the ordinary course of business that exceed his approval authority under the authority matrix adopted by the Supervisory Board; and

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review and discuss matters brought to its attention by the Chief Executive Officer that the Committee finds appropriate.

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

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

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

establish and review corporate goals and objectives;

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

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

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

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

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

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

Based on information and reports received by the Supervisory Board from these committees and from regular or special Supervisory Board meetings, appropriate guidance and involvement can be directed to areas which may expose the Company to risks in operation, legal compliance, financial reporting and other aspects of the business of the Company. The Non-Executive Chairman works with the Chief Executive Officer during the strategic planning process to ensure that management strategies, plans and performance metrics are communicated to the Supervisory Board and that concerns of the Supervisory Board are addressed in the development of these plans and attends and participates in quarterly Management Reviews of the performance of the Company. Finally, the Non-Executive Chairman attends and participates in quarterly management meetings in which, as part of the review of the Company's overall performance, various risk issues are identified and addressed.

COMMITTEES OF THE SUPERVISORY BOARD

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

Audit Committee

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The current members of the Audit Committee are Mr. Underwood (Chairman) and Messrs. Neale and McVay and Ms. Williams. The Supervisory Board has determined that Ms. Williams and Mr. Underwood are

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

The Audit Committee met seven times during 2012. Its primary duties and responsibilities include assisting the Supervisory Board in overseeing:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

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

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

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

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

Audit Fees

For the years ended December 31, 2012 and 2011, we incurred the following fees for services rendered by our independent registered public accounting firm, Ernst & Young LLP:

Fees	2012	2011
Audit Fees(1)	\$ 3,956,600	\$ 3,722,900
Audit-Related Fees		
Tax Fees(2)	435,900	356,000
All Other Fees(3)	2,000	2,000
Total	\$ 4,394,500	\$ 4,080,900

(1) Audit Fees consist of fees and out of pocket expenses for audit of our annual financial statements; audit of our controls over financial reporting; reviews of our quarterly financial statements; statutory and regulatory audits and consents; financial accounting and reporting

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consultations; and other services related to SEC matters.

- (2) Tax Fees consist of fees for tax consulting services, including transfer pricing documentation, tax advisory services and compliance matters.
- (3) All Other Fees consist of permitted non-audit services.

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

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

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

Report of the Audit Committee of the Supervisory Board

The following is the report of the Audit Committee with respect to our audited financial statements for the year ended December 31, 2012.

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

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2012.

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

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

Based on the reviews and discussions referred to above, we recommended to the Supervisory Board that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

Members of the Audit Committee

Michael L. Underwood (Chairman)

Gary L. Neale

Larry D. McVay

Marsha C. Williams

Organization and Compensation Committee

The current members of the Organization and Compensation Committee are Messrs. Neale (Chairman), Jennett, Kissel, Bolch and Underwood and Ms. Williams. The Supervisory Board has determined that Messrs. Neale (Chairman), Jennett, Kissel, Bolch and Underwood and Ms. Williams are each independent as defined in the Exchange Act and under the New York Stock Exchange Listed Company Manual. The Organization and Compensation Committee met four times in 2012. Its primary duties and responsibilities include the following:

establishment of compensation philosophy, strategy and guidelines for our executive officers and senior management, including review of compensation programs for excessive risk;

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

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

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

review succession management programs and practices for our senior management (including our Chief Executive Officer and his direct reports).

Organization and Compensation Committee Interlocks and Insider Participation

No member of the Organization and Compensation Committee was, during fiscal year 2012, an officer or employee of the Company or any of our subsidiaries, was formerly an officer of the Company or any of our subsidiaries or had any relationships requiring disclosure by us under Item 404 of Regulation S-K.

During fiscal year 2012, none of our executive officers served as (i) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served on the Organization and Compensation Committee, (ii) a director of another entity, one of whose executive officers served on the Organization and Compensation Committee, or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of the Company.

Compensation Consultants

In considering the executive compensation recommendations of management and determining the compensation of the Chief Executive Officer and those officers reporting directly to him, the Organization and Compensation Committee regularly receives advice and recommendations from Meridian Compensation Partners, LLC (Meridian). At the Committee's request, Meridian evaluates the Company's compensation practices and assists in developing and implementing its executive compensation program and philosophy. Meridian regularly reviews the Company's total compensation pay levels and design practices and offers their comments on comparator companies, benchmarks and how the Company's compensation programs are actually succeeding in meeting the Company's business objectives. Meridian makes recommendations to the Committee at its request, independently of management, on executive compensation generally and on the individual compensation of executive officers. Meridian representatives participate in selected Committee meetings, including executive sessions independent of management, to discuss executive compensation matters.

The Committee has analyzed whether the work of Meridian as a compensation consultant has raised any conflicts of interest, taking into consideration, among other things, the following factors: (i) the provision of other services to the Company by Meridian; (ii) the amount of fees from the Company paid to Meridian as a percentage of Meridian's total revenue; (iii) the policies and procedures of Meridian that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the individual compensation advisors who serve the Committee with any member of the Committee; (v) any stock of the Company owned by such individual compensation advisors, and (vi) any business or personal relationship of Meridian or the individual compensation advisors employed by Meridian who serve the Committee with an executive officer of the Company. The Committee has determined, based on its analysis in light of the factors listed above, that the work of Meridian and the individual compensation advisors employed by Meridian as compensation consultants to the Company has not created any conflicts of interest.

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Organization and Compensation Committee Report

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

Gary L. Neale (Chairman)

James R. Bolch

J. Charles Jennett

W. Craig Kissel

Michael L. Underwood

Marsha C. Williams

Nominating Committee

The current members of the Nominating Committee are Messrs. Jennett (Chairman), Flury and Kissel. The Supervisory Board has determined that Messrs. Jennett (Chairman), Flury and Kissel are each independent as defined in the Exchange Act and under the New York Stock Exchange Listed Company Manual. The Nominating Committee met four times during 2012. Its primary duties and responsibilities include the following:

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

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

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

recommendation of fees to be paid to non-employee members of the Supervisory Board; and

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

Compensation of the Members of the Supervisory Board

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

Corporate Governance Committee

The current members of the Corporate Governance Committee are Messrs. McVay (Chairman), Flury, Neale, Jennett, Kissel, Bolch and Underwood and Ms. Williams. The Corporate Governance Committee met four times during 2012. Its primary duties and responsibilities include the following:

evaluation of the performance of the Supervisory Board and management;

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

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

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

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

Strategic Initiatives Committee

The current members of the Strategic Initiatives Committee are Messrs. Flury (Chairman), McVay and Neale. The Strategic Initiatives Committee met three times during 2012. Its primary duties and responsibilities include the following:

provide a detailed review of actions regarding the approval authority granted by the Supervisory Board to the Chief Executive Officer; and

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

Information Regarding Meetings

The Supervisory Board held nine meetings in 2012. Each of the members of the Supervisory Board attended at least 75% of the meetings of the Supervisory Board and of each committee of which he or she was a member. We expect that each member of the Supervisory Board will attend the Annual Meeting. Last year, each of the members of the Supervisory Board attended the Annual Meeting.

ITEM 1 ELECTION OF TWO MEMBERS OF THE SUPERVISORY BOARD TO SERVE UNTIL 2016

The business and general affairs of the Company and the conduct of the business of the Company by the Management Board are supervised by the Board of Supervisory Directors (the Supervisory Board), the members of which are appointed by the general meeting of shareholders. Under the law of The Netherlands, a member of the Supervisory Board cannot be a member of the Management Board of the Company. Our Articles of Association provide for at least six and no more than 12 members to serve on the Supervisory Board.

Members of the Supervisory Board are generally e