CHICAGO BRIDGE & IRON CO N V
Form 10-Q
August 02, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 1-12815

CHICAGO BRIDGE & IRON COMPANY N.V.

(Exact Name of Registrant as Specified in Its Charter)

Incorporated in The Netherlands	IRS Identification Number: Not Applicable
(State of Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Polarisavenue 31
2132 JH Hoofddorp
The Netherlands
31-23-5685660
(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes þ No

The number of shares outstanding of the registrant s common stock as of July 31, 2007 96,462,086.

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Certification Pursuant to Rule 13-14(a)
Certification Pursuant to Rule 13-14(a)
Certification Pursuant to 18 U.S.C. Section 1350
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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Revenue	$1,011,367	$744,187	$1,868,672	$1,390,783
Cost of revenue	949,208	670,469	1,723,174	1,257,865
Gross profit	62,159	73,718	145,498	132,918
Selling and administrative expenses	31,671	29,533	68,509	68,482
Intangibles amortization	132	1,134	264	1,311
Other operating loss (income), net	237	(344)	(191)	(434)
Income from operations	30,119	43,395	76,916	63,559
Interest expense	(917)	(2,324)	(1,995)	(4,713)
Interest income	8,051	4,138	16,122	6,988
Income before taxes and minority interest	37,253	45,209	91,043	65,834
Income tax expense	(9,354)	(11,307)	(25,491)	(17,775)
Income before minority interest	27,899	33,902	65,552	48,059
Minority interest in income	(1,783)	(1,284)	(2,841)	(2,105)
Net income	$ 26,116	$ 32,618	$ 62,711	$ 45,954
Net income per share:				
Basic	$ 0.27	$ 0.34	$ 0.66	$ 0.47
Diluted	$ 0.27	$ 0.33	$ 0.65	$ 0.46
Weighted average shares outstanding:				
Basic	95,638	97,216	95,586	97,302
Diluted	96,644	98,967	96,691	99,115
Cash dividends on shares:				
Amount	$ 3,857	$ 2,934	$ 7,717	$ 5,853
Per share	$ 0.04	$ 0.03	$ 0.08	$ 0.06

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2007 (Unaudited)	December 31, 2006
Assets		
Cash and cash equivalents	$ 661,253	$ 619,449
Accounts receivable, net of allowance for doubtful accounts of $1,250 in 2007 and $2,008 in 2006	504,168	489,008
Contracts in progress with costs and estimated earnings exceeding related progress billings	184,200	101,134
Deferred income taxes	34,636	42,158
Other current assets	61,570	44,041
Total current assets	1,445,827	1,295,790
Property and equipment, net	222,501	194,644
Non-current contract retentions	11,880	17,305
Goodwill	228,648	229,460
Other intangibles	25,826	26,090
Other non-current assets	22,958	21,123
Total assets	$1,957,640	$1,784,412
Liabilities		
Notes payable	$ 203	$ 781
Current maturity of long-term debt	25,000	25,000
Accounts payable	427,839	373,668
Accrued liabilities	117,143	130,443
Contracts in progress with progress billings exceeding related costs and estimated earnings	680,554	604,238
Income taxes payable	50	3,030
Total current liabilities	1,250,789	1,137,160
Other non-current liabilities	99,732	93,536
Deferred income taxes	6,244	5,691
Minority interest in subsidiaries	8,432	5,590
Total liabilities	1,365,197	1,241,977

Shareholders Equity

Common stock, Euro .01 par value; shares authorized: 250,000,000 in 2007 and 2006; shares issued: 99,073,635 in 2007 and 99,019,462 in 2006; shares outstanding: 96,385,716 in 2007 and 95,967,024 in 2006	1,154	1,153
Additional paid-in capital	350,489	355,939
Retained earnings	345,625	292,431
Stock held in trust	(21,889)	(15,231)
Treasury stock, at cost; 2,687,919 shares in 2007 and 3,052,438 shares in 2006	(77,110)	(80,040)
Accumulated other comprehensive loss	(5,826)	(11,817)
Total shareholders equity	592,443	542,435
Total liabilities and shareholders equity	$1,957,640	$1,784,412

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

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CHICAGO BRIDGE & IRON COMPANY N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2007	**2006**
Cash Flows from Operating Activities		
Net income	$ 62,711	$ 45,954
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,520	13,860
Long-term incentive plan amortization	9,901	10,566
Gain on sale of property, plant and equipment	(191)	(434)
Unrealized loss (gain) on foreign currency hedge ineffectiveness	1,333	(1,221)
Excess tax benefits from share-based compensation	(5,395)	(16,958)
Change in operating assets and liabilities (see below)	33,271	150,883
Net cash provided by operating activities	117,150	202,650
Cash Flows from Investing Activities		
Capital expenditures	(49,366)	(43,166)
Increase in restricted cash		(22,965)
Proceeds from sale of property, plant and equipment	1,719	2,077
Net cash used in investing activities	(47,647)	(64,054)
Cash Flows from Financing Activities		
Decrease in notes payable	(578)	(656)
Excess tax benefits from share-based compensation	5,395	16,958
Purchase of treasury stock	(30,860)	(29,115)
Issuance of common stock	1,280	3,382
Issuance of treasury stock	4,781	
Dividends paid	(7,717)	(5,853)
Net cash used in financing activities	(27,699)	(15,284)
Increase in cash and cash equivalents	41,804	123,312
Cash and cash equivalents, beginning of the year	619,449	333,990
Cash and cash equivalents, end of the period	$661,253	$457,302

Change in Operating Assets and Liabilities

Increase in receivables, net	$ (15,160)	$ (80,387)
Change in contracts in progress, net	(6,750)	229,254
Decrease (increase) in non-current contract retentions	5,425	(6,882)
Increase in accounts payable	54,171	21,800
Increase in other current and non-current assets	(20,349)	(17,415)
Change in income taxes payable and deferred income taxes	11,100	6,939
Decrease in accrued and other non-current liabilities	(2,192)	(4,842)
Decrease in other	7,026	2,416
Total	$ 33,271	$150,883

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

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CHICAGO BRIDGE & IRON COMPANY N.V.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2007
(in thousands, except per share data)
(Unaudited)

1. Significant Accounting Policies

Basis of Presentation The accompanying unaudited condensed consolidated financial statements for Chicago Bridge & Iron Company N.V. (CB&I or the Company) have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the SEC). In the opinion of management, our unaudited condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair presentation of our financial position as of June 30, 2007, our results of operations for each of the three-month and six-month periods ended June 30, 2007 and 2006, and our cash flows for each of the six-month periods ended June 30, 2007 and 2006. The condensed consolidated balance sheet at December 31, 2006 is derived from the December 31, 2006 audited consolidated financial statements. Certain prior year balances have been reclassified to conform to our current year presentation. Specifically, prepayment balances associated with our contracts have been reclassified from other current assets to contracts in progress balances on our December 31, 2006 condensed consolidated balance sheet. Although management believes the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to the rules and regulations of the SEC. The results of operations and cash flows for the interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2006.

Revenue Recognition Revenue is primarily recognized using the percentage-of-completion method. A significant portion of our work is performed on a fixed-price or lump-sum basis. The balance of our work is performed on variations of cost reimbursable and target price approaches. Contract revenue is accrued based on the percentage that actual costs-to-date bear to total estimated costs. We utilize this cost-to-cost approach as we believe this method is less subjective than relying on assessments of physical progress. We follow the guidance of the Statement of Position 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts, (SOP 81-1) for accounting policies relating to our use of the percentage-of-completion method, estimating costs, revenue recognition, including the recognition of profit incentives, combining and segmenting contracts and unapproved change order/claim recognition. Under the cost-to-cost approach, while the most widely recognized method used for percentage-of-completion accounting, the use of estimated cost to complete each contract is a significant variable in the process of determining income earned and is a significant factor in the accounting for contracts. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates.

Contract revenue reflects the original contract price adjusted for approved change orders and estimated minimum recoveries of unapproved change orders and claims. We recognize revenue associated with unapproved change orders and claims to the extent that related costs have been incurred when recovery is probable and the value can be reliably estimated. At June 30, 2007, we had an outstanding unapproved change order of $46,099 factored into the determination of revenue and estimated costs for the associated project. At December 31, 2006, we had no material outstanding unapproved change orders/claims.

Losses expected to be incurred on contracts in progress are charged to earnings in the period such losses are known. Provisions for additional costs associated with a contract projected to be in a significant loss position at June 30,

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2007 resulted in a $15,355 charge to earnings in the three-month period and $25,165 during the six-month period ended June 30, 2007. This contract is now substantially complete. There were no significant provisions for additional costs associated with contracts projected to be in a material loss position in the comparable periods of 2006.

Costs and estimated earnings to date in excess of progress billings on contracts in progress represent the cumulative revenue recognized less the cumulative billings to the customer. Any billed revenue that has not been collected is reported as accounts receivable. Unbilled revenue is reported as contracts in progress with costs and estimated earnings exceeding related progress billings on the condensed consolidated balance sheets. The timing of when we bill our customers is generally based on advance billing terms or contingent upon completion of certain phases of the work as stipulated in the contract. Progress billings in accounts receivable at June 30, 2007 and December 31, 2006 include retentions totaling $66,453 and $62,723, respectively, to be collected within one year. Contract retentions collectible beyond one year are included in non-current contract retentions on the condensed consolidated balance sheets. Cost of revenue includes direct contract costs such as material and construction labor, and indirect costs which are attributable to contract activity.

Foreign Currency The nature of our business activities involves the management of various financial and market risks, including those related to changes in currency exchange rates. The effects of translating financial statements of foreign operations into our reporting currency are recognized in shareholders equity within accumulated other comprehensive loss as cumulative translation adjustment, net of tax, which includes tax credits associated with the translation adjustment. Foreign currency exchange gains/losses are included in the condensed consolidated statements of income within cost of revenue.

New Accounting Standards On January 1, 2007, we adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109, Accounting for Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. As a result of our adoption of FIN 48, we recognized an approximate $1,800 increase in our liability for unrecognized tax benefits, which was accounted for as a cumulative-effect adjustment to our beginning retained earnings balance. Including the impact of adoption of FIN 48, our unrecognized tax benefits totaled approximately $16,400.

We are subject to taxation in the United States and various states and foreign jurisdictions. We have significant operations in the United States, The Netherlands, Canada and the United Kingdom. Tax years remaining subject to examination by worldwide tax jurisdictions vary by country and legal entity, but are generally open for tax years ending after 2001, and in certain cases back to 1997.

To the extent penalties, if any, would be assessed on any underpayment of income tax, such amounts are accrued and classified as a component of income tax expense in our financial statements. Interest is included in interest expense on our consolidated statement of income.

We do not anticipate significant changes in the balance of our unrecognized tax benefits in the next twelve months.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements, and accordingly, does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We are currently evaluating the effect, if any, that the adoption of this standard will have on our consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). SFAS No. 159 provides companies with an option to report selected financial assets

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and liabilities at fair value. The objective of SFAS No. 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. U.S. GAAP has required different measurement attributes for different assets and liabilities that can create artificial volatility in earnings. The FASB has indicated it believes that SFAS No. 159 helps to mitigate this type of accounting-induced volatility by enabling companies to report related assets and liabilities at fair value, which would likely reduce the need for companies to comply with detailed rules for hedge accounting. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities.

SFAS No. 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS No. 157 and SFAS No. 107, Disclosures about Fair Value of Financial Instruments. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact, if any, that the adoption of this standard will have on our consolidated financial position, results of operations or cash flows.

Per Share Computations Basic earnings per share (EPS) is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the assumed conversion of dilutive securities, consisting of employee stock options, restricted shares, performance shares (where performance criteria have been met) and directors deferred fee shares.

The following schedule reconciles the income and shares utilized in the basic and diluted EPS computations:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2007	**2006**	**2007**	**2006**
Net income	$26,116	$32,618	$62,711	$45,954
Weighted average shares outstanding basic	95,638	97,216	95,586	97,302
Effect of stock options/restricted shares/performance shares	943	1,656	1,042	1,710
Effect of directors deferred fee shares	63	95	63	103
Weighted average shares outstanding diluted	96,644	98,967	96,691	99,115
Net income per share				
Basic	$ 0.27	$ 0.34	$ 0.66	$ 0.47
Diluted	$ 0.27	$ 0.33	$ 0.65	$ 0.46

2. Stock Plans

During the three and six months ended June 30, 2007, we recognized $3,030 and $9,901, respectively, of compensation expense reported as selling and administrative expense in the accompanying condensed consolidated statements of income versus $2,718 and $10,566 in the comparable periods of 2006. See Note 12 of our Consolidated Financial Statements in our 2006 Form 10-K for additional information related to our stock-based compensation plans.

During the six months ended June 30, 2007, we granted 153,929 stock options with a weighted-average fair value and exercise price per share of $13.64 and $30.27, respectively. Using the Black-Scholes option-pricing model, the fair value of each option grant is estimated on the date of grant based on the following weighted-average assumptions: risk-free interest rate of 4.59%, expected dividend yield of 0.53%, expected volatility of 41.69% and an expected life of 6 years.

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Expected volatility is based on historical volatility of our stock. We use historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

During the six months ended June 30, 2007, 413,938 restricted shares and 192,655 performance shares were granted with a weighted-average per share grant-date fair value of $31.11 and $30.48, respectively.

The changes in common stock, additional paid-in capital, stock held in trust and treasury stock since December 31, 2006 primarily relate to activity associated with our stock plans. Our treasury stock also reflects the impact of our share repurchase program.

3. Comprehensive Income

Comprehensive income for the three and six months ended June 30, 2007 and 2006 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	$26,116	$32,618	$62,711	$45,954
Other comprehensive income (loss), net of tax:				
Currency translation adjustment	5,219	3,588	5,854	3,369
Change in unrealized loss on debt securities	6	18	16	37
Change in unrealized fair value of cash flow hedges [1]	(369)	46	174	3,134
Change in unrecognized net prior service pension credits	(45)		(91)	
Change in unrecognized net actuarial pension losses	19		38	
Comprehensive income	$30,946	$36,270	$68,702	$52,494

[1] Recorded under the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). Offsetting the unrealized gain/loss on cash flow hedges is an unrealized loss/gain on the underlying

transactions, to
be recognized
when settled.

Accumulated other comprehensive loss reported on our balance sheet at June 30, 2007 includes the following, net of tax: $2,543 of currency translation adjustment loss, $473 of unrealized fair value gain on cash flow hedges, $1,105 of unrecognized net prior service pension credits and $4,861 of unrecognized net actuarial pension losses. The total unrealized fair value gain on cash flow hedges recorded in accumulated other comprehensive loss as of June 30, 2007 totaled $473, net of tax of $203. Of this amount, $351 of unrealized fair value gain, net of tax of $150, is expected to be reclassified into earnings during the next twelve months due to settlement of the related contracts.

4. Goodwill and Other Intangibles

Goodwill

At June 30, 2007 and December 31, 2006, our goodwill balances were $228,648 and $229,460, respectively, attributable to the excess of the purchase price over the fair value of assets acquired relative to acquisitions within our North America and Europe, Africa, Middle East (EAME) segments.

The decrease in goodwill primarily relates to a reduction in accordance with SFAS No. 109, Accounting for Income Taxes, where tax goodwill exceeded book goodwill in our North America segment, partially offset by the impact of foreign currency translation within our EAME segment.

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The change in goodwill by segment for the six months ended June 30, 2007 is as follows:

	North America	EAME	Total
Balance at December 31, 2006	$201,150	$28,310	$229,460
Adjustments associated with tax goodwill in excess of book goodwill and foreign currency translation	(959)	147	(812)
Balance at June 30, 2007	$200,191	$28,457	$228,648

Impairment Testing SFAS No. 142, Goodwill and Other Intangible Assets (SFAS No. 142), states that goodwill and indefinite-lived intangible assets are no longer amortized to earnings, but instead are reviewed for impairment at least annually via a two-phase process, absent any indicators of impairment. The first phase screens for impairment, while the second phase (if necessary) measures impairment. We have elected to perform our annual analysis during the fourth quarter of each year based upon goodwill and indefinite-lived intangible balances as of the beginning of the fourth quarter. Impairment testing of goodwill is accomplished by comparing an estimate of discounted future cash flows to the net book value of each reporting unit. Impairment testing of indefinite-lived intangible assets, which consist of tradenames, is accomplished by demonstrating recovery of the underlying intangible assets, utilizing an estimate of discounted future cash flows. No indicators of goodwill or other intangible asset impairment have been identified during 2007. There can be no assurance that future goodwill or other intangible asset impairment tests will not result in charges to earnings.

Other Intangible Assets

In accordance with SFAS No. 142, the following table provides information concerning our other intangible assets for the periods ended June 30, 2007 and December 31, 2006:

	June 30, 2007		**December 31, 2006**	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Technology (10 years)	$ 1,276	$ (667)	$ 1,276	$ (603)
Non-compete agreements (8 years)	3,100	(2,600)	3,100	(2,400)
Total	$ 4,376	$ (3,267)	$ 4,376	$ (3,003)
Unamortized intangible assets				
Tradenames	$ 24,717		$ 24,717	
	$ 24,717		$ 24,717	

The change in other intangibles relates to additional amortization.

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5. Financial Instruments

Although we do not engage in currency speculation, we periodically use hedges, primarily forward contracts, to mitigate certain operating exposures, as well as hedge intercompany loans utilized to finance non-U.S. subsidiaries. At June 30, 2007, our outstanding contracts to hedge intercompany loans and certain operating exposures are summarized as follows:

Currency Sold	Currency Purchased	Contract Amount (1)	Weighted Average Contract Rate
Forward contracts to hedge intercompany loans: (2)			
U.S. Dollar	British Pound	$ 43,470	0.50
U.S. Dollar	Canadian Dollar	$ 36,500	1.05
U.S. Dollar	South African Rand	$ 2,654	7.13
U.S. Dollar	Australian Dollar	$ 61,345	1.19
Contracts to hedge certain operating exposures: (3)			
U.S. Dollar	Euro	$ 56,726	0.74
U.S. Dollar	Swiss Francs	$ 2,059	1.21
British Pound	U.S. Dollar	$ 2,311	0.47
British Pound	Euro	£ 12,555	1.44

(1) Represents the notional U.S. dollar equivalent at inception of the contract, with the exception of forward contracts to sell 12,555 British Pounds for 18,124 Euros. These contracts are denominated in British Pounds and equate to approximately $25,220 at June 30, 2007.

(2) These contracts, for which we do not seek hedge accounting treatment under SFAS No. 133, generally mature within seven days of quarter-end and are marked-to-market within cost of revenue in the condensed consolidated income statement, generally offsetting any translation gains/losses on the underlying transactions.

(3) Represent primarily forward contracts which hedge forecasted transactions and firm commitments and generally mature within two years of quarter-end. Certain of these hedges were designated as cash flow hedges under SFAS No. 133. We exclude forward points, which represent the time value component of the fair value of our derivative positions, from our hedge assessment analysis. This time value component is recognized as ineffectiveness within cost of revenue in the condensed consolidated statement of income and was an unrealized loss totaling approximately $1,196 during the six months ended June 30, 2007. Additionally, certain of these hedges have become ineffective as it has become probable that their underlying forecasted transactions will not occur within their originally specified periods of time, or at all. The unrealized hedge fair value loss associated with these ineffective instruments, as well as instruments for which we do not seek hedge accounting treatment, totaled $137 and was recognized within cost of revenue in the 2007 condensed consolidated statement of income. The total unrealized hedge fair value loss recognized within cost of revenue for the six months ended June 30, 2007 was $1,333. At June 30, 2007, the total fair value of our outstanding contracts was $395, including the total foreign currency exchange loss related to ineffectiveness. Of the total mark-to-market, $962 was recorded in other current assets, $29 was recorded in other non-current assets and $1,386 was recorded in accrued liabilities on the condensed consolidated balance sheet.

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6. Retirement Benefits

We previously disclosed in our financial statements for the year ended December 31, 2006 that in 2007, we expected to contribute $6,339 and $1,502 to our defined benefit and other postretirement plans, respectively. The following table provides updated contribution information for our defined benefit and postretirement plans as of June 30, 2007:

	Defined Benefit Plans	Other Postretirement Benefits
Contributions made through June 30, 2007	$ 2,425	$ 259
Remaining contributions expected for 2007	3,898	752