

SECURITIES COMMISSION

Washington 07002869-49

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL

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8-18283

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REPORT FOR THE PERIOD BEGINNING January 1, 2006 AND ENDING December 31, 2006

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Bechtel Financing Services, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5275 Westview Drive

OFFICIAL USE ONLY

FIRM ID NO.

Frederick MD 21703 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David Blaisdell (301) 228-8989

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report\*

Harb, Levy & Weiland LLP

(Name - if individual, state, last, first, middle name)

The Landmark @ One Market, 6th Floor San Francisco CA 94105 (Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
Public Accountant
Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption.

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## OATH OR AFFIRMATION

I, David Blaisdell, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertain to the firm of Bechtel Financing Services, LLC, as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

David S. Blaisdell

Signature

Vice President

Title

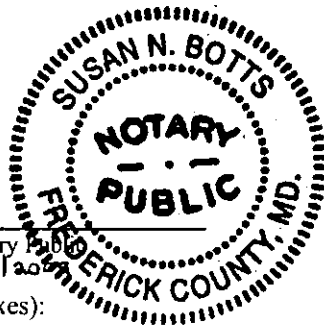
Subscribed and sworn  
to before me this

26 day of February 2007

Susan N. Botts

Notary Public

my commission expires: 11/1/2007



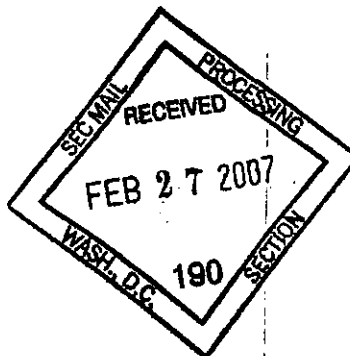
This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal control required by SEC Rule 17a-5
- (p) Independent auditor's report on internal control required by SEC Rule 17a-5 for a Broker-Dealer claiming an exemption from SEC Rule 15c3-3

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BECHTEL FINANCING SERVICES, LLC  
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2006





Independent Auditors' Report

To the Member  
Bechtel Financing Services, LLC

We have audited the accompanying statement of financial condition of Bechtel Financing Services, LLC (the "Company") as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Bechtel Financing Services, LLC as of December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

San Francisco, California  
February 12, 2007

*Harb, Levy & Weiland LLP*

*Member of NEXIA International, A Worldwide Association of Independent Accounting Firms*

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**BECHTEL FINANCING SERVICES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
December 31, 2006

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**ASSETS**

Current assets:

Cash	\$ 700,005
Investment securities, equity	10,062
Receivables from associated companies	27,059
Other assets	11,012

<b>TOTAL ASSETS</b>	<b>\$ 748,138</b>
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**LIABILITIES AND MEMBER'S CAPITAL**

Current liabilities:

Payables to associated companies	\$ 321,595
Accounts payable	2,003
Accrued expenses	<u>124,540</u>

Total current liabilities	448,138
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Member's capital	300,000
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<b>TOTAL LIABILITIES AND MEMBER'S CAPITAL</b>	<b>\$ 748,138</b>
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See Notes to Statement of Financial Condition

## BECHTEL FINANCING SERVICES, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION

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#### 1. Organization and Business Activities:

Bechtel Financing Services, LLC (the Company) is a wholly owned subsidiary of Bechtel Enterprises, Inc. (BENINC). The Company provides financial advisory services to BENINC, associated companies and, to a minor extent, other parties. The Company is a broker-dealer registered with the Securities and Exchange Commission and neither maintains nor intends to maintain customer accounts; it neither engages nor intends to engage in the trading of securities.

#### 2. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### 3. Significant Accounting Policies:

##### Cash

The Company maintains its cash in a sweep account which is not federally insured. The Company has not experienced any losses in such account, and management believes that the Company is not exposed to any significant credit risk on this cash account.

##### Investment Securities, Equity

The fair value of equity securities is based on quoted market prices. During 2006, the Company exercised the NASD warrants to purchase 300 shares of NASDAQ common stock. These shares were classified as held-for-sale with a fair value of \$10,062.

#### 4. Transactions with Associated Companies:

The Company has an agreement whereby an associated company agrees to provide cash management services with respect to the Company's proportionate individual interest in the funds held and invested by the associated company.

## BECHTEL FINANCING SERVICES, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION, Continued

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#### 5. Net Capital Requirement:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006, the Company had net capital of \$246,420 which was \$216,545 in excess of its required net capital of \$29,875. The Company's net capital ratio was 1.82 to 1.

#### 6. Income Taxes:

Under current law, no federal or state income taxes are paid directly by limited liability companies. All items of income and expense of the Company are allocable to and reportable by its member in its respective income tax returns. Accordingly, no provision is made in the accompanying financial statements for federal or state income taxes.

#### 7. Employee Benefit Plans:

An associated company sponsors a defined contribution plan (the Trust and Thrift Plan) covering all salaried employees who have met the eligibility requirements for such plans. The Company's contribution to the defined contribution plan is made at the discretion of the Board of Directors. In accordance with the provisions of the Trust and Thrift Plan, employee contributions are matched, up to a certain percentage, by the Company and may be supplemented by the Company at the discretion of the Board of Directors. Employees are fully vested in the contributions of this defined contribution plan when such contributions are made.

In addition to the plan described above, the Company provides certain health care and life insurance benefits for retired U.S. employees meeting eligibility requirements based on age and years of service by participating in plans sponsored by an associated company. The plans generally pay the full cost of medical coverage and life insurance premiums for employees who met the eligibility requirements on or before December 31, 1985. For employees not meeting the eligibility criteria as of December 31, 1985, the plans pay a portion of the medical coverage depending on the years of service at retirement. The cost of providing these benefits is recognized and funded by associated companies.

## BECHTEL FINANCING SERVICES, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION, Continued

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#### 8. Credit Facility:

At December 31, 2006 associated companies had a committed multi-purpose credit facility of \$2,000,000,000. This facility was available for any combination of borrowing, financial letters of credit, or performance letters of credit so long as the total amount outstanding did not exceed the maximum availability. This facility has been made available to the Company. There were no borrowings against this facility. However, there were letters of credit issued by other associated companies under the credit facility. The credit facility expires in 2011.

At December 31, 2006, an associated company had a committed multi-purpose credit facility of €350,000,000 (equivalent U.S. \$459,340,000), which was available for borrowing and letters of credit. This facility has been made available to the Company. At December 31, 2006, there were no borrowings against this facility. However, there were letters of credit issued by another associated company under the credit facility. Another associated company guarantees the obligations related to this credit facility.

At December 31, 2006, an associated company had a letter of credit-only facility of \$775,000,000, which the associated company has made available to the Company. At December 31, 2006, there were letters of credit issued by other associated companies under the credit facility.

In addition to the credit facilities described above, an associated company had uncommitted bilateral letter of credit arrangements with banks at December 31, 2006, which the associated company has made available to the Company. There were letters of credit issued by other associated companies under these credit arrangements at December 31, 2006.

Under the associated companies' credit facilities, an associated company is required to meet certain financial covenants. This associated company was in compliance with these covenants at December 31, 2006.