

**THE BABCOCK & WILCOX COMPANY
ASBESTOS PI SETTLEMENT TRUST
RESOLUTION**

During a regular meeting of The Babcock & Wilcox Company Asbestos PI Trust (the "Trust") Trustees held on July 24, 2008, the Trustees of the Trust unanimously adopted the following resolution:

WHEREAS, Section 5.10(a) of The Babcock & Wilcox Company Asbestos PI Trust Distribution Procedures (the "TDP") provides for the establishment of arbitration procedures for the resolution of certain disputes;

WHEREAS, in order to clarify Section 5.10(a) of the TDP, which sets forth the Alternative Dispute Resolution ("ADR") provisions as they have been understood, interpreted and followed in practice, the Trustees have resolved to revise Section 5.10 (a) of the TDP;

WHEREAS, the Trust Advisory Committee and Future Claimants' Representative consent to the revision of Section 5.10 of the TDP as set forth below;

WHEREAS, Section 5.10(a) of the TPD previously stated:

5.10 Arbitration.

5.10(a) Establishment of ADR Procedures. The PI Trust, with the consent of the TAC and the Future Claimants' Representative, shall institute binding and non-binding arbitration procedures in accordance with the ADR Procedures included in Attachment A hereto for resolving disputes concerning whether a Pre-Petition settlement agreement with B&W is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue, whether the PI Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of this TDP for purposes of categorizing a claim involving Disease Levels I – VIII. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels IV – VIII as well as disputes over B&W's share of the unpaid portion of a Pre-Petition Liquidated Claim described in Section 5.2 above and disputes over the validity of an Indirect PI Trust Claim.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels IV – VIII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.3(b)(2) above. With respect to all claims eligible for arbitration, the claimant, but not the PI

Trust, may elect either non-binding or binding arbitration. The ADR Procedures set forth in Attachment A hereto may be modified by the PI Trust with the consent of the TAC and the Future Claimants' Representative.

WHEREAS, Section 5.10(a) will now state:

5.10 Arbitration.

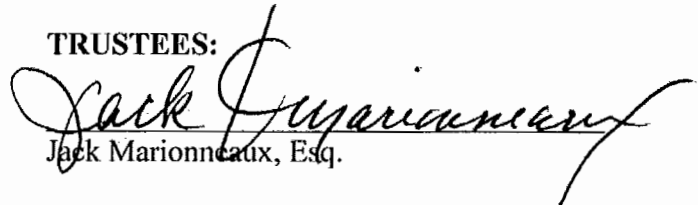
5.10(a) Establishment of ADR Procedures. The PI Trust, with the consent of the TAC and the Futures Representative, shall institute binding and non-binding arbitration procedures in accordance with the Alternative Dispute Resolution ("ADR") Procedures included in Attachment A hereto for resolving disputes concerning whether a Pre-Petition settlement agreement with B&W is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue, whether the PI Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of this TDP for purposes of categorizing a claim involving Disease Levels I–VIII. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels IV–VIII, as well as disputes over B&W's share of the unpaid portion of a Pre-Petition Liquidated PI Trust Claim described in Section 5.2 above and disputes over the validity of an Indirect PI Trust Claim.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels IV–VIII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.3(b)(2) above. *In order to facilitate the Individual Review Process with respect to such claims, the PI Trust may from time to time develop a valuation model that enables the PI Trust to efficiently make initial liquidated value offers on these claims in the Individual Review setting. In an arbitration involving any such claim, the PI Trust shall neither offer into evidence or describe any such model nor assert that any information generated by the model has any evidentiary relevance or should be used by the arbitrator in determining the presumed correct liquidated value in the arbitration. The underlying data that was used to create the model may be relevant and may be made available to the arbitrator but only if provided to the claimant or his/her counsel ten (10) days prior to the arbitration proceeding.* With respect to all claims eligible for arbitration, the claimant, but not the PI Trust, may elect either non-binding or binding arbitration. The ADR Procedures set forth in Attachment A hereto may be modified

by the PI Trust with the consent of the TAC and the Futures Representative. (revised passage italicized)

THEREFORE, BE IT RESOLVED that Section 5.10(a) of the TDP is hereby revised consistent with the above revised provision, and such revision is effective immediately.

TRUSTEES:


Jack Marionneau, Esq.

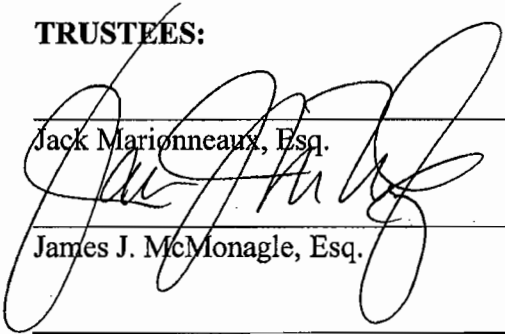
James J. McMonagle, Esq.

Philip A. Pahigian, Esq.

by the PI Trust with the consent of the TAC and the Futures Representative. (revised passage italicized)

THEREFORE, BE IT RESOLVED that Section 5.10(a) of the TDP is hereby revised consistent with the above revised provision, and such revision is effective immediately.

TRUSTEES:



Jack Marionneaux, Esq.

James J. McMonagle, Esq.

Philip A. Pahigian, Esq.

by the PI Trust with the consent of the TAC and the Futures Representative. (revised passage italicized)

THEREFORE, BE IT RESOLVED that Section 5.10(a) of the TDP is hereby revised consistent with the above revised provision, and such revision is effective immediately.

TRUSTEES:

Jack Marionneaux, Esq.

James J. McMonagle, Esq.

Philip A. Pahigian, Esq.