

The Babcock & Wilcox Asbestos PI Trust
c/o Wilmington Trust Company
1100 N. Market Street
Wilmington, DE 19890-1625

August 4, 2009

Dear Claimants and Claimants' Counsel:

The payment percentage applicable to claims against The Babcock & Wilcox Asbestos PI Trust (the "Trust") has been reduced from 34% to 15%.

This re-determination of the payment percentage has been proposed by the Trustees to the Trust Advisory Committee and the Future Claimants' Representative of the Trust, whose consent to the payment percentage reduction is required by Section 2.2 (g)(i) of the governing Trust Agreement. In accordance with Section 4.3 of the Trust Distribution Procedures, during the pendency of the consent process the payment percentage for the Trust will be 15%. In the event that the 15% payment percentage is not ultimately adopted by the Trust, claimants whose claims have been paid applying the 15% payment percentage will receive an additional payment representing the difference between their payment based on the 15% payment percentage and any higher payment percentage that is subsequently adopted.

As you know, the Trustees are required under Section 4.2 of the Trust Distribution Procedures to reconsider the payment percentage at least every three years, commencing on January 1, 2010 or at shorter intervals upon the request of the Trust Advisory Committee or the Future Claimant's Representative. Additionally, Section 4.2 of the Trust Distribution Procedures also requires that the Trustees reconsider the payment percentage if they deem such reconsideration to be appropriate in order, among other things, to assure that the Trust will be able to pay similarly situated current and future claimants against the Trust as equitably as reasonably possible. As set forth in the letter to you dated July 1, 2009, the Trustees, upon the written advice of their advisors, determined to reconsider the payment percentage.

As required by Section 4.2 of the Trust Distribution Procedures, the Trustees have based their decision to propose a reduction in the payment percentage on current estimates of the number, types and values of present and future claims against the Trust, on the value of assets currently available to the Trust for claims payments, on anticipated processing, administrative and legal expenses, and on other material matters that we and our advisors considered to be reasonably likely to affect the sufficiency of the Trust's assets to pay a comparable percentage of full value to all holders of claims against the Trust. In doing so, we received and relied on presentations and advice from our advisors.

The Trustees have instructed the Delaware Claims Processing Facility to apply the current 34% payment percentage to the payment of claims against the Trust for which the Trust has received all documentation, including fully executed releases and other documents, required by the Trust's policies to make payment of a claim, by electronic transmission on or before 12:00 p.m. midnight eastern daylight time on August 3, 2009 or, if received by non-electronic means after such deadline, postmarked or bearing other reliable evidence of transmission on or before 12:00 p.m. midnight eastern daylight time on August 3, 2009. Thereafter, the 15% payment percentage will be applied to claims against the Trust until further notice.

As set forth above, in the event that the consent process with the TAC and the FCR, required by Section 2.2(g)(i) of the Trust Agreement, results in the adoption of a higher Payment Percentage than 15%, the Trust will make appropriate supplemental payments.

Should you have any questions about the status of your claims, please contact the Delaware Claims Processing Facility.

Sincerely,

A handwritten signature in black ink that reads "James J. McMonagle". The signature is written in a cursive style with a horizontal line under the first name and a flourish at the end.

James J. McMonagle
Managing Trustee,
The Babcock & Wilcox
Asbestos PI Trust