

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

July 28, 2009

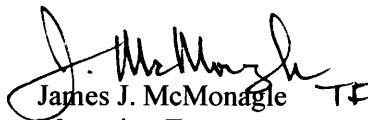
Dear Claimants and Claimants' Counsel:

Pursuant to Section 2.5 of the Trust Distribution Procedures, a Claims Payment Ratio (as such term and all other capitalized terms used herein without definition are defined in the Trust Distribution Procedures) has been determined which, as of the Effective Date, had been set at 62% for Category A claims, which consist of PI Trust Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) that were unliquidated as of the Petition Date, and at 38% for Category B claims, which are PI Trust Claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels II and III) that were similarly unliquidated as of the Petition Date. Section 2.5 also provides that the Claims Payment Ratio shall not apply to any Pre-Petition Liquidated Claims or to any claims for Other Asbestos Disease (Disease Level I - Cash Discount Payment).

Section 2.5 provides further that in each year, after the determination of the Maximum Available Payment described in Section 2.4 of the Trust Distribution Procedures, 62% of that amount shall be available to pay Category A claims and 38% shall be available to pay Category B claims that have been liquidated since the Petition Date. In the event there are insufficient funds in any year to pay the liquidated claims within either or both of the Categories, the available funds allocated to the particular Category shall be paid to the maximum extent to claimants in that Category based on their place in the FIFO Payment Queue described in Section 5.1(c) of the Trust Distribution Procedures, which shall be based upon the date of claim liquidation. Claims for which there are insufficient funds allocated to the relevant Category shall be carried over to the next year, where they shall be placed at the head of the FIFO Payment Queue.

The Trust's advisors have advised that, based upon the Maximum Available Payment for 2009, the Trust has paid out 62% of the total amount available to Category A claims in 2009. Accordingly, pursuant to Section 2.5 of the Trust Distribution Procedures, during the remainder of 2009, Category A claims will be carried over to 2010 when they will be placed at the head of the FIFO Payment Queue. Counsel has advised that any delay in the payment of Category A claims pursuant to Section 2.5 of the Trust Distribution Procedures will not affect the Payment Percentage you would otherwise receive for such claim pursuant to the rules governing Payment Percentage in the Trust Distribution Procedures.

Yours very truly,


James J. McMonagle
Managing Trustee

The Babcock & Wilcox Asbestos PI Trust