

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX GOVERNMENTAL OPERATIONS	1b Three-digit plan number (PN) ▶ 004
	1c Effective date of plan 12/01/2003
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) MCDERMOTT INCORPORATED 777 N. ELDRIDGE PKWY HOUSTON, TX 77079-4425	2b Employer Identification Number (EIN) 74-1032246 2c Sponsor's telephone number 281-870-5574 2d Business code (see instructions) 339900

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2010	ROCHELLE WALD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2010	ROCHELLE WALD
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") BWXT RETIREMENT COMMITTEE 2016 MOUNT ATHOS ROAD LYNCHBURG, VA 24504-5447	3b Administrator's EIN 20-1391710 3c Administrator's telephone number 434-522-6000
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	10077
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	3198
b Retired or separated participants receiving benefits.....	6b	3945
c Other retired or separated participants entitled to future benefits.....	6c	2426
d Subtotal. Add lines 6a , 6b , and 6c	6d	9569
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	645
f Total. Add lines 6d and 6e	6f	10214
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	23
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1B 1G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☐ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX GOVERNMENTAL OPERATIONS	B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF MCDERMOTT INCORPORATED	D Employer Identification Number (EIN) 74-1032246
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month 01 Day 01 Year 2009
2	Assets:
a	Market value 2a 649951625
b	Actuarial value 2b 714946787
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a 4498 403492626
b	For terminated vested participants 3b 2525 42646112
c	For active participants:
(1)	Non-vested benefits 3c(1) 17580790
(2)	Vested benefits 3c(2) 237271109
(3)	Total active 3c(3) 3088 254851899
d	Total 3d 10111 700990637
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 8.25 %
6	Target normal cost 6 18734555

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div>10/14/2010</div> <div>Signature of actuary</div> <div>ANTHONY M. ABBAZIA, F.S.A.</div> <div>Type or print name of actuary</div> <div>BUCK CONSULTANTS, LLC</div> <div>Firm name</div> <div>281 TRESSER BOULEVARD, 6TH FLOOR STAMFORD, CT 06901-3246</div> <div>Address of the firm</div>	<div>Date</div> <div>08-04898</div> <div>Most recent enrollment number</div> <div>203-975-0260</div> <div>Telephone number (including area code)</div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	52873078	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	21206684	0
9 Amount remaining (Item 7 minus item 8).....	31666394	0
10 Interest on item 9 using prior year's actual return of <u>-23.28</u> %	-7371053	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		15950422
b Interest on (a) using prior year's effective rate of <u>6.22</u> %		-3712813
c Total available at beginning of current plan year to add to prefunding balance		12237609
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	10351666	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	13943675	0

Part III Funding percentages		
14 Funding target attainment percentage.....	14	100.00 %
15 Adjusted funding target attainment percentage.....	15	101.99 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	99.39 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/14/2010	4800000				
04/14/2010	16500000				
07/15/2010	16500000				
09/14/2010	16500000				
			Totals ►	18(b)	54300000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	48355556
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	18722080
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	18722080
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	12114085	0
36 Additional cash requirement (item 34 minus item 35).....	36	6607995
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	48355556
38 Interest-adjusted excess contributions for current year (see instructions).....	38	41747561
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>► File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
<div>A Name of plan</div> <div>RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX GOVERNMENTAL OPERATIONS</div>				<div>B Three-digit plan number (PN)</div> <div>► 004</div>	
<div>C Plan or DFE sponsor's name as shown on line 2a of Form 5500</div> <div>MCDERMOTT INCORPORATED</div>				<div>D Employer Identification Number (EIN)</div> <div>74-1032246</div>	
<div>Part I</div> <div>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</div> <div>(Complete as many entries as needed to report all interests in DFEs)</div>					
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div> <div>MCDERMOTT INCORPORATED MASTER TRUST</div>					
<div>b Name of sponsor of entity listed in (a):</div> <div>MCDERMOTT INCORPORATED</div>					
<div>c EIN-PN</div> <div>74-1032246-006</div>		<div>d Entity code</div> <div>M</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div> <div>660968111</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		
<div>a Name of MTIA, CCT, PSA, or 103-12 IE:</div>					
<div>b Name of sponsor of entity listed in (a):</div>					
<div>c EIN-PN</div>		<div>d Entity code</div>	<div>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</div>		

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX GOVERNMENTAL OPERATIONS	B Three-digit plan number (PN) ►	004
C Plan sponsor's name as shown on line 2a of Form 5500 MCDERMOTT INCORPORATED	D Employer Identification Number (EIN) 74-1032246	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	25200000	54300000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	9007108	3013999
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	618048071	660968111
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	652255179	718282110

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	1680293	
j Other liabilities	1j		5807178
k Total liabilities (add all amounts in lines 1g through 1j)	1k	1680293	5807178

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	650574886	712474932
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	54300000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		54300000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		58015936
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		112315936

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	47587457	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		47587457
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		47587457

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		64728479
l Transfers of assets:			
(1) To this plan.....	2l(1)		2978745
(2) From this plan	2l(2)		5807178

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: L. J. MOSBY P.C.

(2) EIN: 84-1656069

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	X		61254
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS	13-2933685	032

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX GOVERNMENTAL OPERATIONS</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MCDERMOTT INCORPORATED</u>	D Employer Identification Number (EIN) <u>74-1032246</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<u>1</u>	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<u>3</u>	<u>12</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	<u>6a</u>		
b Enter the amount contributed by the employer to the plan for this plan year	<u>6b</u>		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<u>6c</u>		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 32% Investment-Grade Debt: 45% High-Yield Debt: 4% Real Estate: 7% Other: 12%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS
DECEMBER 31, 2009 and 2008**

RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS
FINANCIAL STATEMENTS
December 31, 2009 and 2008

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>Report of Independent Auditors</u>	1
<u>Financial Statements</u>	
Statements of Net Assets Available for Benefits at December 31, 2009 and 2008	2
Statements of Changes in Net Assets Available for Benefits for the Years ended December 31, 2009 and 2008	2
Notes to Financial Statements	3 – 13
Supplemental Schedule:	
Schedule of Assets (Held at End of Year), December 31, 2009	14
*All other supplemental schedules have been omitted as they are not applicable	

Report of Independent Auditors

To the Participants and Plan Committee of the
Retirement Plan for Employees of Babcock & Wilcox Governmental Operations

We were engaged to audit the accompanying financial statements and supplemental schedule of the Retirement Plan for Employees of Babcock & Wilcox Governmental Operations (the "Plan") as of December 31, 2009 and 2008, and for the years ended December 31, 2009 and 2008, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by The Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2009 and 2008, and for the years ended December 31, 2009 and 2008, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Houston, Texas
October 12, 2010

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	<u>2009</u>	<u>2008</u>
Assets:		
Investments, at fair value (Notes 1, 3, 7 and 8):		
Plan's interest in net assets of the McDermott Incorporated Master Trust.....	\$ 660,968,111	\$ 618,048,071
Receivables:		
Employer contributions	54,300,000	25,200,000
Transfers due from an affiliated plan.....	<u>3,013,999</u>	<u>9,007,108</u>
Total receivables	<u>57,313,999</u>	<u>34,207,108</u>
 Total Assets	 718,282,110	 652,255,179
Liabilities:		
Transfers due to affiliated plans.....	<u>(5,807,178)</u>	<u>(1,680,293)</u>
Net assets available for benefits.....	<u>\$ 712,474,932</u>	<u>\$ 650,574,886</u>

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the year ended December 31,	
	<u>2009</u>	<u>2008</u>
Investment income (Notes 1, 3, 7 and 8):		
Plan's interest in investment income (loss) of the McDermott Incorporated Master Trust.....	\$ 58,015,936	\$ (145,970,380)
Employer contributions	54,300,000	25,572,000
Benefits paid directly to participants.....	<u>(47,587,457)</u>	<u>(46,232,028)</u>
Net increase (decrease)	64,728,479	(166,630,408)
Transfers:		
Merger of Marine Mechanical Plans (Note 1).....	55,746	13,812,900
Retirement Plan for Employees of McDermott, Inc.....	-	(1,440,616)
Retirement Plan for Employees of Babcock & Wilcox Commercial Operations.....	<u>(2,884,179)</u>	<u>8,767,431</u>
Net transfers in (out)	<u>(2,828,433)</u>	<u>21,139,715</u>
Net increase (decrease)	61,900,046	(145,490,693)
Net assets available for benefits:		
Beginning of year	<u>650,574,886</u>	<u>796,065,579</u>
End of year	<u>\$ 712,474,932</u>	<u>\$ 650,574,886</u>

The accompanying notes are an integral part of the financial statements.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 – BASIS OF FINANCIAL STATEMENTS

BWX Technologies, Inc. (the Company) is a subsidiary of Babcock & Wilcox Investment Company, which is a subsidiary of McDermott, Incorporated (McDermott), which is a subsidiary of McDermott International, Inc. (International). The Retirement Plan for Employees of Babcock & Wilcox Governmental Operations (the “Plan”), formerly the Retirement Plan for Employees of BWX Technologies, Inc., participates with certain other retirement plans of affiliates of International in the McDermott Incorporated Master Trust (the Trust), a trust maintained by The Bank of New York Mellon (the Trustee). The Plan administrators have evaluated subsequent events through the date of issuance of this report, for their impact on amounts recorded, and related disclosures, and incorporated the related effects as appropriate. In December 2009, International announced plans to separate its operations, the majority of which are included in Babcock & Wilcox Investment Company, into an independent publicly traded company to be named The Babcock & Wilcox Company. See Note 10 for the impact of this spin-off transaction on the Plan and the Trust.

Effective October 31, 2008, the plan was amended to include the assets and accumulated plan benefits of participants in the plans of Marine Mechanical Corporation (“MMC”). MMC was acquired by the Company in May, 2007 and sponsored a salaried and an hourly pension plan. Assets of \$13,812,900 were transferred to the Plan in 2008 as a result of this merger. Outstanding items related to this merger resulted in additional net receipts of \$55,736 in 2009.

All contributions made to the Plan are invested in the Trust. Trust investment transactions are directed by the Investment Committee, a committee appointed by the Directors of McDermott Incorporated. The Investment Committee may delegate authority to investment managers as to the management and control of assets. The Plan’s interest in the net assets of the Trust is based on the Plan’s beginning share plus employer contributions and allocated investment income and expenses, less benefits paid directly to participants. Investment income of the Trust is allocated by the Trustee among the participating retirement plans relative to the fair values of each plan’s investments in pools of the Trust.

Historically, the Trust has been structured as a single pool of assets and each participating plan has had a proportionate undivided interest in each of the assets held in the Trust. In order to allow each participating plan the flexibility to customize its asset allocation policy, the Trust has been restructured effective October 1, 2007 so that it is comprised of six pools of funds, each representing a distinct asset class. Each participating plan may choose its investment pools accordingly as well as the allocation amount to each pool.

During 1987, the Trust purchased a non-participating single premium annuity contract from Metropolitan Life Insurance Company (Metropolitan) covering substantially all pre-January 1, 1987 retirees, including retirees of certain predecessor plans. Under the contract, Metropolitan is obligated to pay the pension benefits to said retirees or their beneficiaries. The contract with Metropolitan is excluded from Plan assets, and benefits to be provided by the contract are excluded from the actuarial data provided in these financial statements.

NOTE 2 – DESCRIPTION OF PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description for more detailed information or to the

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

official plan documents for complete information.

General

The Plan is a non-contributory defined benefit plan administered by a Retirement Committee (the Committee) appointed by McDermott. The Plan covered all employees of the Company and certain of its subsidiaries and affiliates that were employed prior to April 1, 2006, except non-resident alien employees who do not earn income in the United States, employees under certain collective bargaining agreements, and leased employees. Eligible employees became participants when they attained age 21 and completed one year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Pension Benefits and Vesting

An employee who has participated in the Plan for five years (including participation in a former plan) is entitled to receive pension benefits at his normal retirement age, but based on age and years of service, a participant may elect early retirement. Benefits are also payable upon the death or disability of a participant. Participants become fully vested in the Plan benefits after five years of service. Benefits under the Plan are based on years of service and a flat benefit rate for substantially all hourly employees and on years of service and the highest consecutive five-year average of compensation during the last ten years of service for all other employees. Supplemental payments are also made to certain participants affected by changes in other postretirement benefit plans.

Effective April 1, 2006, the Plan was closed to new participants and was amended for salaried employees hired on or since April 1, 2001. For these employees, benefits accrued as of March 31, 2006 became fully vested and future benefit accruals other than certain increases related to the consumer price index ceased. Any pension benefits earned to that date will remain payable pursuant to the Plan upon retirement. Effective April 1, 2007, the Plan was amended for salaried employees with five to ten years of service as of January 1, 2007. These employees were offered a one-time option of continuing to earn benefits under the Plan or receiving an on-going service-based cash contribution to the Thrift Plan for Employees of McDermott Incorporated and Participating Subsidiary and Affiliated Companies (the "Thrift Plan"). A portion of this group of employees elected to begin receiving service-based cash contributions to the Thrift Plan.

Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 16, 2008, that the Plan and the related trust are designed in accordance with the applicable sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter, however, the Committee and the Plan's tax counsel believe the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Benefit payments to participants are recorded upon distribution.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 amounts reported in the financial statements and accompanying notes. Among the most significant estimates in the financial statements are the fair value of certain investments without actively quoted market prices and the assumptions underlying the actuarial present value of accumulated plan benefits. Actual results could differ from those estimates and those differences could be material.

Investments of the Trust

Investments in securities are valued at fair value. Fair value determinations are made by reference to available quoted market prices on national exchanges when available, by reference to quoted prices for similar securities when available, or by using a range of techniques appropriate to the nature of the investment. See Note 8 for further discussion of valuation methodologies used with respect to the investments of the Trust.

Purchases and sales of investments are recorded on the trade dates. Interest income is accrued as earned; dividends are recorded as income on the ex-dividend date.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Contributions Receivable

Contributions receivable at December 31, 2009 and 2008 are comprised of contributions funded during 2010 and 2009, respectively, which have been designated as being attributable to the 2009 and 2008 plan years, respectively.

Transfers With Affiliated Plans

Transfers to or from an affiliated plan may be recognized from time to time to move actuarial equivalent asset values associated with participants who may transfer between affiliated retirement plans as a result of a transfer between the Company and another business unit of McDermott.

Administrative Expenses

Administrative expenses, including Trustee fees, are deducted from investment income. These fees were approximately \$3,261,000 and \$3,868,000 for the years ended December 31, 2009 and 2008, respectively.

NOTE 4 – FUNDING POLICY

The Plan is funded based on actuarial recommendations and to meet the minimum funding requirements

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

of ERISA. During the years ended December 31, 2009 and 2008, the Plan met these minimum funding requirements.

NOTE 5 – PLAN TERMINATION

In the event of Plan termination, benefits accrued under the Plan would become nonforfeitable to the extent then funded and the net assets of the Plan would be allocated as prescribed by ERISA and its related regulations. The Committee would determine the date and method of distribution of the net assets and would distribute such assets in accordance with the provisions of the Plan.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. governmental agency) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate it subject to the provisions set forth in ERISA.

NOTE 6 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits, as calculated by the Plan's actuary, is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The significant actuarial assumptions used in the January 1, 2009 and 2008 valuations were (a) life expectancy of participants (the 1994 Group Annuity Mortality Table projected to 2005), (b) life expectancy of disabled participants (the 1994 Group Annuity Mortality Table projected to 2005), (c) retirement age (age 65), and (d) expected rate of return on plan assets of 8.5%. The discount rate used in the valuations was 6.25% at January 1, 2009 and 2008. The actuarial cost method used is the Unit Cost Method.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

The actuarial present value of accumulated plan benefits was as follows:

	January 1, 2009	January 1, 2008
Vested and nonvested benefits:		
Participants currently receiving payments	\$ 474,480,550	\$ 463,404,485
Other participants	352,625,646	311,061,876
Total vested	827,106,196	774,466,361
Nonvested benefits	23,282,717	22,919,417
	<u>\$ 850,388,913</u>	<u>\$ 797,385,778</u>

The changes in the actuarial present value of accumulated plan benefits that occurred during the years ended January 1, 2009 and 2008 were as follows:

	January 1, 2009	2008
Increase (decrease) during the year attributable to:		
Benefits accumulated	\$ 24,059,424	\$ (2,355,972)
Plan amendments	604,293	1,897,172
Change in assumptions	-	(21,180,866)
Increase due to passage of time	48,413,756	47,665,848
Merger of Marine Mechanical Plans	26,157,690	-
Benefits paid	(46,232,028)	(45,479,936)
Net increase (decrease)	53,003,135	(19,453,754)
Actuarial present value of accumulated plan benefits:		
Beginning of period	797,385,778	816,839,532
End of period	<u>\$ 850,388,913</u>	<u>\$ 797,385,778</u>

The increases in the 2009 and 2008 actuarial present value due to plan amendments were attributable to increases in benefit levels for certain hourly employees, some of which provide for increases in benefit levels for certain hourly employees in active service on specified dates subsequent to January 1, 2003.

The decrease in the 2008 actuarial present value due to changes in assumptions was primarily due to an increase from 2007 in the discount rate used to determine the present value of the obligations.

NOTE 7 – FINANCIAL INFORMATION OF THE TRUST (Certified by Trustee) (Unaudited)

Pursuant to the provisions of 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan's independent auditors did not perform any auditing procedures with respect to the information certified by the Trustee, except for comparing such information to the related financial statements. All financial data included in the financial statements and their accompanying notes relating to investments, income (loss) from investments, and net appreciation (depreciation) in fair value of investments was obtained from the information certified by the Trustee. The Trustee has certified the Plan's interest in net assets of the McDermott Master Trust of \$660,968,111 and \$618,048,071 at December 31, 2009 and 2008, respectively, and the Plan's interest in investment income (loss) of the McDermott Incorporated Master Trust of \$58,015,936 and \$(145,970,380) for the years ended December 31, 2009 and 2008, respectively.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

At December 31, 2009, the Plan had a proportionate undivided interest in the net assets held by the Trust of 43%, exclusive of a specific pool of \$203,666,106 of fixed income securities related to an affiliated plan. At December 31, 2008, the Plan had a proportionate undivided interest in the net assets held by the Trust of 42%, exclusive of a specific pool of \$236,386,237 of fixed income securities related to an affiliated plan. The investment in the Master Trust is the only investment held by the Plan.

The following is a summary of the Master Trust's financial information and data certified by the Trustee as complete and accurate in accordance with 29CFR2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

**NET ASSETS OF THE MCDERMOTT INCORPORATED MASTER TRUST
(CERTIFIED BY TRUSTEE)**

	December 31,	
	2009	2008
Securities:		
Common stocks	\$ 424,009,454	\$ 260,514,620
Preferred stocks.....	3,240,370	2,468,168
Convertible securities	-	1,996,768
Fixed income securities and corporate bonds	592,130,276	571,227,188
U.S. Government securities.....	221,213,003	278,893,703
Mutual funds.....	-	37,870,603
Futures contracts.....	(2,356,344)	16,831,789
	1,238,236,759	1,169,802,839
Interest-bearing cash	41,246,730	97,481,001
Commingled trust funds	208,899,087	158,200,698
Partnerships with security holdings	177,040,172	197,802,379
Real estate	70,047,788	98,899,576
Total Investments	1,735,470,536	1,722,186,493
Other investment related net assets (liabilities).....	247,852	78,697
Net Assets.....	\$ 1,735,718,388	\$ 1,722,265,190

At December 31, 2009, the Master Trust held the following investments representing 5% or more of the Plan's net assets:

Commingled Trust Funds:

GMO ERISA Pool	\$ 93,910,295
Russell 1000 Value Index Fund B	\$ 91,651,167

At December 31, 2008, the Master Trust held no individual investments that represented 5% or more of the Plan's net assets.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

**INVESTMENT INCOME (LOSS)
OF THE MCDERMOTT INCORPORATED MASTER TRUST
(CERTIFIED BY TRUSTEE)**

	For the year ended December 31,	
	2009	2008
Net realized and unrealized appreciation/ (depreciation) in fair value of investments:		
Common stock	\$ 93,628,672	\$ (212,388,879)
Fixed income securities and corporate bonds.....	57,549,314	(96,812,448)
Mutual funds	7,420,927	(22,430,235)
U.S. Government securities	(57,817,310)	64,965,974
Convertible securities.....	515,461	(1,106,841)
Partnerships with security holdings	(23,889,219)	(34,759,765)
Real estate	(25,760,919)	(23,233,104)
Commingled trust funds.....	40,840,145	(90,089,409)
Futures contracts	(16,856,418)	34,412,414
Other investments	447,887	(3,985,898)
	<u>76,078,540</u>	<u>(385,428,191)</u>
 Interest income	 \$ 38,027,278	 \$ 47,596,086
Dividend income	7,308,440	10,361,528
Other investment expenses	<u>(8,838,105)</u>	<u>(10,769,726)</u>
 Total Investment Income (Loss)	 <u>\$ 112,576,153</u>	 <u>\$ (338,240,303)</u>

A significant portion of the Trust's investments were denominated in U.S. dollars at December 31, 2009 and 2008. As a result of having various investments denominated in foreign currencies, the Trust is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of the investment income of its foreign investments. The Trust has purchased foreign currency forward contracts (net notional value of \$24,042,000 and \$14,723,000 at December 31, 2009 and 2008, respectively) to minimize the effect of fluctuating foreign currencies on investment income. The forward contracts are valued at current forward foreign exchange rates with changes in forward rates reflected directly in investment income as a component of net realized and unrealized appreciation/(depreciation) in fair value of investments.

The Master Trust participates in a securities lending program with the Trustee, authorizing the trustee to lend securities held in the Master Trust account to third parties. The Trustee must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities. The cash received as collateral for the securities lent to third parties is invested in units of a fund managed by the Trustee ("the "Collateral Fund") for the benefit of various trusts participating in a similar program. The fair value of securities loaned by the Master Trust is \$178,000,000 at December 31, 2009. The Master Trust, the borrowers and the Trustee each receive a percentage of the net income derived from securities lending activities. Income earned during 2009 and 2008 was approximately \$686,000 and \$1,783,000, respectively, net of bank fees. During 2008, the Collateral Fund experienced a loss due to the default and bankruptcy of the issuer of a debt security held by the Collateral

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Fund. The Master Trust's allocated portion of that loss of approximately \$2,200,000 was recorded in 2008.

NOTE 8 – FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820"), defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. ASC 820 also expands the disclosure requirements around fair value and establishes a hierarchy for valuation inputs that emphasizes the use of observable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Categorization of instruments within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs are based on unadjusted quoted prices for identical instruments traded in active markets.

Level 2 Inputs are based on unadjusted quoted prices for similar instruments in active markets or identical instruments in inactive markets and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 Inputs are generally unobservable and typically reflect estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are usually determined using model-based techniques that include option pricing models, discounted cash flow models and similar valuation techniques.

Following is a description of the primary valuation methodologies used to measure the fair value of each class of Plan assets at December 31, 2009 and 2008.

Common stocks: Valued at the quoted market price of shares held as evidenced on listing trading exchanges.

Preferred stocks: Valued at the quoted market price of shares held as evidenced on listing trading exchanges when available, or by comparison of the security to the quoted market price of similar securities and of similar credit ratings.

Convertible securities: Valued based on comparison of the security to similar securities and of similar credit ratings.

Fixed income securities: Valued based on comparisons with the quoted market price of similar securities with similar credit ratings or by performing discounted cash flow analysis considering market conditions, credit terms and comparative credit ratings of the issuers. Observable inputs include interest rates on securities and credit ratings of various issuers.

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

U. S. Government securities: Valued using quoted market prices of the securities held as evidenced on listed trading exchanges.

Mutual funds: Valued at the net asset value of shares held as evidenced on listed trading exchanges.

Futures contracts: Valued using quoted market prices of the securities held as evidenced on listed trading exchanges.

Cash and cash equivalents: Valued at the notional monetary amount, adjusted for currency exchange rates when applicable.

Commingled trust funds: Valued by the trust manager at redemption prices established by the trustee based on the value of the underlying securities held in trust, which include securities having quoted market prices, securities similar to securities having quoted market prices and securities for which discounted cash flow analysis and other subjective factors are necessary for valuation.

Partnerships with security holdings: Valued by the manager of the partnership or investment entity based upon the value of the underlying securities held, including those having a quoted market price and those valued in comparison to similar securities having a quoted market price. Other investments valued using a number of subjective factors regarding market and economic conditions, business performance expectations and formal appraisals.

Real estate: Valued using the value of the underlying interest in the properties held by the investment manager using independent appraisals or internally by portfolio managers using subjective techniques by comparison with similar investments, discounted cash flows and expected market conditions. Valued at cost if believed to be the only indicator of value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2009:

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 423,883,248	\$ -	\$ 208,327	\$ 424,091,575
Preferred stocks	3,238,021	-	-	3,238,021
Fixed income securities and corporate bonds	-	585,212,915	155,030	585,367,945
U. S. Government securities	219,242,716	-	-	219,242,716
Futures contracts	(2,356,344)	-	-	(2,356,344)
Cash and cash equivalents	38,440,538	493,269	94,621	39,028,428
Commingled trust funds	-	-	208,899,087	208,899,087
Partnerships with security holdings	-	-	177,040,172	177,040,172
Real estate	-	-	70,047,788	70,047,788
Total	\$ 682,448,179	\$ 585,706,184	\$ 456,445,025	\$1,724,599,388

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 261,360,309	\$ -	\$ -	\$ 261,360,309
Preferred stocks	1,969,484	471,387	-	2,440,871
Convertible securities	-	1,991,299	-	1,991,299
Fixed income securities and corporate bonds	-	539,545,899	27,378,789	566,924,688
U. S. Government securities	275,602,483	-	-	275,602,483
Mutual funds	37,853,555	-	-	37,853,555
Futures contracts	16,831,789	-	-	16,831,789
Cash and cash equivalents	94,413,308	2,068,525	999,168	97,481,001
Commingled trust funds	-	-	158,072,947	158,072,947
Partnerships with security holdings	-	-	197,802,379	197,802,379
Real estate	-	-	98,899,576	98,899,576
Total	\$ 688,030,928	\$ 544,077,110	\$ 483,152,859	\$1,715,260,897

Change in Level 3 Investments

The following table sets forth a summary of changes in the Level 3 investments for the years ended December 31, 2009 and 2008:

	For the year ended December 31,	
	<u>2009</u>	<u>2008</u>
Balance at beginning of period	\$ 483,152,859	\$ 501,321,762
Issuances and acquisitions	29,758,274	727,694,351
Dispositions	(64,123,530)	(605,682,143)
Realized loss	(2,348,299)	(1,225,189)
Unrealized gain (loss)	10,005,721	(138,955,922)
Balance at end of period	\$ 456,445,025	\$ 483,152,859

All realized and unrealized gains and losses are included in the Plan's interest in investment income of the

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
GOVERNMENTAL OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Master Trust in the accompanying statement of changes in net assets.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company, the Trustee and the affiliates of both are parties-in-interest to the Plan. The Company provides administrative services to and on behalf of the Plan with no compensation or reimbursement from the Plan. Fees paid by the Master Trust to the Trustee for custodial and recordkeeping services provided to all plans in the Master Trust were approximately \$684,000 and \$651,000 for the years ended December 31, 2009 and 2008, respectively.

NOTE 10 – SUBSEQUENT EVENTS

In connection with the spin-off, certain assets and benefit obligations of the Retirement Plan for Employees of McDermott Incorporated (the “McDermott Plan”) were transferred into the Plan. As of June 2010, assets of approximately \$15,721,000 were transferred into the Plan from the McDermott Plan. Additionally, the actuarial present value of accumulated plan benefits transferred into the Plan was approximately \$22,000,000. Effective May 1, 2010, Babcock & Wilcox Investment Company became the sponsor of the Plan.

In June 2010, Babcock & Wilcox Investment Company established The Babcock & Wilcox Company Master Trust (the “B&W Trust”) and appointed The Bank of New York Mellon as trustee. Effective June 30, 2010, the assets of the Plan were transferred from the Trust into the B&W Trust.

Retirement Plan for Employees of Babcock & Wilcox Governmental Operations
 EIN 74-1032246, Plan Number 004
 Schedule H, line 4i - Schedule of Assets (Held at End of Year), December 31, 2009

<u>(a)</u>	<u>(b) Identity of Issue, Borrower</u>	<u>(c) Description</u>		<u>(d) Cost</u>	<u>(e) Current Value</u>
*	McDermott Incorporated Master Trust	Master Trust Investment Units - 660,968,111	\$	660,968,111	\$ <u>660,968,111</u>

* Indicates party-in-interest to the Plan

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 21b- Explanation of Applicable Month for Discount Rate

The plan used the full yield curve with a two month lookback as allowed by IRS regulations. However, line 21b was left blank in order to avoid EFAST filing problems.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 11a- Excess Contributions

The amount shown on line 11a does not match the amount shown on line 38 of the Schedule SB filed for the 2008 plan year. The Schedule SB filed for the 2008 plan year was prepared prior to the release of final funding regulations and therefore was necessarily completed in accordance with a good faith interpretation of the rules then in effect concerning the creation and maintenance of the carryover and prefunding balances. The 2009 filing shows the amount determined in accordance with final regulations.

Specifically, the good faith interpretation of the creation of the prefunding balance held that a prefunding balance is only eligible to be created when employer contributions exceed the minimum required contribution without offsetting for any existing funding balances. The final regulations indicate that a prefunding balance may be created if employer contributions exceed the minimum required contribution after offsetting for any existing funding balances. The details of this are as follows:

	<u>Good Faith Interpretation</u>	<u>In Compliance with Final Regulations</u>
1. Target normal cost	\$ 17,922,356	\$ 17,922,356
2. Amortization installments	9,529,515	9,529,515
3. Total funding requirement before reflecting carryover/prefunding balances (line 1 plus line 2)	27,451,871	27,451,871
4. Balances used to offset funding requirement:		
a. Carryover balance	21,206,684	21,206,684
b. Prefunding balance	0	0
5. Additional cash requirement (line 3 minus line 4a minus line 4b)	6,245,187	6,245,187
6. Contributions allocated toward minimum required contribution	22,195,609	22,195,609
7. Interest-adjusted excess contributions	\$ 0	\$ 15,950,422

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 11b- Interest on Excess Contributions

The amount on line 11b was determined in accordance with final funding regulations and the instructions to the Schedule SB for the 2009 plan year. The details of this determination are shown below.

1. Target normal cost	\$ 17,922,356
2. Amortization installments	9,529,515
3. Total funding requirement before reflecting carryover/prefunding balances (line 1 plus line 2)	27,451,871
4. Balances used to offset funding requirement:	
a. Carryover balance	21,206,684
b. Prefunding balance	0
5. Additional cash requirement (line 3 minus line 4a minus line 4b)	6,245,187
6. Contributions allocated toward minimum required contribution	22,195,609
7. Interest-adjusted excess contributions	15,950,422
8. Portion of contributions reported on line 11a of Schedule SB that are excess contributions solely because an election was made to offset the minimum required contribution for the prior year by the funding standard carryover balance or the prefunding balance	15,950,422
9. Other excess contributions (line 7 minus line 8)	0
10. Prior year's actual rate of return	-23.28%
11. Prior year's effective rate	6.22%
12. Interest on excess contributions (enter on line 11b of Schedule SB) Line 8 x line 10 plus line 9 x line 11	\$ (3,712,813)

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 16- Explanation of Funding Percentages

The FTAP, AFTAP and prior year funding percentage reported on this year's Schedule SB were truncated to the lowest .01% as required by the instructions. However, last year the plan's actual funding percentage was 99.40% as calculated by rounding to the nearest .01% in accordance with final regulation 1.436-1(g)(6) Example 3(ii).

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 24- Change in Actuarial Assumptions

An expense assumption was added to the target normal cost to better reflect the anticipated expense experience for the year.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 25- Change in Method

- The interest basis for computing funding liability has been changed from the applicable yield curve to the applicable yield curve with a two-month lookback.
- The asset valuation method changed from the market value of assets to a two-year averaged value of assets.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 12– Explanation of Reduction in Carryover Balance

Amount of COB surrendered at 1/1/2009	\$ 10,546,383
Marine Mechanical Credit Balance added at 1/1/2009	<u>\$ 194,717</u>
Total amount surrendered at 1/1/2009	\$ 10,351,666

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 12– Explanation of Reduction in Carryover Balance

Carryover Balance (COB) and Prefunding Balance (PFB)

	COB	PFB	Total
A. Balances as of January 1, 2008	\$ 52,873,078	N/A	\$ 52,873,078
B. Balances elected to satisfy 2008 minimum	\$ 21,206,684	N/A	\$ 21,206,684
C. Remaining balance [A. - B.]	\$ 31,666,394	N/A	\$ 31,666,394
D. 2008 rate of return on market value	(23.28)%	(23.28)%	
E. Interest [C. x D.]	\$ (7,371,053)	N/A	\$ (7,371,053)
F. Addition to PFB as of January 1, 2009			
1. Prior year minimum contribution, not reflecting credit balances		\$ 27,451,871	\$ 27,451,871
2. Discounted value of employer contributions		\$ 22,195,609	\$ 22,195,609
3. Excess contributions subject to effective rate [F.2. – F.1., if positive]		\$ 0	\$ 0
4. Total excess contributions [F.2. – (F.1. – B.(Total), not less than zero), if positive]		\$ 15,950,422	\$ 15,950,422
5. Excess contributions subject to market rate of return [F.4. – F.3., if positive]		\$ 15,950,422	\$ 15,950,422
6. Prior year effective rate		6.22%	6.22%
7. Interest [(F.3. x F.6.) + (F.5. x D.)]		\$ (3,712,813)	\$ (3,712,813)
8. Total available to add to PFB [F.3. + F.5. + F.7.]		\$ 12,237,609	\$ 12,237,609
9. Amount of excess elected to be added to PFB		\$ 0	\$ 0
G. Amount surrendered ⁽¹⁾	\$ 10,546,383	\$ 0	\$ 10,546,383
H. Marine Mechanical Corporation Credit Balance ⁽²⁾	\$ 194,717	\$ 0	\$ 194,717
I. Balances as of January 1, 2009 [C. + E. + F.9 – G. + H.]	\$ 13,943,675	\$ 0	\$ 13,943,675

⁽¹⁾ The plan sponsor may elect to surrender, or may be required to surrender, all or a portion of the COB/PFB in order to avoid At-Risk Status, shortfall amortization and/or benefit restrictions

⁽²⁾ See the development of the Marine Mechanical Corporation Carryover Balance and Prefunding Balance on the following page.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 12– Explanation of Reduction in Carryover Balance

Marine Mechanical Corporation Carryover Balance (COB) and Prefunding Balance (PFB)

	Hourly	Salaried	Total
A. Charges			
1. Prior year funding deficiency	\$ 0	\$ 0	\$ 0
2. Normal Cost	72,278	493,581	565,859
3. Amortization charges	511,616	395,190	906,806
4. Interest on above at 8.50%	49,631	75,546	125,177
5. Additional funding charge	121,430	938,467	1,059,897
6. Interest penalties	<u>0</u>	<u>0</u>	<u>0</u>
7. Total Charges	\$ 754,955	\$ 1,902,784	\$ 2,657,739
B. Credits			
1. Prior Year Credit Balance	\$ 3,408	\$ 6,832	\$ 10,240
2. Amortization Credits	83,728	195,989	279,717
3. Contributions	764,477	1,723,524	2,488,001
4. Interest on above at 8.50%	28,716	38,321	67,037
5. Full funding Credit	<u>0</u>	<u>0</u>	<u>0</u>
6. Total Credits	\$ 880,329	\$ 1,964,666	\$ 2,844,995
C. Credit Balance as of November 1, 2008	\$ 125,374	\$ 61,882	\$ 187,256
D. Rate of return, November 1, 2008 – January 1, 2009	3.98%	3.98%	3.98%
E. Credit Balance as of January 1, 2009	\$ 130,369	\$ 64,348	\$ 194,717

Retirement Plan for the Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Line 22- Description of Weighted Average Retirement Age

Retirement Hourly and Salary Rates Pre 4/98

<u>Age</u>	<u>(1)</u> <u>q^r</u> <u>Retirement</u> <u>Rate</u>	<u>(2)</u> <u>1-q^T</u> <u>Employment</u> <u>Rate</u>	<u>(3)</u> <u>tpx</u> <u>Cumulative</u> <u>Employment</u>	<u>(4)</u> <u>tpx*qx*Age</u> <u>Age</u> <u>Weighting</u>	<u>(5)</u> <u>tpx*qx</u> <u>Cumulative</u> <u>Decrements</u>	<u>(6)</u> <u>Weighted</u> <u>RA = Sum</u> <u>(4) / (5)</u>
50	0.2000	0.8000	1.0000	10.1000	0.2000	
51	0.0500	0.9500	0.8000	2.0600	0.0400	
52	0.0500	0.9500	0.7600	1.9950	0.0380	
53	0.0500	0.9500	0.7220	1.9314	0.0361	
54	0.0500	0.9500	0.6859	1.8691	0.0343	
55	0.0500	0.9500	0.6516	1.8082	0.0326	
56	0.0800	0.9200	0.6190	2.7980	0.0495	
57	0.0800	0.9200	0.5695	2.6197	0.0456	
58	0.0800	0.9200	0.5239	2.4521	0.0419	
59	0.0800	0.9200	0.4820	2.2945	0.0386	
60	0.1200	0.8800	0.4435	3.2196	0.0532	
61	0.1500	0.8500	0.3903	3.6001	0.0585	
62	0.2000	0.8000	0.3317	4.1464	0.0663	
63	0.2000	0.8000	0.2654	3.3702	0.0531	
64	0.2000	0.8000	0.2123	2.7386	0.0425	
65	1.0000	0.0000	0.1698	11.1243	0.1698	

58.1272

1.0000

Weighted Average Retirement Age:

58

Retirement Hourly and Salary Rates Post 4/98

<u>Age</u>	<u>(1)</u> <u>q^r</u> <u>Retirement</u> <u>Rate</u>	<u>(2)</u> <u>1-q^T</u> <u>Employment</u> <u>Rate</u>	<u>(3)</u> <u>tpx</u> <u>Cumulative</u> <u>Employment</u>	<u>(4)</u> <u>tpx*qx*Age</u> <u>Age</u> <u>Weighting</u>	<u>(5)</u> <u>tpx*qx</u> <u>Cumulative</u> <u>Decrements</u>	<u>(6)</u> <u>Weighted</u> <u>RA = Sum</u> <u>(4) / (5)</u>
50	0.0000	1.0000	1.0000	0.0000	0.0000	
51	0.0000	1.0000	1.0000	0.0000	0.0000	
52	0.0000	1.0000	1.0000	0.0000	0.0000	
53	0.0000	1.0000	1.0000	0.0000	0.0000	
54	0.0000	1.0000	1.0000	0.0000	0.0000	
55	0.0500	0.9500	1.0000	2.7750	0.0500	
56	0.0800	0.9200	0.9500	4.2940	0.0760	
57	0.0800	0.9200	0.8740	4.0204	0.0699	
58	0.0800	0.9200	0.8041	3.7631	0.0643	
59	0.0800	0.9200	0.7398	3.5212	0.0592	
60	0.1200	0.8800	0.6806	4.9410	0.0817	
61	0.1500	0.8500	0.5989	5.5249	0.0898	
62	0.2000	0.8000	0.5091	6.3634	0.1018	
63	0.2000	0.8000	0.4073	5.1721	0.0815	
64	0.2000	0.8000	0.3258	4.2029	0.0652	
65	1.0000	0.0000	0.2606	17.0721	0.2606	

61.6501

1.0000

Weighted Average Retirement Age:

62

Retirement Plan for the Employees of Babcock and Wilcox Governmental Operations
EIN/PN: 74-1032246 / 004
Form 5500 Schedule SB Attachment
Line 22- Description of Weighted Average Retirement Age

Retirement Marine Mechanical Rates

	(1) q ^r	(2) 1-q ^T	(3) tpx	(4) tpx*qx*Age	(5) tpx*qx	(6) Weighted
Age	Retirement Rate	Employment Rate	Cumulative Employment	Age Weighting	Cumulative Decrements	RA = Sum (4) / (5)
50	0.0000	1.0000	1.0000	0.0000	0.0000	
51	0.0000	1.0000	1.0000	0.0000	0.0000	
52	0.0000	1.0000	1.0000	0.0000	0.0000	
53	0.0000	1.0000	1.0000	0.0000	0.0000	
54	0.0000	1.0000	1.0000	0.0000	0.0000	
55	0.0250	0.9750	1.0000	1.3875	0.0250	
56	0.0250	0.9750	0.9750	1.3772	0.0244	
57	0.0250	0.9750	0.9506	1.3665	0.0238	
58	0.0250	0.9750	0.9269	1.3555	0.0232	
59	0.0250	0.9750	0.9037	1.3442	0.0226	
60	0.0250	0.9750	0.8811	1.3327	0.0220	
61	0.0250	0.9750	0.8591	1.3208	0.0215	
62	0.8500	0.1500	0.8376	44.4971	0.7120	
63	0.5000	0.5000	0.1256	3.9890	0.0628	
64	0.5000	0.5000	0.0628	2.0259	0.0314	
65	1.0000	0.0000	0.0314	2.0574	0.0314	

62.0538 1.0000

Weighted Average Retirement Age: 62

The weighted average retirement age is computed as the sum, over all ages, of the expected retirement rate multiplied by the probability of remaining in service to each age multiplied by the age divided by the sum of the expected retirement rate multiplied by the probability of remaining in service to each age.

Number of Active Participants

							Average Retirement Age
Pre 4/98	Post 4/98	Marine Mechanical	Total	Pre 4/98	Post 4/98	Marine Mechanical	
2311	544	233	3088	74.84%	17.62%	7.55%	59

Retirement Plan for Employees of Babcock & Wilcox Governmental Operations
EIN 74-1032246, Plan Number 004
Schedule H, line 4i - Schedule of Assets (Held at End of Year), December 31, 2009

<u>(a)</u>	<u>(b) Identity of Issue, Borrower</u>	<u>(c) Description</u>	<u>(d)</u> <u>Cost</u>	<u>(e)</u> <u>Current</u> <u>Value</u>
*	McDermott Incorporated Master Trust	Master Trust Investment Units - 660,968,111	\$ 660,968,111	\$ <u>660,968,111</u>

* Indicates party-in-interest to the Plan

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

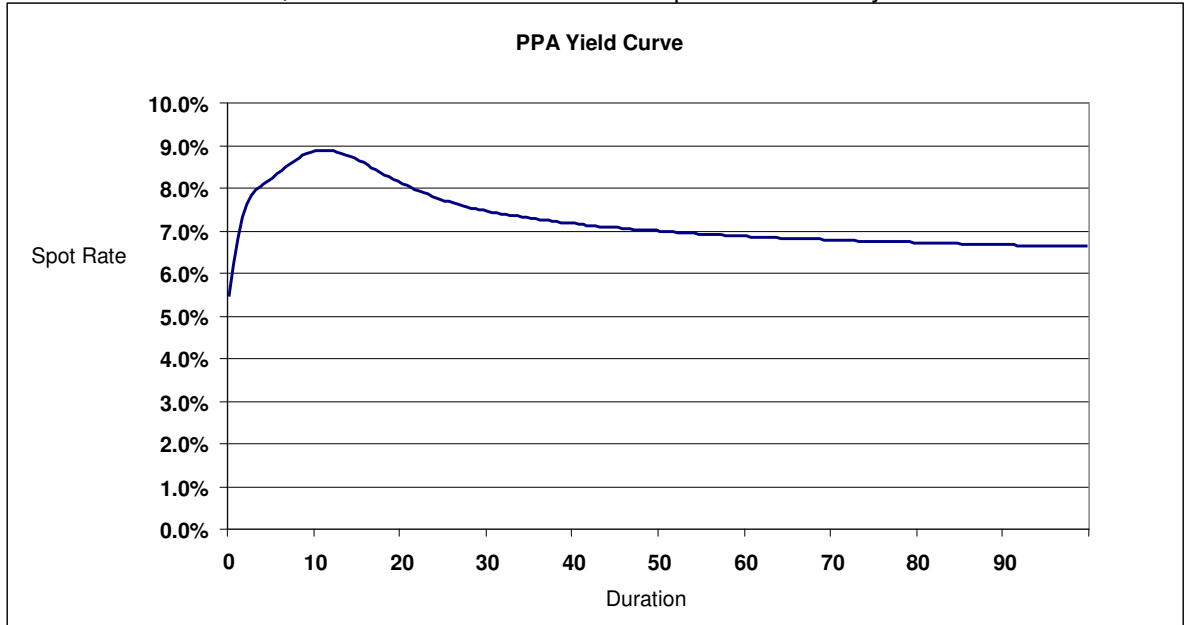
Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods

Funding

Full yield curve as of October 31, 2008. All interest rates are compounded annually.



Sample Rates

Year	Rate	Year	Rate
1	5.45%	35	7.32%
2	6.83%	40	7.19%
3	7.64%	45	7.09%
4	7.95%	50	7.00%
5	8.11%	55	6.94%
6	8.25%	60	6.88%
7	8.41%	65	6.83%
8	8.57%	70	6.79%
9	8.71%	75	6.76%
10	8.81%	80	6.73%
15	8.74%	85	6.70%
20	8.22%	90	6.67%
25	7.77%	95	6.65%
30	7.50%	100	6.63%

Effective Interest Rate of Yield Curve: 8.25%

Prior Year Valuation Interest Rate: 6.22%

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods (continued)

Mortality

	Current Year	Prior Year
Annuitant	RP-2000 Healthy Annuitant Table projected to 2016	RP-2000 Healthy Annuitant Table projected to 2015
Non-annuitant	RP-2000 Employees Table projected to 2024	RP-2000 Employees Table projected to 2023

Actuarial cost method

Unit Credit Method. The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected expenses to be paid from plan assets during the year.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Representative values of the assumed rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase
25	.08355
30	.06812
35	.05897
40	.05066
45	.04579
50	.04329
55	.04118
60	.03906
64	.03815

Social Security

Based on the Social Security Act in effect on the valuation date with assumed increases of 5.00% per annum in both the Social Security wage index and taxable wage base, and with an assumed increase of 4.50% per annum in the Consumer Price Index.

Expenses

Expected expenses of \$2,500,000 were added to Target Normal Cost.

Frequency of optional payment forms

Due to the Plan's actuarial reduction factors for optional forms of payment, the benefits are deemed actuarially equivalent. Because of this, all future retirees are assumed to elect the normal form of payment.

Marital percentage

90% of male participants and 50% of female participants are assumed to be married with the husband two years older.

Mortality table

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

Cost living increases

For participants whose accrued benefits were frozen as of March 31, 2006 or March 31, 2007, the assumed annual future cost of living increase is 4.50%

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Retirement rates

Representative values of the assumed annual rates of withdrawal, vesting, early retirement, disability and death are as follows:

MCDERMOTT EMPLOYEES:

Age	Withdrawal	Annual Rate of		Disability
		Early Retirement (Pre 4/1/98 Hires)	Early Retirement (Post 4/1/98 Hires)	
25	.07875			.001
30	.05888			.001
35	.04372			.001
40	.03397			.002
45	.02633			.002
50	.01980	.20		.003
51	.01875	.05		.004
52	.01792	.05		.005
53	.01710	.05		.005
54	.01643	.05		.006
55	.01575	.05	.05	.007
56	.01538	.08	.08	.008
57	.01538	.08	.08	.009
58	.01560	.08	.08	.010
59	.01575	.08	.08	.011
60	.01635	.12	.12	.013
61	.01643	.15	.15	.016
62	.01770	.20	.20	
63	.01905	.20	.20	
64	.02025	.20	.20	
65	0.0000	1.00	1.00	

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

BWXT SALARIED EMPLOYEES:

Age	Withdrawal	Annual Rate of		Disability
		Early Retirement (Pre 4/1/98 Hires)	Early Retirement (Post 4/1/98 Hires)	
25	.07875			.000
30	.05888			.000
35	.04372			.000
40	.03397			.000
45	.02633			.001
50	.01980	.20		.002
51	.01875	.05		.003
52	.01792	.05		.003
53	.01710	.05		.003
54	.01643	.05		.004
55	.01575	.05	.05	.005
56	.01538	.08	.08	.005
57	.01538	.08	.08	.006
58	.01560	.08	.08	.007
59	.01575	.08	.08	.008
60	.01635	.12	.12	.009
61	.01643	.15	.15	.010
62	.01770	.20	.20	.011
63	.01905	.20	.20	.012
64	.02025	.20	.20	.013
65	0.0000	1.00	1.00	0.000

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

BWXT HOURLY EMPLOYEES:

Age	Withdrawal	Annual Rate of		Disability
		Early Retirement Reduced	Unreduced	
25	.07875			.001
30	.05888			.001
35	.04372			.001
40	.03397			.002
45	.02633			.005
50	.01980		.20	.010
51	.01875		.05	.011
52	.01792		.05	.013
53	.01710		.05	.014
54	.01643		.05	.015
55	.01575	.05	.05	.016
56	.01538	.08	.08	.017
57	.01538	.08	.08	.018
58	.01560	.08	.08	.019
59	.01575	.08	.08	.020
60	.01635	.12	.12	.021
61	.01643		.15	.022
62	.01770		.20	.024
63	.01905		.20	.025
64	.02025		.20	.026
65	0.0000		1.00	1.00

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

MARINE MECHANICAL HOURLY AND SALARIED EMPLOYEES:

Age	Annual Rate of				
	Withdrawal		Early Retirement	Disability	
	Male	Female		Male	Female
25	.0690	.1085		.001	.001
30	.0521	.0634		.001	.001
35	.0324	.0465		.001	.002
40	.0169	.0324		.002	.003
45	.0085	.0155		.003	.005
50	.0014	.0014		.005	.006
51	.0014	.0014		.006	.007
52				.006	.007
53				.007	.007
54				.008	.008
55			.025	.009	.008
56			.025	.010	.008
57			.025	.011	.009
58			.025	.012	.010
59			.025	.014	.010
60			.025	.015	.011
61			.025	.016	.012
62			.850	.017	.013
63			.500	.018	.015
64			.500	.020	.016
65			1.000	.020	.017

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Asset valuation method

The Valuation Assets are determined using a method that spreads asset gains/(losses) over 2 years. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. The discounted value of accrued contributions, if any, is included in the Valuation Assets.

The expected return on plan assets is 8.50% per annum, limited by PPA to the applicable Third Segment Rate.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES

Eligibility

Completion of one year of service.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

Greatest of the following:

1. PIA Offset Formula

1-2/3% of final average monthly compensation times credited service up to 40 years, minus 1.00% of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect at retirement times credited service up to 40 years, minus the monthly profit sharing and stock bonus retirement plan offset.

2. Minimum Formula

The greater of \$125.00 or \$12.00 times credited service.

3. Frozen Grandfathered Formula

For participants in the plan on December 31, 1975, a percentage of final average monthly compensation based on credited service as of February 28, 1994 minus the same percentage of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect on July 1, 1968 minus the monthly profit sharing and stock bonus retirement offset plus the benefit determined under the above PIA offset formula for service after February 28, 1994.

Early retirement

Eligibility

Later of age 50 and completion of 10 years of service.

Benefit

Accrued pension reduced by 0.6% for each month that early retirement date precedes age 60, but not less than \$12 per month for each year of credited service. If participant completed at least 6 months service in a hardship area, one month is subtracted from age 60 for each month of hardship service (maximum 10 years) to determine reductions.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES (continued)

Deferred vested retirement

Eligibility

Completion of 5 years of service.

Benefit

Accrued pension deferred to Normal Termination Benefit Commencement Date (normal retirement date, or if participant completed 6 months service in hardship area, date determined by subtracting number of months hardship service (maximum 120) from normal retirement date). The accrued pension is 1-2/3% of final average monthly compensation at Date of Termination, times credited service at Date of Termination up to 40 years, minus 1.00% of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect at retirement, times credited service at normal retirement up to 40 years, multiplied by a fraction whose numerator is the credited service at termination and whose denominator is the credited service at normal retirement, minus the monthly profit sharing and stock bonus retirement plan offset. Subject to the minimum benefits described under Normal Retirement determined based on service at date of termination.

Disability retirement

Eligibility

Completion of 15 years of service and total and permanent disability prior to normal retirement date.

Benefit

Accrued pension (including minimum).

Death benefit

Eligibility

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES (continued)

Normal form of benefit

Single

Life annuity.

Married

50% joint and survivor annuity (actuarial equivalent of life annuity).

Optional forms

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Additional benefits

Early deferred participants, retired participants, and beneficiaries in receipt as of April 1, 1998.

An additional monthly amount determined by the participant's postretirement medical election and life insurance coverage:

Coverage Type	Additional Monthly Benefit
Single with Life Insurance	\$ 123
Dependent with Life Insurance	\$ 229
Family with Life Insurance	\$ 335
Life Insurance Only	\$ 17

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES

Coverage

Salaried

Salaried employees of The Babcock & Wilcox Company.

Barberton Hourly

Members of Locals No. 900, 902 and 903 of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers.

Lynchburg Hourly

Hourly paid employees at the Company's Naval Nuclear Fuel Division Lynchburg Plant who are not covered by a collective bargaining agreement.

Bettis Hourly

Hourly employees at the Company's Bettis, Pennsylvania site Department 224.

Eligibility

Attainment of age 21 and completion of 1 year of service.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

Salaried

1.25% of average annual compensation for the 5 highest paid years during the last 10 years of credited service multiplied by years of credited service.

If member has 15 or more years of service, minimum benefit is \$1,500. Proportionately less for less service.

For members affected by the \$150,000 pay limit, the fresh-start formula with extended wear away applies to the December 31, 1993 frozen accrued benefit.

Barberton Hourly

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

For terminations/retirements occurring between	Per month of service
5/1/2003 – 4/30/2004	\$34.00
5/1/2004 – 4/30/2005	35.00
5/1/2005 – 4/30/2006	36.00
5/1/2006 – 4/30/2007	37.00
5/1/2007 – 4/30/2008	38.00
5/1/2008 – 4/30/2009	40.00
5/1/2009 – 4/30/2010	40.50
5/1/2010 – 4/30/2011	42.00
5/1/2011 – 4/30/2012	43.00
After 5/1/2012	44.00

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES (continued)

Lynchburg and Bettis Hourly

\$44.00 a month per year of service for terminations on or after January 1, 2008.

Early retirement

Eligibility

Salaried

Later of age 50 with completion of 15 years of service.

Hourly

Later of age 55 with completion of 15 years of service.

Benefit

Salaried

Accrued pension (excluding minimum) if age plus service equals 75; otherwise reduced by 4% times the difference between 75 and the member's age plus service.

Hourly

Accrued pension reduced by 0.4% for each month member is under age 62 plus:

An additional supplement of \$250 per month payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000.

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Special early retirement

Eligibility

Hourly

Attainment of age 62 and completion of 10 years of service or completion of 30 years of service.

Barberton Hourly layoffs with 25 or more years of service who retired by August 1, 1999, receive an unreduced benefit when they would have had 30 years of service.

Benefit

Accrued pension plus an additional amount equal to the accrued pension:

An additional supplement of \$200 per month for Lynchburg Hourly and Bettis Hourly participants payable until age 62.

An additional supplement of \$250 payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000. For Barberton participants retiring on or after May 1, 2005 with 30 or more years of service, the prior supplement is replaced by the following benefit. A monthly supplement payable to age 65 in the following amounts:

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES (continued)

Age at Retirement	Monthly Temporary Supplemental Benefit
Under age 60	\$ 250.00
At least 60 but under age 62	\$ 300.00
At least 62 but under age 64	\$ 350.00
Age 64 and older	\$ 400.00

An additional supplement for Barberton Hourly with at least 30 years of service, a supplement of \$200 per month to age 62 for retirement prior to age 58. If a participant retires at or after age 58, the supplement is paid until the earlier of age 65 or 60 months.

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Disability retirement

Eligibility

Salaried

15 years of service and permanently and totally disabled.

Hourly

Completion of 10 years of service and totally and permanently disabled.

Benefit

Salaried

Accrued pension (including minimum).

Hourly

Accrued pension plus, until the member is eligible for unreduced benefits under the Social Security Act, an additional amount equal to the accrued pension:

An additional supplement of \$250 per month payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000.

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Deferred vested retirement

Eligibility

Completion of 5 years of service.

Benefit

Salaried

Accrued pension deferred to age 65 or actuarially reduced pension payable at age 50 or later if member had 15 years of service.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES (continued)

Hourly

Accrued pension deferred to age 65 or actuarially reduced pension at age 55 if member had 15 years of service or at age 62 if member had 10 years of service.

Death benefit

Eligibility

Salaried

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Hourly

Death in active service after completion of 5 years of service.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Normal form of benefit

Salaried

Single

Life annuity.

Married

50% joint and survivor annuity (actuarial equivalent of life annuity).

Hourly

Single

Life annuity, except if member dies between ages 65 and 70, remaining monthly payments he would have received had he lived until age 70 are paid (except in case of vested deferred retirement).

Married

Reduced 50% joint and survivor annuity (actuarial equivalent of life annuity). Amounts payable for temporary periods are payable to pensioner only.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES (continued)

Optional forms- available for Salaried participants only

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Additional benefits

As of April 1, 1998 for early deferred participants, retired participants, and beneficiaries in receipt at Salaried or Lynchburg Hourly locations.

Coverage Type	Additional Monthly Benefit
Single with Life Insurance	\$ 123.00
Dependent with Life Insurance	\$ 229.00
Family with Life Insurance	\$ 335.00
Life Insurance Only	\$ 17.00

As of November 1, 2000 for early deferred participants, retired participants and beneficiaries in receipt at Barberton hourly.

Coverage Type	Additional Monthly Benefit
Single with Life Insurance	\$ 49.00
Family with Life Insurance	\$ 74.00
Life Insurance Only	\$ 24.00

For Barberton hourly participants who retired prior to November 1, 2000 a monthly supplement to age 65.

Coverage Type	Additional Monthly Benefit
Single	\$ 81.00
Family	\$ 268.00

Contributions

All contributions to support the Plan are paid by the Company.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS ALL POST APRIL 1, 1998 HIRES

Coverage

Salaried

Salaried employees of The Babcock & Wilcox Company.

Barberton Hourly

Members of Locals No. 900, 902 and 903 of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers.

Lynchburg Hourly

Hourly paid employees at the Company's Naval Nuclear Fuel Division Lynchburg Plant who are not covered by a collective bargaining agreement.

Bettis Hourly

Hourly paid employees at the Company's Bettis, Pennsylvania site Department 224.

Eligibility

Attainment of age 21 and completion of 1 year of service. As of April 1, 2006, no new salaried employees are eligible to enter the plan.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

Salaried

1.2% of final average monthly compensation up to the Social Security limit times credited service up to 35 years plus 1.65% of final average monthly compensation in excess of the Social Security Limit times credited service up to 35 years.

For salaried employees hired on or after April 1, 2001 with one year of service and are participants in the plan: Benefit is accrued benefit as of March 31, 2006, increased each year in the same percentage as increases in the Consumer Price Index, up to a maximum of 8% a year for each year they remain in the employ of the company. The increase in accrued benefit from January 1, 2008 to December 31, 2008 was 4.94%.

For employees who elected to stop accruals in the plan as of April 1, 2007: Benefit is accrued benefit as of March 31, 2007 increased each year in the same percentage as increases in the Consumer Price Index, up to a maximum of 8% a year for each year they remain in the employ of the company. The increase in accrued benefit from January 1, 2008 to December 31, 2008 was 4.94%.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS ALL POST APRIL 1, 1998 HIRES (continued)

Barberton Hourly

For terminations/retirements occurring between	Per month of service
5/1/2003 – 4/30/2004	\$34.00
5/1/2004 – 4/30/2005	35.00
5/1/2005 – 4/30/2006	36.00
5/1/2006 – 4/30/2007	37.00
5/1/2007 – 4/30/2008	38.00
5/1/2008 – 4/30/2009	40.00
5/1/2009 – 4/30/2010	40.50
5/1/2010 – 4/30/2011	42.00
5/1/2011 – 4/30/2012	43.00
After 5/1/2012	44.00

Lynchburg Hourly and Bettis Hourly

\$44.00 a month per year of service for terminations on or after January 1, 2008.

Early retirement

Eligibility

Later of age 55 and completion of 15 years of service.

Benefit

Salaried

Accrued pension reduced by 0.4% for each month that early retirement date precedes age 62.

Hourly

Accrued pension reduced by 0.4% for each month member is under age 62, plus:

An additional supplement of \$250 per month payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000.

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Special early retirement

Eligibility

Hourly

Attainment of age 62 and completion of 10 years of service or completion of 30 years of service.

Barberton Hourly layoffs with 25 or more years of service who retired by August 1, 1999 and receive an unreduced benefit when they would have had 30 years of service.

Benefit

Accrued pension plus an additional amount equal to the accrued pension:

An additional supplement of \$200 per month for Lynchburg Hourly and Bettis Hourly participants payable until age 62.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS ALL POST APRIL 1, 1998 HIRES (continued)

An additional supplement of \$250 payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000. For Barberton participants retiring on or after May 1, 2005 with 30 or more years of service, the prior supplement is replaced by the following benefit. A monthly supplement payable to age 65 in the following amounts:

Age at Retirement	Monthly Temporary Supplemental Benefit
Under age 60	\$250.00
At least 60 but under age 62	\$300.00
At least 62 but under age 64	\$350.00
Age 64 and older	\$400.00

An additional supplement for Barberton Hourly with at least 30 years of service equal to \$200 per month to age 62 for retirement prior to age 58. If a participant retires at or after age 58, the supplement is paid until the earlier of age 65 or 60 months

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Disability retirement

Eligibility

Salaried

Completion of 15 years of service and totally and permanently disabled prior to normal retirement date.

Hourly

Completion of 10 years of service and totally and permanently disabled.

Benefit

Salaried

Accrued pension.

Hourly

Accrued pension plus, until the member is eligible for unreduced benefits under the Social Security Act, an additional amount equal to the accrued pension.

An additional supplement of \$250 per month payable until age 65 for Barberton Hourly participants retiring on or after November 1, 2000.

An additional supplement of \$250 per month payable until age 65 for Lynchburg Hourly and Bettis Hourly participants retiring on or after January 1, 2002.

Deferred vested retirement

Eligibility

Completion of 5 years of service. For salaried employees with a frozen accrued benefit as of March 31, 2006, vesting is 100% regardless of years of service.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS ALL POST APRIL 1, 1998 HIRES (continued)

Benefit

Salaried

Accrued pension deferred to Normal Termination Benefit Commencement Date (normal retirement date) based on final average monthly compensation and credited service as of date of termination.

Hourly

Accrued pension deferred to age 65 or actuarially reduced pension at age 55 if member had 15 years of service or at age 62 if member had 10 years of service.

Death benefit

Eligibility

Salaried

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Hourly

Death in active service after completion of 5 years of service.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Normal form of benefit

Salaried

Single

Life annuity.

Married

50% joint and survivor annuity (actuarial equivalent of life annuity).

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS ALL POST APRIL 1, 1998 HIRES (continued)

Hourly

Single

Life annuity, except if member dies between ages 65 and 70, remaining monthly payments he would have received had he lived until age 70 are paid (except in case of vested deferred retirement).

Married

Reduced 50% joint and survivor annuity (actuarial equivalent of life annuity). Amounts payable for temporary periods are payable to pensioner only.

Optional forms- available for Salaried participants only

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Contributions

All contributions to support the Plan are paid by the Company.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL HOURLY

Eligibility

All hourly employees of Marine Mechanical Corporation.

Normal retirement

Eligibility

Attainment of age 65.

Benefit

If termination prior to November 1, 2008: \$30 times years of benefit service.

If termination on or after November 1, 2008: \$31 times year of benefit service.

Early retirement

Eligibility

Attainment of age 55 and completion of 10 years of vesting service.

Benefit

The monthly benefit payable at Normal Retirement reduced 5% for each year that benefit commencement precedes age 62.

Supplemental early retirement

Eligibility

Certain employees of the Aircraft Workers Alliance Amalgamated, Inc. who were vested in the TRW-AWA Retirement Plan on October 20, 1986 and completion of 10 years of service.

Benefit

Supplemental benefit from actual retirement age to attainment of age 60, so that Plan benefit and Supplement benefit equal \$1,000 per month, based on normal annuity form.

Supplement benefit from age 60 (or actual retirement age if later) to attainment of age 62, so that Plan benefit plus the Supplement benefit plus the TRW benefit equal \$1,000 per month based on normal annuity form. The Supplement benefit ceases at attainment of age 62.

Disability benefit

Eligibility

Participant is receiving long-term disability benefits or worker's compensation or on an approved sick leave.

Benefit

The participant continues to accrue vesting and benefit service under the Plan while disabled.

Layoff benefit

Eligibility

Participant on layoff who returns to active employment within 36 months.

Benefit

Participant receives vesting and benefit service for the period of layoff.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL HOURLY (continued)

Termination benefit

Eligibility

Completion of five years of vesting service.

Benefit

The Normal Retirement benefit payable at age 65 accrued as of date of termination. Benefits commencing after attainment of age 55 and prior to attainment of age 65 are reduced 6.6% for each year benefit commencement precedes age 65.

Preretirement death

Eligibility

Completion of five years of vesting service.

Benefit

The surviving spouse is eligible to receive a benefit commencing on the first day of the month following the later of the date of the Participant's death or the date the Participant would have attained age 55. The amount of the benefit is equal to the accrued benefit as of date of death which would have been payable had the Participant survived to age 65 and retired at that age under the joint and 50% survivor option.

Form of payment

Normal

The normal form of payment for single participants is a life annuity. The automatic form of payment for married participants is a joint and 50% contingent annuity. The Company's cost and basic retirement benefits are calculated based on the accrued benefit payable as a life annuity for participants not in receipt of payment.

Optional Life Annuity

Joint and Survivor with 25%, 50%, 75%, or 100% of benefits continuing to the surviving beneficiary upon the participant's death.

Definitions

Year of Service

One month of service is credited for each month in which an employee is credited with one or more hours of service. Credit is given for service with Argo-Tech Corporation prior to December 24, 1990.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL SALARIED

Eligibility

All full-time, salaried employees of Marine Mechanical Corporation.

Normal retirement

Eligibility

Attainment of age 65.

Benefit

1.0% of Average Compensation times years of service; plus 0.5% of Average Compensation in excess of Covered Compensation times years of service (maximum 35); minus the December 24, 1990 accrued benefit payable from the Argo-Tech Corporation Salaried Pension Plan. Benefit is not less than \$20 times years of benefit service.

For salaried employees hired on or after January 1, 2003, benefit is accrued as of December 31, 2007 increased each year in the same percentage as increases in the Consumer Price Index, up to a maximum of 8% a year for each year they remain in the employ of the company. The increase in accrued benefit from January 1, 2008 to December 31, 2008 was 4.94%.

Early retirement

Eligibility

Attainment of age 55 with completion of five years of service.

Benefit

The monthly benefit payable at normal retirement reduced 5% for each of the first five years and 6.5% for each of the next two years that benefit commencement precedes age 62.

Disability benefit

Eligibility

Participant is receiving employer sponsored short-term or long-term disability benefits, worker's compensation or on an approved sick leave.

Benefit

The participant continues to accrue vesting and benefit service while disabled.

Termination benefit

Eligibility

Completion of five years of vesting service.

Benefit

The Normal Retirement benefit payable at age 65 accrued as of date of termination. Benefits commencing after attainment of age 55 and prior to attainment of age 65 are reduced 6.67% for each year of the first five years benefit commencement precedes age 65 and 3.33% for each of the next five years.

Preretirement death

Eligibility

Completion of five years of vesting service.

Retirement Plan for Employees of Babcock and Wilcox Governmental Operations

EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment

Part V- Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL SALARIED (continued)

Monthly

The surviving spouse is eligible to receive a benefit commencing on the first day of the month following the later of the date of the Participant's death or the date the Participant would have attained age 55. The amount of the benefit is equal to the accrued benefit as of date of death which would have been payable had the Participant survived to age 65 and retired at that age under the joint and 50% survivor option.

Form of payment

Normal

The normal form of payment for single participants is a life annuity. The automatic form of payment for married participants is a joint and 50% contingent annuity. The Company's cost and basic retirement benefits are calculated based on the accrued benefit payable as a life annuity for participants not in receipt of payment.

Optional Life Annuity

Joint and Survivor with 25%, 50%, 75%, or 100% of benefits continuing to the surviving beneficiary upon the participant's death.

Definitions

Average Compensation

1/12 of average annual compensation over the five consecutive years of the final ten years that produce the highest average. Annual compensation is W-2 compensation increased by qualified deferrals.

Covered Compensation

The average of Social Security Wage Bases over the 35-year period ending with the year in which the employee attains Social Security Retirement Age.

Year of Service

One month of service is credited for each month in which an employee is credited with one or more hours of service. Credit is given for service with Argo-Tech Corporation prior to December 24, 1990 to a maximum of 4 years and 2 months.

Retirement Plan for the Employees of Babcock and Wilcox Governmental Operations
EIN/PN: 74-1032246 / 004

Form 5500 Schedule SB Attachment
Line 26 - Schedule of Active Participant Data

Years of Credited Service

		Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up		Total	
		No.	Avg. Comp.*	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Attained Age	Under 25	0		55		2		0		0		0		0		0		0		0		57	
	25 to 29	0		102	50,677	107	55,226	3		0		0		0		0		0		0		212	52,584
	30 to 34	0		55	40,563	163	68,890	19		2		0		0		0		0		0		239	61,495
	35 to 39	0		76	47,466	178	65,488	42	84,582	6		0		0		0		0		0		302	70,934
	40 to 44	0		64	21,000	137	65,400	32	82,772	42	92,942	34	84,153	0		0		0		0		309	79,099
	45 to 49	1		62	26,246	142	77,917	65	97,411	41	99,583	105	101,631	32	86,320	1		0		0		449	89,977
	50 to 54	0		52	36,301	119	75,118	34	92,887	45	96,058	76	96,057	72	102,075	60	75,098	7		0		465	89,653
	55 to 59	0		27	32,038	91	56,740	30	100,741	34	86,674	45	75,443	30	89,963	93	103,068	107	92,210	10		467	89,493
	60 to 64	0		15		49	79,561	17		10		23	79,573	20	74,327	46	93,178	158	88,497	131	90,208	469	86,930
	65 to 69	0		2		10		10		0		3		1		7		26	99,640	49	69,283	108	80,299
	70 & up	0		0		1		2		0		1		0		0		2		5		11	
	Total	1		510	35,551	999	71,238	254	90,839	180	90,974	287	92,029	155	92,480	207	90,909	300	90,666	195	85,629	3,088	85,966

*Average Compensation excludes participants with a frozen benefit or hourly pay. Cells with at least 20 participants with no average pay shown consist entirely of hourly participants with no pay related benefits or participants with only frozen benefits

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Retirement Plan for Employees of Babcock and Wilcox Gov. Operations	B Three-digit plan number (PN) <u>004</u> D Employer Identification Number (EIN) 74-1032246
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF McDermott Incorporated	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value	2a	649,951,625	
b Actuarial value	2b	714,946,787	
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	4,498	403,492,626
b For terminated vested participants	3b	2,525	42,646,112
c For active participants:			
(1) Non-vested benefits	3c(1)		17,580,790
(2) Vested benefits	3c(2)		237,271,109
(3) Total active	3c(3)	3,088	254,851,899
d Total	3d	10,111	700,990,637
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	8.25 %	
6 Target normal cost	6	18,734,555	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>Anthony M. Abbazia RMA</u> Signature of actuary Anthony M. Abbazia, F.S.A. Type or print name of actuary Buck Consultants, LLC <small>Firm name</small> 281 Tresser Boulevard, 6th floor Stamford CT 06901-3246 Address of the firm	<u>October 14, 2010</u> Date 08-04898 Most recent enrollment number (203) 975-0260 Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	52,873,078	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	21,206,684	0
9 Amount remaining (Item 7 minus item 8)	31,666,394	0
10 Interest on item 9 using prior year's actual return of <u>(23.28)</u> %	(7,371,053)	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		15,950,422
b Interest on (a) using prior year's effective rate of <u>6.22</u> %		(3,712,813)
c Total available at beginning of current plan year to add to prefunding balance		12,237,609
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	10,351,666	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	13,943,675	0

Part III Funding percentages

14 Funding target attainment percentage	14	100.00 %
15 Adjusted funding target attainment percentage	15	101.99 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	99.39 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/14/2010	4,800,000				
04/14/2010	16,500,000				
07/15/2010	16,500,000				
09/14/2010	16,500,000				
Totals ▶			18(b)	54,300,000	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	48,355,556

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	18,722,080
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	18,722,080
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	12,114,085	0
36 Additional cash requirement (item 34 minus item 35)	36	6,607,995
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (item 19c)	37	48,355,556
38 Interest-adjusted excess contributions for current year (see instructions)	38	41,747,561
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0