

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
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 <u>THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS</u>	1b Three-digit plan number (PN) ▶ <u>032</u> 1c Effective date of plan <u>02/01/2005</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>BABCOCK & WILCOX POWER GENERATION GROUP INC.</u> <u>13024 BALLANTYNE CORPORATE PLACE</u> <u>SUITE 700</u> <u>CHARLOTTE, NC 28277</u>	2b Employer Identification Number (EIN) <u>13-2933685</u> 2c Sponsor's telephone number <u>704-625-4900</u> 2d Business code (see instructions) <u>339900</u>

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.	10/14/2014	ROCHELLE WALD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address RETIREMENT COMMITTEE OF THE BABCOCK & WILCOX COMPANY 13024 BALLANTYNE CORPORATE PLACE SUITE 700 CHARLOTTE, NC 28277		3b Administrator's EIN 20-5604540 3c Administrator's telephone number 704-625-4900
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 8046
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 1443
b Retired or separated participants receiving benefits		6b 4361
c Other retired or separated participants entitled to future benefits		6c 1324
d Subtotal. Add lines 6a , 6b , and 6c		6d 7128
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e 834
f Total. Add lines 6d and 6e		6f 7962
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 10
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 Characteristics Codes in the instructions: 1A 1B 3F 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		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
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) ☐ <u>0</u> A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **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 <u>THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS</u>	B Three-digit plan number (PN) ▶ <u>032</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>BABCOCK & WILCOX POWER GENERATION GROUP INC.</u>	D Employer Identification Number (EIN) <u>13-2933685</u>
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 <u>01</u> Day <u>01</u> Year <u>2013</u>	
2 Assets:	
a Market value	2a <u>878828194</u>
b Actuarial value	2b <u>856232627</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>5090</u> <u>524699048</u>
b For terminated vested participants.....	3b <u>1394</u> <u>35218541</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>12698283</u>
(2) Vested benefits	3c(2) <u>254352158</u>
(3) Total active.....	3c(3) <u>1607</u> <u>267050441</u>
d Total.....	3d <u>8091</u> <u>826968030</u>
4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.62 %</u>
6 Target normal cost	6 <u>15963581</u>

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>10/09/2014</u>
Signature of actuary		Date
<u>SONJA C. BORSARI, FSA, EA, MAAA</u>		<u>14-05568</u>
Type or print name of actuary		Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>		<u>203-975-0260</u>
Firm name		Telephone number (including area code)
<u>595 SUMMER STREET, SUITE 3 S</u> <u>STAMFORD, CT 06901-3246</u>		
Address of the firm		

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 (line 13 from prior year)	64029	57085725
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	64029	31536113
9 Amount remaining (line 7 minus line 8)	0	25549612
10 Interest on line 9 using prior year's actual return of <u>10.95</u> %	0	2797683
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		24706009
b Interest on (a) using prior year's effective interest rate of <u>6.96</u> % except as otherwise provided (see instructions)		2705308
c Total available at beginning of current plan year to add to prefunding balance		27411317
d Portion of (c) to be added to prefunding balance		27411317
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	55758612

Part III Funding Percentages		
14 Funding target attainment percentage	14	96.79 %
15 Adjusted funding target attainment percentage	15	93.46 %
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	94.36 %
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
09/10/2014	3100000	0			
			Totals ►	18(b)	3100000
				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 contributions 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	2781653
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 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: 5.23%	2nd segment: 6.51%	3rd segment: 7.16%	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
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 subject to 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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	15963581	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:			
a Net shortfall amortization installment.....	Outstanding Balance	Installment	
	26494015	13161002	
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 (lines 31a - 31b + 32a + 32b - 33)...	34	29124583	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	29124583	29124583
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	2781653	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	2781653	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	2781653	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large; font-weight: bold;">2013</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

<p>A Name of plan THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS</p>	<p>B Three-digit plan number (PN) ▶ 032</p>
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 BABCOCK & WILCOX POWER GENERATION GROUP INC.</p>	<p>D Employer Identification Number (EIN) 13-2933685</p>

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: BABCOCK AND WILCOX MASTER TRUST

b Name of sponsor of entity listed in (a): BABCOCK & WILCOX INVESTMENT COMPANY

c EIN-PN 72-1172705-003	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 881593588
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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)
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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)
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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)
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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)
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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)
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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)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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)**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
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS</u>	B Three-digit plan number (PN) ►	<u>032</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BABCOCK & WILCOX POWER GENERATION GROUP INC.</u>	D Employer Identification Number (EIN) <u>13-2933685</u>	

Part I	Asset and Liability Statement		
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)	27000000	3100000
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)	0	0
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)	855362919	881593588
(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	882362919	884693588

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	2936273	178990
k Total liabilities (add all amounts in lines 1g through 1j)	1k	2936273	178990

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	879426646	884514598
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	3100000	
(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)		3100000
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)		
(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
(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

		(a) Amount	(b) Total
(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)		58581168
(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		61681168

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	56414226	
(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)		56414226
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		56414226

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		5266942
l Transfers of assets:			
(1) To this plan	2l(1)		2316332
(2) From this plan	2l(2)		2495322

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.)

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.)

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
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 GOVERNMENTAL OPERATIONS	72-1172705	001

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

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 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS</u>	B Three-digit plan number (PN) ▶ <u>032</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BABCOCK & WILCOX POWER GENERATION GROUP INC.</u>	D Employer Identification Number (EIN) <u>13-2933685</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.....	1	<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): <u>36-3043322</u> <u>36-1561860</u>		
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.....	3	<u>2</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 (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
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)	6c		
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 or other authority 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. 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

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: 40.0% Investment-Grade Debt: 52.0% High-Yield Debt: 0.0% Real Estate: 1.0% Other: 7.0%

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 line 19(b)?
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
COMMERCIAL OPERATIONS
DECEMBER 31, 2013 and 2012**

**RETIREMENT PLAN FOR EMPLOYEES
OF
BABCOCK & WILCOX
COMMERCIAL OPERATIONS
FINANCIAL STATEMENTS
December 31, 2013 and 2012**

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*All other supplemental schedules have been omitted as they are not applicable	

Independent Auditor's Report

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

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Retirement Plan for Employees of Babcock & Wilcox Commercial Operations (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor 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 Northern Trust Company and The Bank of New York Mellon, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustees held the Plan's investment assets and execute investment transactions. The Plan administrator has obtained a certification from the trustees as of December 31, 2013 and 2012 and for the years then ended that the information provided to the Plan administrator by the trustees is complete and accurate.

LJ Mosby, P.C.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule of Assets Held at Year End as of December 31, 2013 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content In Compliance With DOL Rules and Regulations

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 trustees, have 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 Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



October 3, 2014

Houston, Texas

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

Assets:

Investments, at fair value:		
Plan's interest in net assets of the Master Trust.....	\$ 881,593,588	\$ 855,362,919
Receivables:		
Employer contributions	<u>3,100,000</u>	<u>27,000,000</u>
Total receivables	<u>3,100,000</u>	<u>27,000,000</u>
Total Assets	884,693,588	882,362,919

Liabilities:

Short-term borrowing.....	-	-
Transfers due to an affiliated plan, net	<u>-</u>	<u>(2,936,273)</u>
Total liabilities	<u>-</u>	<u>(2,936,273)</u>

Net assets available for benefits.....	<u>\$ 884,693,588</u>	<u>\$ 879,426,646</u>
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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the year ended December 31,	
	<u>2013</u>	<u>2012</u>
Additions to Net Assets		
Plan's interest in investment income of the Master Trust.....	\$ 58,567,460	\$ 85,244,391
Employer contributions	<u>3,113,204</u>	<u>27,000,000</u>
Total additions	61,680,664	112,244,391
Deductions from Net Assets:		
Benefits paid directly to participants.....	(56,413,722)	(85,903,507)
Payment to insurance company for provision of benefits	<u>-</u>	<u>-</u>
Total deductions	<u>(56,413,722)</u>	<u>(85,903,507)</u>
Net increase before transfers	5,266,942	26,340,884
Transfers:		
Retirement Plan for Employees of Babcock & Wilcox Governmental Operations, net	<u>-</u>	<u>4,899,475</u>
Net increase	5,266,942	31,240,359
Net assets available for benefits:		
Beginning of year	<u>879,426,646</u>	<u>848,186,287</u>
End of year.....	<u>\$ 884,693,588</u>	<u>\$ 879,426,646</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – BASIS OF FINANCIAL STATEMENTS

Babcock & Wilcox Investment Company (“BWICO”) and Babcock and Wilcox Power Generation Group, Inc. (the “Company”) are each a subsidiary of The Babcock & Wilcox Company (“B&W”). B&W was a wholly owned subsidiary of McDermott International, Inc. (“MII”) until July 30, 2010 when shares of B&W common stock were distributed by MII in connection with the completion of the spin-off of B&W. B&W became a separate publicly traded company, and MII did not retain any ownership interest in B&W. In June 2010 in anticipation of the spin-off of B&W, BWICO established The Babcock & Wilcox Company Master Trust (the “Master Trust”).

The Retirement Plan for Employees of Babcock & Wilcox Commercial Operations (the Plan), participates with certain other retirement plans of affiliates of B&W in The Babcock and Wilcox Company Master Trust. All contributions made to the Plan are invested in the Master Trust. Trust investment transactions are directed by the Investment Committee, a committee appointed by the Directors of BWICO. 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 Master Trust is based on the Plan’s beginning share plus employer contributions and allocated investment income, less allocated expenses and benefits paid directly to participants. Investment income of the Master Trust is allocated by the Trustee among the participating retirement plans each month based on the relative fair values of each plan’s investment in the Master Trust.

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 (the “1987 Annuity Contract”). 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.

In December 2011, the Trust purchased a non-participating single premium annuity contract from Metropolitan covering substantially all retirees covered by the 1987 Annuity Contract. Under the contract, Metropolitan is obligated to pay the ad hoc pension increase in 1998 to said retirees or their beneficiaries. The contract with Metropolitan is excluded from Plan assets, and benefits to be provided by the contract beginning January 1, 2012 are excluded from the actuarial data and benefits paid amounts provided in the Plan’s 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 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 the Board of Directors of the Company. The Plan covers substantially all hourly-paid employees of the Company and certain of its subsidiaries and affiliates and salaried employees who were employed prior to April 1, 2001, 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 predecessor 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.

Benefit payments have historically been made in the form of equal recurring monthly payments. The Plan was amended in 2012 to provide a one-time opportunity for certain terminated vested participants or their beneficiaries who had not begun to receive benefits to elect to receive a single lump sum payment in the amount actuarially equivalent to the expected monthly annuity the participant would have otherwise received in full satisfaction of their benefits under the Plan. These elections were made and payments finalized in 2012. Benefits paid to participants for the year ended December 31, 2012 include approximately \$32,700,000 for these lump sum payouts. See Note 6 for further information regarding accumulated plan benefits.

Effective April 1, 2006, the Plan was closed to new salaried 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 ceased other than certain cost of living increases. 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 on-going service-based cash contributions to the predecessor plan of The Babcock and Wilcox Company Thrift Plan. These contributions are now made to The Babcock & Wilcox Company Thrift Plan (the "Thrift Plan"), which was established on June 18, 2010.

On September 25, 2012, the Company approved an amendment that closed the Plan to new hourly paid employees at its West Point, MS facility. Effective October 1, 2012, those employees instead receive a company contribution equal to 2.75% of base pay and overtime pay to individual accounts established in each of their names in the Thrift Plan.

On October 4, 2012, the Company notified employees that, effective December 31, 2015, benefit accruals for salaried employees covered under the Plan will cease. Though accrued benefits will be frozen as of that date, service beyond this date will continue to count toward eligibility for early retirement, disability retirement and early commencement of deferred vested benefits. Furthermore, effective January 1, 2016, the employer of each affected participant will make cash contributions to the Thrift Plan for those employees impacted by the Plan freeze. The amount of these contributions will be determined

based on years of service in accordance with a schedule set forth in the Thrift Plan. Those participants currently receiving service-based contributions in the Thrift Plan and for whom benefit accruals have already been frozen will no longer receive annual cost of living adjustments to their accrued benefit after December 31, 2015.

Federal Income Tax Status

On June 17, 2014, the Internal Revenue Service issued a favorable determination letter regarding the tax-qualified status of the Plan. The Committee and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Plan administrators to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrators have analyzed the tax positions taken by the Plan and have concluded that as of December 31, 2013 there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress, and tax periods prior to 2010 are no longer believed to be subject to potential audit.

Change in Trustee

Effective April 1, 2013, The Northern Trust Company ("Trustee") replaced The Bank of New York Mellon ("Prior Trustee") as trustee of the Master Trust. Concurrent with the change in trustee, the Trust is now a single pool of assets in which each of the participating plans hold master trust units representing its proportionate interest in the pool. During calendar year 2012 and the first quarter of calendar year 2013 the Master Trust was comprised of six pools of funds, each representing a distinct asset class.

Evaluation of Subsequent Events

The plan administrator has evaluated subsequent events through October 3, 2014, which is the date the financial statements were available to be issued, for their impact on amounts recorded and related disclosures, and have incorporated the related effects as appropriate.

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.

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 Master Trust. Realized gains and losses on the sale of investments and unrealized gains and losses in the fair value of investments held by the Master Trust are presented as net appreciation (depreciation) in the fair value of investments in the Master 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, 2013 and 2012 are comprised of contributions funded during 2014 and 2013, respectively, which have been designated as being attributable to the 2013 and 2012 plan years, respectively.

Transfers With Affiliated and Unaffiliated Plans

Transfers to or from an affiliated plan may be recognized from time to time to move actuarially determined asset values associated with the liabilities of participants who may transfer between affiliated retirement plans as a result of a transfer between the Company and another business unit of B&W.

Administrative Expenses

Administrative expenses paid from the Master Trust, including Trustee fees, are deducted from investment income. The Plan's portion of these fees was approximately \$4,369,157 and \$4,188,000 for the years ended December 31, 2013 and 2012, respectively.

NOTE 4 - FUNDING POLICY

The Plan is funded based on actuarial recommendations and to at least meet the minimum funding requirements of ERISA. During the years ended December 31, 2013 and 2012, 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. The maximum annual benefit for a 65 year old retiree guaranteed by PBGC for plans terminating in 2013 and 2012 was \$57,477 and \$55,841, respectively. 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. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty while others benefits may not be provided for at all.

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.

For accounting purposes, life expectancy of participants and disabled participants was determined using the tables mandated by the Pension Protection Act, projected 7 years for annuitants and 15 years for non-annuitants. The expected rate of return on plan assets used in the valuations was 7.2% at January 1, 2013 and 2012, respectively. The discount rate used in the valuations was 4.1% and 4.80% at January 1, 2013 and 2012, respectively. The retirement rates have been updated to better reflect plan experience and the frequency of optional payment forms assumption was revised in the January 1, 2012 valuation to reflect an assumed participation rate of 65% for the one-time lump sum offering in 2012 to deferred vested participants. The actuarial cost method is the Unit Credit Method. The Plan's actuary has used the Alternative Premium Funding Target. In developing the Plan's funding requirements, the Plan's actuary has used the PPA Segment Rates for funding purposes with adjustments under MAP-21, mortality rates mandated by IRS regulations and expected administrative expenses of \$2,200,000 loaded into the target normal cost.

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

	January 1,	
	2013	2012
Vested and nonvested benefits:		
Participants currently receiving payments.....	\$ 634,406,737	\$ 580,677,593
Other participants	431,606,031	415,200,849
Total vested	1,066,012,768	995,878,442
Nonvested benefits	17,308,498	17,948,090
	<u>\$ 1,083,321,266</u>	<u>\$ 1,013,826,532</u>

The changes in the actuarial present value of accumulated plan benefits that occurred during the years ended January 1, 2013 and 2012 were as follows:

	January 1,	
	2013	2012
Increase (decrease) during the year attributable to:		
Benefits accumulated.....	\$ 24,188,478	\$ 21,776,759
Plan amendments.....	(83,177)	4,862,759
Increase due to passage of time.....	46,626,153	52,215,140
Changes in assumptions.....	84,666,787	36,286,546
Benefits paid	(85,903,507)	(66,549,285)
Net increase	69,494,734	48,591,919
Actuarial present value of accumulated plan benefits:		
Beginning of period.....	1,013,826,532	965,234,613
End of period	<u>\$ 1,083,321,266</u>	<u>\$ 1,013,826,532</u>

The increases in the 2013 and 2012 actuarial present value due to changes in assumptions were primarily due to decreases in the discount rate used to determine the present value of the obligations.

The increase in the 2012 actuarial present value due to plan amendments also includes the impact of the lump sum offering as described in Note 2.

During the period from April 1, 2012 to September 2012, based generally upon the ratio of adjusted actuarial value of plan assets to an actuarially determined funding target as certified by the Plan actuary for the 2011 plan year, restrictions on certain forms of benefit payments could have been applied. However, the Plan does not offer those forms of payments. No restrictions were applicable to other periods in 2012 or during any period in 2013.

NOTE 7 – FINANCIAL INFORMATION OF THE MASTER TRUST (Certified by Trustees) (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 Trustees, 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 Trustees. The Trustees, on a combined basis, have certified the Plan's interest in net assets of the Master Trust of \$881,593,588 and \$855,362,919 at December 31, 2013 and 2012, respectively, and the Plan's interest in investment income of the Master Trust, before related expenses, of \$62,936,617 and \$89,432,238 for the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, the Plan had a proportionate undivided interest in the net assets held by the Master Trust of 45%. 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 MASTER TRUST
(CERTIFIED BY TRUSTEES)**

	December 31,	
	2013	2012
Values determined by quoted market prices:		
Common stocks	\$ 144,430,637	\$ 106,880,041
Preferred stocks.....	-	1
U.S. Government securities.....	355,244,747	425,677,903
Interest-bearing cash	38,368,045	32,162,857
Futures contracts.....	-	30,797
Values determined otherwise:		
Fixed income securities and corporate bonds	583,271,025	548,206,231
Commingled trust funds	693,250,034	641,564,797
Partnerships with security holdings	114,901,922	111,297,716
Real estate.....	6,175,198	14,478,294
Total Investments	1,935,641,608	1,880,298,637
Other investment related net assets (liabilities)	(2,938,764)	(1,785,436)
Interest and dividends receivable.....	11,307,458	10,153,737
Net Assets	<u>\$ 1,944,010,302</u>	<u>\$ 1,888,666,938</u>

**INVESTMENT INCOME OF THE MASTER TRUST
(CERTIFIED BY TRUSTEES)**

	For the year ended December 31,	
	2013	2012
Net realized and unrealized appreciation/ (depreciation) in fair value of investments:		
Values determined by quoted market prices:		
Common stock	\$ 35,549,069	\$ 31,343,628
Preferred stock.....	(18,802)	-
U.S. Government securities.....	(65,118,011)	1,521,005
Futures contracts.....	(134,820)	(952,520)
Values determined otherwise:		
Fixed income securities and corporate bonds	(59,411,402)	39,946,609
Partnerships with security holdings.....	15,758,366	3,457,128
Real estate.....	4,818,890	(2,556,375)
Commingled trust funds	163,558,375	82,555,652
Other investments.....	(475,530)	1,341,751
	94,526,135	156,656,878
Interest income	40,019,217	36,228,339
Dividend income	4,775,171	4,393,095
Other investment expenses	(9,682,702)	(8,832,625)
Total Investment Income	<u>\$ 129,637,821</u>	<u>\$ 188,445,687</u>

At December 31, 2013, the Master Trust held the following investments representing 5% or more of the Master Trust's net assets:

Commingled Trust Funds:

NT Collective S&P 500 Index Fund	\$	420,239,279
LSV Int'l AC Value Equity Fund	\$	137,113,606
American Century Non-US Growth Equity Trust II	\$	135,897,149

At December 31, 2012, the Master Trust held the following investments representing 5% or more of the Master Trust's net assets:

Commingled Trust Funds:

NT Collective S&P 500 Index Fund	\$	404,876,280
American Century Non-US Growth Equity Trust II	\$	120,197,172
LSV Int'l AC Value Equity Fund	\$	116,491,346

These investments representing 5% or more of the Master Trust's net assets are commingled trust funds, whose value has been determined by the funds' managers based upon the national exchange quoted fair value of the underlying securities owned by the funds. The investment strategy of these funds closely mirrors the securities that comprise the indices referenced in the name of the fund. There are no restrictions on the ability of the Master Trust or the Plan to sell or redeem these investments, and there are no future funding commitments by the Master Trust or the Plan related to these investments.

A substantial portion of the Master Trust's investments consist of interest bearing securities. At December 31, 2013 the Master Trust held several fixed income futures contracts maturing in March 2014 to provide interest rate risk reduction for approximately a quarter of its U.S. Government securities portfolio. The Master Trust maintained no other significant positions in futures or forward contracts at December 31, 2013 and 2012.

Prior to changing trustees in 2013, the Master Trust participated in a securities lending program with the prior trustee (BoNY), authorizing the prior trustee to lend securities held in the Master Trust account to third parties. The prior trustee obtained 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 was invested in units of a fund managed by the prior 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 was \$0 and \$216,750,000 at December 31, 2013 and 2012, respectively. The Master Trust, the borrowers and the prior trustee each receive a percentage of the net income derived from securities lending activities. Income earned by the Master Trust during 2013 and 2012 was approximately \$35,000 and \$167,000 respectively, net of bank fees.

Substantially all of cash and cash equivalent balances held by the Master Trust are in excess of federally insured limits.

NOTE 8 – FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("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 level 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, 2013 and 2012.

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

Preferred stocks: Valued at the quoted market price of shares held as evidenced on listed 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 (market approach) or by performing discounted cash flow analysis considering market conditions, credit terms and comparative credit ratings of the issuers (income approach). Observable inputs include quoted market prices for similar securities, interest rates on securities and credit ratings of various issuers.

U. S. Government securities: Valued using quoted market prices of the securities 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 (market approach) and securities for which discounted cash flow analysis and other subjective factors are necessary for valuation (income approach).

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 (market approach). Other investments valued using a number of subjective factors regarding market and economic conditions, business performance expectations and formal appraisals (income approach).

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 (income approach). Valued at cost if believed to be the only indicator of value.

The significant unobservable inputs for partnerships with security holdings and the real estate investments, both of which are Level 3 investments, are future income generated by these investments and related interest rates. The values are positively impacted by increases in operating cash flows of the underlying investments and are negatively impacted by increases in actual or expected interest rates. These values may also be influenced by growth rates, general market, economic and competitive conditions.

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, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 144,430,637	\$ -	\$ -	\$ 144,430,637
Fixed income securities	-	583,271,025	-	583,271,025
U. S. Government securities	355,244,747	-	-	355,244,747
Cash and cash equivalents	41,236,770	5,499,969	-	46,736,739
Commingled trust funds	-	693,250,034	-	693,250,034
Partnerships with security holdings	-	-	114,901,922	114,901,922
Real estate	-	-	6,175,198	6,175,198
Total	\$ 540,912,154	\$ 1,282,021,028	\$ 121,077,120	\$ 1,944,010,302

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 106,877,401	\$ -	\$ 2,640	\$ 106,880,041
Preferred stocks	1	-	-	1
Fixed income securities	1,030,722	547,175,509	-	548,206,231
U. S. Government securities	425,677,903	-	-	425,677,903
Futures contracts	30,797	-	-	30,797
Cash and cash equivalents	32,155,111	7,746	-	32,162,857
Commingled trust funds	-	641,564,797	-	641,564,797
Partnerships with security holdings	-	-	111,297,716	111,297,716
Real estate	-	-	14,478,294	14,478,294
Total	\$ 565,771,935	\$1,188,748,052	\$ 125,778,650	\$1,880,298,637

Direct investments by the Master Trust did not exceed 10% of total investments of the Master Trust for any individual market sector at December 31, 2013 and 2012. Level 2 investments were valued at December 31, 2013 and 2012 using the market approach, with the exception of certain U. S. Government agency securities which were valued using the income approach. Level 3 investments at December 31, 2013 and 2012 were primarily valued using the income approach. There were no transfers of securities between levels in 2013 or 2012.

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, 2013 and 2012:

	<u>For the year ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Balance at beginning of period	\$ 125,778,650	\$ 185,936,184
Issuances and acquisitions	6,015,928	12,587,305
Dispositions	(31,252,693)	(74,018,928)
Realized gain	17,936,316	467,168
Unrealized gain	2,598,919	806,921
Balance at end of period	\$ 121,077,120	\$ 125,778,650

All realized and unrealized gains and losses are included in the Plan's interest in investment income of the Trusts in the accompanying statement of changes in net assets.

The Master Trust invests in a variety of partnerships which in turn hold investments in the securities of private companies or real estate entities. These investments are long-term in nature and are less liquid than investments that are publicly traded or provided through other investment arrangements. These investments constitute 6% and 7%, respectively, of total investments held by the Master Trust at December 31, 2013 and 2012.

These investments are valued by the investment manager or general partner (the Fund Manager) using the practical expedient of a reported Net Asset Value (NAV) for the funds, based upon estimates developed by the Fund Manager for each of the underlying investments held by the fund. Generally these investment funds have a stated life, with the Fund Manager having the option to extend that life for one or more years to enhance the possible return of the fund. Distributions from these funds are based upon interim cash flows and eventual liquidation of the underlying investments over the limited life of the fund. Early liquidation by the Trust of its participation in these investments is through negotiated, secondary market sales and is subject to the consent of the respective Fund Manager, which may not be

provided. Readily accessible active secondary markets do not necessarily exist for these funds and their investees and unfavorable market, economic or financing conditions may limit or preclude opportunities for the Master Trust to liquidate its investments. Early liquidations may not be possible when requested, and may not occur at values equivalent to the previously estimated NAV for the fund. NAVs are also subject to significant changes over the length of the fund's life dependent upon economic and market conditions. In addition, participation in these investment vehicles often include a commitment to make additional future cash contributions to the fund upon a capital call by the Fund Manager (characterized as Future Commitments in the following table).

Following is additional information for the Plan's investments for which fair value is estimated using the practical expedient of reporting NAV:

<u>Fund Name</u>	<u>Fund Description</u>	<u>Fair Value 12/31/13</u>	<u>Fair Value 12/31/12</u>	<u>Future Commitments at 12/31/13</u>	<u>Contract Term Date</u>
Pathway Private Equity Fund XII	(a)	\$ 56,214,877	\$ 57,183,088	\$ 9,507,806	3/11/20
Private Pathway Equity Fund 2008 LP	(b)	25,177,696	16,821,993	25,925,892	12/26/23
Huff Alternative Fund II	(c)	17,233,686	14,433,332	11,236,267	10/16/14
Harbourvest VI-P	(d)	5,034,476	6,327,705	360,000	6/30/17
Venture Capital Fund of America III	(e)	4,254,581	5,115,927	-	7/14/15
CVC European II	(f)	3,399,957	-	1,954,862	6/3/2015
DB Global Opportunity Fund II	(g)	2,663,952	10,990,043	-	10/15/14
Heitman Value Partners	(h)	299,874	2,544,071	-	12/1/13
Others (7)	(i)	6,798,021	12,359,851	3,321,832	2012-17
Total		<u>\$121,077,120</u>	<u>\$125,776,010</u>	<u>\$ 52,306,659</u>	

Fund investment strategies – the fund seeks to primarily invest in:

- (a) a diversified portfolio of private equity partnerships
- (b) a diversified portfolio of private equity partnerships
- (c) a range of private debt and equity to public securities, from late stage venture capital and early stage growth companies to bank loan participations, and in distressed securities
- (d) a diversified pool of newly raised private equity partnerships
- (e) secondary positions in venture capital transactions and in private equity funds
- (f) private equity limited partnerships investing in leveraged buyouts and mature businesses
- (g) global real estate through joint venture, loan portfolios and operating companies
- (h) real estate investment trusts and real estate operating companies, targeting office, industrial, residential retail and specialty sectors where increases in occupancies and rates are expected to grow, or where development, renovation or repositioning strategies are warranted
- (i) a range of investment opportunities from buyout transactions and domestic real estate to European operating companies and real estate

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company, the Trustees and the affiliates of both are parties-in-interest to the Plan. B&W 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 Trustees for custodial and recordkeeping services provided to all plans in the Master Trust were approximately \$553,181 and \$405,000 for the years ended December 31, 2013 and 2012, respectively.

NOTE 10 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2013 is as follows:

	2013
Net Assets Available for Benefits per the Financial Statements	\$ 884,693,588
Less: Net Transfers to Affiliated Plan in Form 5500 but not in Financial Statements	(178,990)
Net Assets Available for Benefits Per Form 5500	\$ 884,514,598

Retirement Plan for Employees of Babcock & Wilcox Commercial Operations
 EIN 13-2933685, Plan Number 032
 Schedule H, line 4i - Schedule of Assets (Held at End of Year), December 31, 2013

<u>(a)</u>	<u>(b) Identity of Issue</u>	<u>(c) Description</u>	<u>(d) Cost</u>	<u>(e) Current Value</u>
*	The Babcock & Wilcox Company Master Trust	Master Trust Investment	\$ 881,593,588	\$ <u>881,593,588</u>

* Indicates party-in-interest to the Plan

This schedule has been prepared from information certified by the trustee as being complete and accurate

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations
EIN/PN: 13-2933685 / 032

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	2		1		0		0		0		0		0		0		0		0		3	
	25 to 29	2		3		17		2		0		0		0		0		0		0		24	
	30 to 34	1		4		41		35		7		0		0		0		0		0		88	
	35 to 39	3		4		33		55		33		4		0		0		0		0		132	87,710
	40 to 44	3		1		29		44		35		48	98,576	6		0		0		0		166	88,817
	45 to 49	3		2		24		43		30	103,613	82	113,048	34	100,957	4		0		0		222	105,783
	50 to 54	1		0		16		40		25		54	100,834	57	124,279	57	114,044	9		0		259	108,351
	55 to 59	1		0		20		30		23		55	114,903	26	110,273	93	125,181	111	105,009	7		366	112,260
	60 to 64	1		0		17		29		12		26		14		23	95,879	88	126,162	67	104,238	277	109,457
	65 to 69	0		0		1		4		3		5		5		9		9		27	118,680	63	113,382
	70 & up	0		0		1		0		0		1		0		1		0		4		7	
Total		17		15		199		282	81,486	168	97,391	275	105,603	142	110,502	187	115,638	217	115,439	105	108,074	1,607	106,982

*Average Compensation excludes participants with a frozen benefit or hourly pay. Cells with at least 20 participants with no average pay shown contain fewer than 20 non-frozen, non-hourly participants.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

EIN/PN: 13-2933685 / 032

Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods

The following assumptions and methods are prescribed by ERISA, as amended by PPA 2006, MAP-21 and HATFA.

Funding and interest rates

On August 8, 2014, the Highway and Transportation Funding Act of 2014 (HATFA) was signed into law. This law delays the widening of the interest rate corridor established under the Moving Ahead for Progress in the 21st Century Act (MAP-21) as shown in the table below. Under MAP-21, for 2012 and later plan years, the otherwise applicable Segment Rates for determining the Funding Target and Target Normal Cost for minimum contribution and benefit restriction purposes are constrained to a corridor around an average of Segment Rates for a 25-year period. The 25-year period ends with the September 30 of the calendar year preceding the calendar year in which the plan year begins

Plan year beginning in	2012	2013	2014	2015	2016 and later
MAP-21 Corridor	90% - 110%	85% - 115%	80% - 120%	75% - 125%	70% - 130%
Plan year beginning in	2012 - 2017	2018	2019	2020	2021 and later
HATFA Corridor	90% - 110%	85% - 115%	80% - 120%	75% - 125%	70% - 130%

For the 2013 plan year, the plan sponsor can elect one of these three options: 1) not reflect HATFA, 2) reflect HATFA for minimum funding only, or 3) reflect HATFA for both minimum funding and benefit restriction purposes. For this plan option 3 was elected. As a result, for the 2013 plan year the corridor is 90%-110% for minimum funding and benefit restrictions.

For 2013 Plan Year:

Segment Rates with four-month lookback, constrained in accordance with MAP-21 and HATFA as follows:

	Unconstrained Rates	Rates Reflecting MAP-21 Corridor	Rates Reflecting HATFA Corridor*
First Segment Rate	1.75%	4.94%	5.23%
Second Segment Rate	4.62%	6.15%	6.51%
Third Segment Rate	5.72%	6.76%	7.16%

Effective Interest Rate

Based on MAP-21 rates

6.27%

Based on HATFA rates

6.62%

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods (continued)

For 2012 Plan Year: Segment Rates with four-month lookback, constrained in accordance with MAP-21 as follows:

	Unconstrained Rates	Rates Reflecting MAP-21 Corridor*
First Segment Rate	2.06%	5.54%
Second Segment Rate	5.25%	6.85%
Third Segment Rate	6.32%	7.52%

Effective Interest Rate
Based on MAP-21 rates 6.96%

*Used for minimum funding and benefit restriction purposes

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

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 the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

2.50% per annum.

Social Security

Based on the Social Security Act in effect on the valuation date with assumed increases of 2.50% per annum in both the Social Security wage index and taxable wage base, and with an assumed increase of 2.00% per annum in the Consumer Price Index.

Expenses

Expected plan expenses of \$2,200,000 were added to the Target Normal Cost.

Frequency of optional payment forms

	B&W Salaried	B&W Hourly	MMC Salaried
Single Life Annuity	35.0%	45.0%	38.9%
Joint & Survivor 50%	25.0%	45.0%	27.8%
Joint & Survivor 75%	5.0%	10.0%	5.5%
Joint & Survivor 100%	25.0%	---	27.8%
Joint & Last Survivor 66 ² / ₃ %	5.0%	---	---
10-year Certain & Life	5.0%	---	---

Marital percentage

90% of male and 50% of female participants are assumed to be married at death. Husbands are assumed to be two years older than their wives.

Mortality table

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

Cost of 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 2.00% through 2015, and 0% thereafter.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Decrements

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	Death ¹	
		Early Retirement (Pre 4/1/98 Hires)	Early Retirement (Post 4/1/98 Hires)		Male	Female
25	0.07875			0.001	0.000284	0.000139
30	0.05888			0.001	0.000386	0.000199
35	0.04372			0.001	0.000672	0.000348
40	0.03397			0.002	0.000862	0.000462
45	0.02633			0.002	0.001045	0.000716
50	0.01980	0.100		0.003	0.001286	0.001037
51	0.01875	0.025		0.004	0.001337	0.001155
52	0.01792	0.025		0.005	0.001390	0.001325
53	0.01710	0.025		0.005	0.001489	0.001523
54	0.01643	0.025		0.006	0.001597	0.001752
55	0.01575	0.025	0.025	0.007	0.001770	0.002017
56	0.01538	0.040	0.040	0.008	0.001988	0.002329
57	0.01538	0.040	0.040	0.009	0.002245	0.002616
58	0.01560	0.040	0.040	0.010	0.002544	0.002860
59	0.01575	0.100	0.100	0.011	0.002810	0.003128
60	0.01635	0.100	0.100	0.013	0.003105	0.003416
61	0.01643	0.120	0.120	0.016	0.003525	0.003724
62	0.01770	0.150	0.150		0.003876	0.004046
63	0.01905	0.200	0.200		0.004361	0.004379
64	0.02025	0.300	0.300		0.004736	0.004718
65	0.00000	0.400	0.400		0.005103	0.005059
66		0.350	0.350		0.005615	0.005394
67		0.350	0.350		0.005960	0.005721
68		0.350	0.350		0.006111	0.006036
69		0.350	0.350		0.006408	0.006335
70		1.000	1.000		0.006499	0.006616

¹ Pre-commencement rates

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

B & W SALARIED EMPLOYEES:

Age	Withdrawal	Annual Rate of		Disability	Death ¹	
		Early Retirement (Pre 4/1/98 Hires)	Early Retirement (Post 4/1/98 Hires)		Male	Female
25	0.07875			0.000	0.000284	0.000139
30	0.05888			0.000	0.000386	0.000199
35	0.04372			0.000	0.000672	0.000348
40	0.03397			0.000	0.000862	0.000462
45	0.02633			0.001	0.001045	0.000716
50	0.01980	0.100		0.002	0.001286	0.001037
51	0.01875	0.025		0.003	0.001337	0.001155
52	0.01792	0.025		0.003	0.001390	0.001325
53	0.01710	0.025		0.003	0.001489	0.001523
54	0.01643	0.025		0.004	0.001597	0.001752
55	0.01575	0.025	0.025	0.005	0.001770	0.002017
56	0.01538	0.040	0.040	0.005	0.001988	0.002329
57	0.01538	0.040	0.040	0.006	0.002245	0.002616
58	0.01560	0.040	0.040	0.007	0.002544	0.002860
59	0.01575	0.100	0.100	0.008	0.002810	0.003128
60	0.01635	0.100	0.100	0.009	0.003105	0.003416
61	0.01643	0.120	0.120	0.010	0.003525	0.003724
62	0.01770	0.150	0.150	0.011	0.003876	0.004046
63	0.01905	0.200	0.200	0.012	0.004361	0.004379
64	0.02025	0.300	0.300	0.013	0.004736	0.004718
65	0.00000	0.400	0.400	0.000	0.005103	0.005059
66		0.350	0.350		0.005615	0.005394
67		0.350	0.350		0.005960	0.005721
68		0.350	0.350		0.006111	0.006036
69		0.350	0.350		0.006408	0.006335
70		1.000	1.000		0.006499	0.006616

¹ Pre-commencement rates

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

B & W HOURLY EMPLOYEES:

Age	Withdrawal	Annual Rate of		Disability	Death ¹	
		Reduced	Unreduced		Male	Female
25	0.07875			0.000	0.000284	0.000139
30	0.05888			0.000	0.000386	0.000199
35	0.04372			0.000	0.000672	0.000348
40	0.03397			0.000	0.000862	0.000462
45	0.02633			0.001	0.001045	0.000716
50	0.01980			0.002	0.001286	0.001037
51	0.01875			0.003	0.001337	0.001155
52	0.01792			0.003	0.001390	0.001325
53	0.01710			0.003	0.001489	0.001523
54	0.01643			0.004	0.001597	0.001752
55	0.01575	0.050	0.050	0.005	0.001770	0.002017
56	0.01538	0.040	0.040	0.005	0.001988	0.002329
57	0.01538	0.040	0.040	0.006	0.002245	0.002616
58	0.01560	0.040	0.040	0.007	0.002544	0.002860
59	0.01575	0.040	0.040	0.008	0.002810	0.003128
60	0.01635	0.060	0.060	0.009	0.003105	0.003416
61	0.01643		0.075	0.010	0.003525	0.003724
62	0.01770		0.100	0.011	0.003876	0.004046
63	0.01905		0.100	0.012	0.004361	0.004379
64	0.02025		0.100	0.013	0.004736	0.004718
65	0.00000		0.500	0.000	0.005103	0.005059
66			0.200		0.005615	0.005394
67			0.200		0.005960	0.005721
68			0.200		0.006111	0.006036
69			0.200		0.006408	0.006335
70			1.000		0.006499	0.006616

¹ Pre-commencement rates

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

MARINE MECHANICAL SALARIED EMPLOYEES:

Age	Withdrawal		Annual Rate of Early Retirement		Disability		Death ¹	
	Male	Female	MMC Hourly	MMC Salaried	Male	Female	Male	Female
25	0.0690	0.1085			0.001	0.001	0.000284	0.000139
30	0.0521	0.0634			0.001	0.001	0.000386	0.000199
35	0.0324	0.0465			0.001	0.002	0.000672	0.000348
40	0.0169	0.0324			0.002	0.003	0.000862	0.000462
45	0.0085	0.0155			0.003	0.005	0.001045	0.000716
50	0.0014	0.0014			0.005	0.006	0.001286	0.001037
51	0.0014	0.0014			0.006	0.007	0.001337	0.001155
52					0.006	0.007	0.001390	0.001325
53					0.007	0.007	0.001489	0.001523
54					0.008	0.008	0.001597	0.001752
55			0.025	0.025	0.009	0.008	0.001770	0.002017
56			0.025	0.040	0.010	0.008	0.001988	0.002329
57			0.025	0.040	0.011	0.009	0.002245	0.002616
58			0.025	0.040	0.012	0.010	0.002544	0.002860
59			0.025	0.100	0.014	0.010	0.002810	0.003128
60			0.025	0.100	0.015	0.011	0.003105	0.003416
61			0.025	0.120	0.016	0.012	0.003525	0.003724
62			0.850	0.150	0.017	0.013	0.003876	0.004046
63			0.500	0.200	0.018	0.015	0.004361	0.004379
64			0.500	0.300	0.020	0.016	0.004736	0.004718
65			1.000	0.400	0.021	0.017	0.005103	0.005059
66				0.350	0.021	0.017	0.005615	0.005394
67				0.350	0.021	0.017	0.005960	0.005721
68				0.350	0.021	0.017	0.006111	0.006036
69				0.350	0.021	0.017	0.006408	0.006335
70				1.000	0.021	0.017	0.006499	0.006616

¹ Pre-commencement rates

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V- Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Asset valuation method

The Actuarial Value of Assets is determined using a method that spreads asset gains/(losses) over two 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 Actuarial Value of Assets.

For 2011 and 2012 the expected return on plan assets is 8.50% and 7.20% per annum, respectively, limited by PPA to the applicable Third Segment Rate as follows:

2012 measurement period:	7.52%
2011 measurement period:	6.57%

For 2013 and on the expected return on plan assets is 7.20% per annum, limited by PPA to the applicable Third Segment Rate.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>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 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ 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 THE RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK AND WILCOX COMMERCIAL OPERATIONS	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">B Three-digit plan number (PN) ▶</td> <td style="width:40%; text-align: center;">032</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table>	B Three-digit plan number (PN) ▶	032		
B Three-digit plan number (PN) ▶	032				
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF BABCOCK & WILCOX POWER GENERATION GROUP INC.	D Employer Identification Number (EIN) 13-2933685				
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 <u>01</u> Day <u>01</u> Year <u>2013</u>		
2	Assets:		
	a Market value	2a	878828194
	b Actuarial value	2b	856232627
3	Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	5090
	b For terminated vested participants.....	3b	1394
	c For active participants:		
	(1) Non-vested benefits	3c(1)	12698283
	(2) Vested benefits	3c(2)	254352158
	(3) Total active.....	3c(3)	1607
	d Total.....	3d	8091
4	If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b	
5	Effective interest rate	5	6.62%
6	Target normal cost	6	15963581

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	 Signature of actuary Sonja C. Borsari, FSA, EA, MAAA	<div style="font-size: 2em; margin-bottom: 10px;">10/9/14</div> Date 1405568
	Type or print name of actuary BUCK CONSULTANTS, LLC	Most recent enrollment number 203-975-0260
	Firm name 595 Summer Street, Suite 3 S STAMFORD CT 06901-3246 Address of the firm	Telephone number (including area code)

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) 2013

Part II	Beginning of Year Carryover Prefunding Balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	64029	57085725
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	64029	31536113
9	Amount remaining (line 7 minus line 8)	0	25549612
10	Interest on line 9 using prior year's actual return of <u>10.95%</u>	0	2797683
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		24706009
	b Interest on (a) using prior year's effective interest rate of <u>6.96%</u> except as otherwise provided (see instructions)		2705308
	c Total available at beginning of current plan year to add to prefunding balance		27411317
	d Portion of (c) to be added to prefunding balance		27411317
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	55758612

Part III	Funding Percentages		
14	Funding target attainment percentage	14	96.79 %
15	Adjusted funding target attainment percentage	15	93.46 %
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	94.36 %
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	
09/10/2014	3100000	0				
Totals ▶			18(b)	3100000	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 contributions 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	2781653	
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: 5.23%	2nd segment: 6.51%	3rd segment: 7.16%	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
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 subject to 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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	15963581	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	26494015		13161002
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 (lines 31a - 31b + 32a + 32b - 33)...	34	29124583	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	29124583	29124583
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	2781653	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	2781653	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	2781653	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

EIN/PN: 13-2933685 / 032

Form 5500 Schedule SB Attachment

Line 22 – Description of Weighted Retirement Age

(1) Age	(2) Expected Active Headcount	(3) Retirement Rate	(4) Expected Retirements (2)*(3)	(5) Weighted Age (1)*(4)
50	520.7193	0.0408	21.2197	1,060.9866
51	532.6211	0.0102	5.4539	278.1465
52	569.1676	0.0108	6.1433	319.4513
53	599.5993	0.0113	6.7634	358.4577
54	633.0566	0.0117	7.4110	400.1958
55	688.4446	0.0281	19.3747	1,065.6088
56	736.8501	0.0370	27.2699	1,527.1156
57	779.4359	0.0369	28.7438	1,638.3976
58	822.9910	0.0376	30.9832	1,797.0230
59	853.0152	0.0828	70.6468	4,168.1620
60	828.0236	0.0867	71.8291	4,309.7468
61	816.0586	0.1046	85.3996	5,209.3765
62	767.4940	0.1317	101.0735	6,266.5561
63	704.0390	0.1678	118.1225	7,441.7179
64	623.6201	0.2365	147.4810	9,438.7841
65	491.4129	0.4287	210.6559	13,692.6317
66	297.2529	0.3133	93.1283	6,146.4646
67	212.4667	0.3085	65.5461	4,391.5907
68	158.6623	0.3030	48.0804	3,269.4644
69	113.6143	0.2979	33.8493	2,335.6031
70	82.0383	1.0000	82.0383	5,742.6781
71	3.0000	1.0000	3.0000	213.0000
72	-	1.0000	-	-
73	1.0000	1.0000	1.0000	73.0000
74	-	1.0000	-	-
75	-	1.0000	-	-
76	-	1.0000	-	-
77	-	1.0000	-	-
78	-	1.0000	-	-
79	-	1.0000	-	-
80	-	1.0000	-	-
81	1.0000	1.0000	1.0000	81.0000
Total			1,286.2136	81,225.1590
Weighted Average Retirement Age = 81,225.1590 / 1,286.2136				63.1500
Rounded Weighted Average Retirement Age				63

Note to Column 2: The Expected Active Headcount for each age includes persons who are eligible to retire and persons who are not eligible to retire at each age.

Note to Column 3: At each age, these retirement rates are a weighted average of the rates shown in Attachment to Part V for active participants eligible to retire at the age and zero for all other active participants.

Note: The table presents values rounded to fewer significant digits than used in the calculations.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Schedule SB, line 15 – Reconciliation of differences between valuation results and amounts used to determine AFTAPs

The most recent 2013 AFTAP Certification used MAP-21 assumptions, was signed on 9/30/2013 and showed Adjusted Funding Target Attainment Percentage for the 2013 plan year of **93.46%**.

The following plan values as of 1/1/2013 were taken into account for purposes of this certification:

Funding Target	\$ 856,422,301
Actuarial Value of Assets	\$ 856,232,627
Adjusted Funding Target	\$ 856,422,301
Adjusted Actuarial Value of Assets	\$ 800,474,015
Prefunding Balance	\$ 55,758,612
Plan Amendments Effective during the 2013 Plan Year	\$ 18,969

Use of HATFA assumptions would reduce the Funding Target to 826,968,030 and increase the AFTAP to **103.53%**.

Because HATFA assumptions produce an immaterial change in the AFTAP from that shown on the AFTAP Certification, the sponsor has not requested and the Enrolled Actuary has not produced a revised AFTAP Certification using HATFA assumptions.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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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.

Benefits under this formula will be frozen as of December 31, 2015.

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 hardship area, one month is subtracted from age 60 for each month of hardship service (maximum 10 years) to determine reductions.

Deferred vested retirement

Eligibility

Completion of 5 years of service.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

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

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. Benefits under this formula will be frozen as of December 31, 2015.

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.

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.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

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

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	\$ 123.00
Dependent with Life Insurance	\$ 229.00
Family with Life Insurance	\$ 335.00
Life Insurance Only	\$ 17.00

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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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.

West Point Hourly

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

Lancaster Hourly

Employees covered by the collective bargaining agreement between the Company and the United Steelworkers of America, Locals 15156, 4708, 7532, 8406, or the United Plant Guard Workers of America, Local 502.

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.

Benefits under this formula will be frozen as of December 31, 2015.

West Point Hourly

For terminations/retirements occurring between	Per month of service
8/1/2003 – 7/31/2004	\$ 34.75
8/1/2004 – 7/31/2005	\$ 36.00
8/1/2005 – 7/31/2007	\$ 37.25
8/1/2007 – 7/31/2009	\$ 41.25
8/1/2009 – 7/31/2010	\$ 42.25
8/1/2010 – 7/31/2011	\$ 42.75
8/1/2011 – 7/31/2012	\$ 43.25
8/1/2012 – 7/31/2013	\$ 44.25
On and after 8/1/2013	\$ 45.25

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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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)

Lancaster Hourly

For terminations/retirements occurring between	Per month of service
Before 9/1/2008	\$ 41.50
9/1/2008 – 8/31/2009	\$ 42.50
9/1/2009 – 8/31/2010	\$ 43.50
9/1/2010 – 8/31/2011	\$ 44.50
9/1/2011 – 8/31/2012	\$ 45.00
9/1/2012 – 8/31/2013	\$ 45.50
9/1/2013 – 8/31/2014	\$ 46.00
On and after 9/1/2014	\$ 47.00

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.

An additional supplement of \$250 per month payable until age 65 for West Point Hourly participants retiring on or after August 1, 1998.

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

Special early retirement

Eligibility

Hourly

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

Benefit

Accrued pension and for West Point, a supplement of \$200 per month payable until age 62.

An additional supplement of \$250 per month payable until age 65 for West Point Hourly participants retiring on or after August 1, 1998.

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

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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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)

Disability retirement

Eligibility

Salaried

Completion of 15 years of service and totally and permanently 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:

An additional supplement of \$250 per month payable until age 65 for West Point Hourly participants retiring on or after August 1, 1998.

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

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.

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.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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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)

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 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.

Optional forms – available to 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 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

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

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

As of August 1, 1998 for early deferred participants, retired participants and beneficiaries in receipt at West Point hourly:

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

For West Point hourly participants who retired prior to August 1, 1998 a monthly supplement to age 65:

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

As of September 1, 2000 for early deferred participants, retired participants and beneficiaries in receipt at Lancaster hourly:

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

For Lancaster hourly participants who retired prior to September 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 the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

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

Coverage

Salaried

Salaried employees of The Babcock & Wilcox Company.

Barberton, Paris and West Point Hourly

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

Lancaster, Mirror Insulation, Controls Manufacturing Hourly

Employees covered by the collective bargaining agreement between the Company and the United Steelworkers of America, Locals 15156, 4708, 7532, 8406, or the United Plant Guard Workers of America, Local 502.

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, 2012 to December 31, 2012 was 1.99%.

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, 2012 to December 31, 2012 was 1.99%.

Benefits under this formula will be frozen as of December 31, 2015.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

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

West Point Hourly

For terminations/retirements occurring between	Per month of service
8/1/2003 – 7/31/2004	\$ 34.75
8/1/2004 – 7/31/2005	\$ 36.00
8/1/2005 – 7/31/2007	\$ 37.25
8/1/2007 – 7/31/2009	\$ 41.25
8/1/2009 – 7/31/2010	\$ 42.25
8/1/2010 – 7/31/2011	\$ 42.75
8/1/2011 – 7/31/2012	\$ 43.25
8/1/2012 – 7/31/2013	\$ 44.25
On and after 8/1/2013	\$ 45.25

Lancaster Hourly

For terminations/retirements occurring between	Per month of service
Before 9/1/2008	\$ 41.50
9/1/2008 – 8/31/2009	\$ 42.50
9/1/2009 – 8/31/2010	\$ 43.50
9/1/2010 – 8/31/2011	\$ 44.50
9/1/2011 – 8/31/2012	\$ 45.00
9/1/2012 – 8/31/2013	\$ 45.50
9/1/2013 – 8/31/2014	\$ 46.00
On and after 9/1/2014	\$ 47.00

Early retirement

Eligibility

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.

An additional supplement of \$250 per month payable until age 65 for West Point Hourly participants retiring on or after August 1, 1998.

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

Special early retirement

Eligibility

Hourly

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

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

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

Benefit

Accrued pension and for West Point, a supplement of \$200 per month payable until age 62.

An additional supplement of \$250 per month payable until age 65 for West Point Hourly participants retiring on or after August 1, 1998.

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

Disability retirement

Eligibility

Salaried

Completion of 15 years of service and total and permanent disability 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:

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 service.

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. Benefits under this formula will be frozen as of December 31, 2015.

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.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

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

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.

Optional forms – available to 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.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL SALARIED

Eligibility

All full-time, salaried employees of Marine Mechanical Corporation hired before December 31, 2007.

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. Benefits under this formula will be frozen as of December 31, 2015.

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. Benefits under this formula will be frozen as of December 31, 2015.

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. Benefits under this formula will be frozen as of December 31, 2015.

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS – MARINE MECHANICAL SALARIED

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. Benefits under this formula will be frozen as of December 31, 2015.

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 Commercial Operations

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Part V - Summary of Plan Provisions

Summary of Changes from the January 1, 2012 Valuation

- The following locations had a multiplier increase:
West Point Hourly
\$44.25 per month per year of service for terminations during August 1, 2012 through July 31, 2013; \$45.25 per month per year of service for terminations on or after August 1, 2013.
- Salaried benefits will be frozen as of December 31, 2015.

Retirement Plan for Employees of Babcock & Wilcox Commercial Operations
EIN 13-2933685, Plan Number 032
Schedule H, line 4i - Schedule of Assets (Held at End of Year), December 31, 2013

<u>(a)</u>	<u>(b) Identity of Issue</u>	<u>(c) Description</u>	<u>(d) Cost</u>	<u>(e) Current Value</u>
*	The Babcock & Wilcox Company Master Trust	Master Trust Investment	\$ 881,593,588	\$ <u>881,593,588</u>

* Indicates party-in-interest to the Plan

This schedule has been prepared from information certified by the trustee as being complete and accurate

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Form 5500 Schedule SB Attachment

Line 32- Schedule of Amortization Bases

Date Established	Type of Base	Remaining Installments	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2013
January 1, 2010	Shortfall	4	\$ 22,775,376	\$ 84,532,036
January 1, 2011	Shortfall	5	9,249,512	41,873,348
January 1, 2012	Shortfall	6	(17,767,473)	(93,396,952)
January 1, 2013	Shortfall	7	<u>(1,096,413)</u>	<u>(6,514,417)</u>
Total			\$ 13,161,002	\$ 26,494,015

Retirement Plan for the Employees of Babcock and Wilcox Commercial Operations

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Line 24- Changes in Actuarial Assumptions

- The following assumptions were changed to better reflect plan experience.
 - The future salary increases assumption was changed to 2.50% per annum.
 - The assumption for annual increases in the Social Security Wage Index was changed from 5.00% to 2.50% per annum.
 - The assumption for annual increases in Consumer Price Index was changed from 4.50% to 2.00%.
 - The expected plan expenses added to the Target Normal Cost decreased from \$2,300,000 to \$2,200,000.
- The assumed annual future cost of living increase applied to participants whose accrued benefits were frozen as of March 31, 2006 or March 31, 2007 was changed from 4.50% to 2.00% through 2015, and 0% thereafter.
- The assumption that 65% of eligible deferred vested participants would elect to receive a lump sum payment of their benefit was eliminated. The lump sum offering was only available in 2012.