IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF LOUISIANA

IN RE:	*	NUMBER
THE BABCOCK & WILCOX COMPANY,	*	00-10992
	*	SECTION "B"
DEBTOR(S)	*	CHAPTER 11
	*	REORGANIZATION

Jointly Administered With

DIAMOND POWER INTERNATIONAL	*	00-10993
BABCOCK & WILCOX CONSTRUCTION	*	00-10994
AMERICON, INC.	*	00-10995

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The Babcock & Wilcox Company Asbestos PI Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2021 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the Babcock & Wilcox Company Asbestos Personal Injury Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Legal Representative, the United States Trustee, and the Reorganized Debtor.

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{C1158894.1 }

Date: May 2, 2022

ROEDEL PARSONS BLACHE FONTANA PIONTEK & PISANO

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Counsel to The Babcock & Wilcox Company Asbestos PI Trust

{C1158894.1 }

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CERTIFICATE OF SERVICE

I, Lance J. Arnold, of Roedel Parsons Blache Fontana Piontek & Pisano, hereby certify that on May 2, 2022, 1 caused a copy of the Notice of Filing of Annual Report and Claims Summary to be served upon the attached service list via Electronic Mail and/or first-class mail unless otherwise indicated.

Date: May 2, 2022

ROEDEL PARSONS BLACHE FONTANA
PIONTEK & PISANO

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The Babcock & Wilcox Company Asbestos PI Trust

Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2021 and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

The Babcock & Wilcox Company Asbestos PI Trust

Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2021 and 2020

The Babcock & Wilcox Company Asbestos PI Trust

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Independent Auditor's Report

Trustees
The Babcock & Wilcox Company Asbestos PI Trust
Wilmington, Delaware

Opinion

We have audited the special-purpose financial statements of The Babcock & Wilcox Company Asbestos PI Trust (the Trust) (a common law Trust originally created under the laws of the State of Delaware), which comprise the special-purpose statements of assets, liabilities, and net assets available for the payment of claims as of December 31, 2021 and 2020, and the related special-purpose statements of changes in net assets available for the payment of claims and the special-purpose statements of cash flows for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the net assets of the Trust as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements* section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements which describes the basis of accounting. As described in Note 2, the accompanying special-purpose financial statements were prepared in order to account for the amount of net assets presently available to fund current and future claims, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special-purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the special-purpose financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Restriction of Use

Our report is intended solely for the information and use of the Trust and is not intended to be and should not be used by anyone other than the specified party.

BDO USA, LLP

McLean, Virginia
April 27, 2022

Special-Purpose Financial Statements

The Babcock & Wilcox Company Asbestos PI Trust

Special-Purpose Statements of Assets, Liabilities and Net Assets Available for the Payment of Claims

December 31,	2021	2020
Assets		
Cash and cash equivalents	$ 10,728,721	$ 9,066,962
Investments, at fair value		
Bonds	235,605,655	247,925,983
Equity securities	86,978,223	86,001,444
Alternative investments	38,627,243	42,705,110
Interest and other receivables	2,719,646	7,550,910
Prepaid income taxes	607,083	2,995,158
Total assets	375,266,571	396,245,567
Liabilities		
Accrued expenses and accounts payable	556,045	669,129
Settled but unpaid claims	800,902	349,928
Income taxes payable	1,800,000	-
Total liabilities	3,156,947	1,019,057
Net assets available for the payment of claims	$ 372,109,624	$ 395,226,510

See accompanying notes to the special-purpose financial statements.

The Babcock & Wilcox Company Asbestos PI Trust

Special-Purpose Statements of Changes in Net Assets Available for the Payment of Claims

Years Ended December 31,	2021	2020
Additions		
Net appreciation in fair value of investment securities	$ 11,171,751	$ 16,323,261
Net change in fair value of alternative investments	1,927,334	2,938,161
Interest and dividend income, net	6,836,387	8,026,770
Total additions	19,935,472	27,288,192
Deductions		
Personal injury claims expenses	29,317,199	32,962,179
Operating expenses	4,600,832	4,186,813
Claims processing expenses	2,346,252	1,949,532
Income tax expense (benefit)	6,788,075	(2,995,158)
Total deductions	43,052,358	36,103,366
Decrease in net assets available for the payment of claims	(23,116,886)	(8,815,174)
Net assets available for the payment of claims		
Beginning of the year	395,226,510	404,041,684
End of the year	$ 372,109,624	$ 395,226,510

See accompanying notes to the special-purpose financial statements.

The Babcock & Wilcox Company Asbestos PI Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash flows from operating activities:		
Decrease in net assets available for the payment of claims	$ (23,116,886)	$ (8,815,174)
Adjustments to reconcile the decrease in net assets available for the payment of claims to net cash used in operating activities:		
Amortization of premiums on bonds, net	4,095,650	4,291,089
Net appreciation in fair value of investment securities	(11,171,751)	(16,323,261)
Net change in fair value of alternative investments	(1,927,334)	(2,938,161)
Changes in operating assets and liabilities		
Interest and other receivables	4,831,264	(6,844,141)
Accrued expenses and accounts payable	(113,084)	(431,085)
Settled but unpaid claims	450,974	(82,965)
Income taxes	4,188,075	-
Total adjustments	353,794	(22,328,524)
Net cash used in operating activities	(22,763,092)	(31,143,698)
Cash flows from investing activities:		
Sales and maturities of bonds	93,757,378	119,940,471
Purchases of bonds	(89,368,098)	(114,326,695)
Purchases of equity securities	(7,995,919)	(13,626,143)
Sales of equity securities	22,026,289	22,384,782
Contributions to alternative investments	(4,079,893)	(353,429)
Distributions/withdrawals from investments in alternative investments	10,085,094	8,527,942
Net cash provided by investing activities	24,424,851	22,546,928
Net increase (decrease) in cash and cash equivalents	1,661,759	(8,596,770)
Cash and cash equivalents at the beginning of the year	9,066,962	17,663,732
Cash and cash equivalents at the end of the year	$ 10,728,721	$ 9,066,962

See accompanying notes to the special-purpose financial statements.

1. Description of the Trust

On February 22, 2000, The Babcock & Wilcox Company (B&W), the related entities of Diamond Power International, Inc., Babcock & Wilcox Construction Co., Inc., Americon, Inc., McDermott International, Inc. a Panamanian corporation (MII), and McDermott Incorporated (collectively, the Debtors), voluntarily filed petitions for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of Louisiana (the Bankruptcy Court). On January 17, 2006, the District Court entered an order (the Confirmation Order) confirming the Joint Plan of Reorganization dated September 28, 2005, as amended through January 17, 2006 (the Confirmed Plan) proposed and filed by the Debtors, the Asbestos Claimants Committee, the Future Asbestos-Related Claimants Committee, and McDermott, Incorporated. The Confirmed Plan became effective on February 22, 2006 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the utilization of a qualified settlement fund, in the form of The Babcock & Wilcox Company Asbestos PI Trust (the Trust), to assume all liabilities and obligations of the Debtors, their predecessors and successors in interest, for all Asbestos PI Trust Claims and Asbestos Property Damage Claims (as defined in the Plan) (collectively, the Asbestos Claims), and to resolve, and provide for the payment in part or in full, of all Asbestos Claims in accordance with procedures established pursuant to the Confirmed Plan.

When formed, the Trust was funded with (a) $350 million in cash received from McDermott International, the parent company of The Babcock & Wilcox Company, (b) asbestos insurance recoveries (as described in Note 6) (c) a $250 million five-year promissory note receivable from McDermott International, and (d) a contingent payment right to receive $355 million within 180 days of November 30, 2006 upon satisfaction of certain conditions precedent, all in consideration for the releases and injunctions described in the Confirmed Plan. Both the $250 million note and the $355 million contingent payment were received in 2006.

The Trustees are responsible for supervising and administering the Trust and utilizing the Trust's assets and income to pay the holders of all Asbestos Claims in accordance with the Trust Agreement and the Trust Distribution Procedures agreement in such a way that holders of Asbestos Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code.

2. Summary of Significant Accounting Policies

Basis of presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements are

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not based upon GAAP, the accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are generally recorded when they are received by the Trust and are available for the payment of asbestos claims.

- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions from net assets available for the payment of claims in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.

- The full amount of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

- Payments for property and equipment are expensed as incurred. Under GAAP, payments for property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expenses related to purchases of property and equipment.

- Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for financial statement purposes, and federal and state income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by The Babcock & Wilcox Company and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements, which were assigned to the Trust, will inure to the Trust. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- Under GAAP, for financial statement disclosure purposes all investments would be categorized based on the priority of inputs used to measure fair value. Under GAAP, inputs used in measuring fair value are categorized into three levels. Level 1 includes inputs that are based upon quoted prices for identical instruments traded in active markets. Level 2 includes inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models

based on 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 investment. Level 3 includes inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The accompanying special-purpose financial statements do not categorize all investments into these levels.

Use of estimates

The preparation of special-purpose financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect upon the net assets available for the payment of claims.

Cash equivalents

The Trust considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Investments

Investment securities are stated at fair value. Fair value for investment securities, other than alternative investments, are based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements. The fair value for alternative investments is based on the Trust's proportionate share of each fund's net assets, as reported as of the date of the special-purpose financial statements. The net appreciation or depreciation in fair value of investments in the accompanying special-purpose statements of changes in net assets available for the payment of claims consists of realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Investment income is recognized when earned. Interest and dividend income, net of investment expenses and amortization and accretion of bond premiums or discounts, are included in interest and dividend income, net in the accompanying special-purpose statements of changes in net assets available for the payment of claims. Gains and losses on sales of investment securities are determined using the specific identification method.

Accrued expenses and accounts payable

Accrued expenses and accounts payable consist of accruals and outstanding invoices associated with managing the Trust.

Operating expenses

Operating expenses of the Trust are paid from the net assets available for the payment of claims when invoices are received.

Claims processing expenses

Claims processing expenses are paid from net assets available for the payment of claims when invoices are received.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the Trust is not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2017 and prior.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes, and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 4). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

Risks and uncertainties

Certain of the Trust's assets are exposed to credit risk. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. As of December 31, 2021, the Trust had no cash on deposit in excess of federally insured limits.

The Trust invests in a professionally managed portfolio that contains equity securities, municipal bonds, and alternative investments. Such investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments 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 Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Reclassifications

Certain amounts presented in the 2020 special-purpose financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the previously recorded changes in net assets available for the payment of claims.

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3. Related Parties

On November 1, 2006, the Trust became a member of the Delaware Claims Processing Facility (DCPF), a limited liability company under an agreement with several other Qualified Settlement Funds.

The purpose of the DCPF is to operate a claims processing facility. At inception, the Trust contributed $100 in capital to this entity. Effective January 1, 2007, this entity began processing all of the Trust's Asbestos Claims.

The Trust recorded expenses related to the operation of this entity of $4,600,832 and $4,186,813 for the years ended December 31, 2021 and 2020, respectively. There was no balance payable to DCPF at December 31, 2021 and 2020. Expenses charged to the Trust related to the operation of this entity include direct labor expense, other direct expenses, and an allocation of common costs.

4. Investments

Investment securities consist of the following at December 31:

	2021			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 227,751,430	$ 7,854,225	$ -	$ 235,605,655
Equity securities	26,548,249	60,429,975	-	86,978,224
	$ 254,299,679	$ 68,284,200	$ -	$ 322,583,879

	2020			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 233,928,141	$ 13,997,842	$ -	$ 247,925,983
Equity securities	29,351,961	56,649,483	-	86,001,444
	$ 263,280,102	$ 70,647,325	$ -	$ 333,927,427

Net appreciation in the fair value of investment securities of $11,171,751 and $16,323,261 for the years ended December 31, 2021 and 2020, respectively, consists of the net change in unrealized gains and (losses) and net realized gains from investment sales.

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Net change in unrealized gains (losses) from investment market appreciation of investment securities consist of the following as of December 31:

	2021	2020
Bonds	$ (6,143,617)	$ 4,462,969
U.S. equity securities	3,780,492	9,025,324
	$ (2,363,125)	$ 13,488,293

Net realized gains from investment sales consist of the following as of December 31:

	2021	2020
Bonds	$ 2,294,574	$ 1,566,198
U.S. equity securities	11,240,302	1,268,770
	$ 13,534,876	$ 2,834,968

Summary of changes in alternative investments

The table below sets forth a summary of changes in the fair value of the Trust's alternative investments for the years ended December 31:

	2021	2020
Balance, beginning of the year	$ 42,705,110	$ 47,941,462
Contributions	4,079,893	353,429
Distributions/withdrawals	(10,085,094)	(8,527,942)
Net change in fair value	1,927,334	2,938,161
Balance, end of the year	$ 38,627,243	$ 42,705,110

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Alternative investments categories

The major categories of the Trust's alternative investments, including general information related to each category, are as follows:

(a)	Fair Value 2021	Fair Value 2020	Redemption Frequency (if Currently Eligible)	First/Next Redemption	Notice Period (days)	Gate
Multi-strategy fund	$ 7,882,632	$ 7,368,526	Semi-annually	June 30, 2022	65	10%
Multi-strategy fund	-	3,610,199	Monthly	January 31, 2022	5	none
Multi-strategy fund	3,841,070	-	Daily	January 3, 2022	1	none
Multi-strategy fund	3,438,538	3,473,372	Annual-Anniversary Date	June 30, 2022	44	25%
Multi-strategy fund	3,077,976	2,678,753	Quarterly	March 31, 2022	60	25%
	18,240,216	17,130,850				
(b)						
Long/short fund	365,656	610,089	In liquidation	N/A	N/A	N/A
Long/short fund	-	1,146,693	In liquidation	N/A	N/A	N/A
Long/short fund	410,439	492,838	In liquidation	N/A	N/A	N/A
	776,095	2,249,620				
(c)						
International equity fund	19,610,932	23,324,640	Monthly	January 1, 2022	10	none
	$ 38,627,243	$ 42,705,110				

(a) Alternative investments within this category use a variety of strategies to diversify risks and reduce volatility. One of the funds in this category invests in value equities, special situations, long-term arbitrage and structured credit and mortgage securities, while the other funds contains derivative positions or a combination of long and short positions and private placement positions.

(b) This category includes alternative investments that hold securities traded in various global equity markets. Positions within the alternative investment can be both long and short and cover various industries such as banking, utilities and technologies.

(c) The international equity fund within this category invests primarily in equity securities, including foreign currency spot contracts and money market funds. The objective of this fund is to achieve long-term growth principally by investing in a diversified portfolio of equity securities of companies ordinarily located in another country other than the United States and Canada. The securities within the fund invest in securities listed or traded on a regulated market.

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5. Income Taxes

The Trust made estimated income tax payments totaling $2,600,000 during the year ended December 31, 2021. The Trust made no estimated income tax payments during the year ended December 31, 2020.

During the year ended December 31, 2020, the Trust elected to carry back net operating losses generated in 2019, resulting in a tax benefit of approximately $600,000. This is included in income tax benefit on the accompanying statement of changes in net assets available for the payment of claims for the year ended December 31, 2020.

As of December 31, 2021, the estimated deferred tax liability associated with unrealized gains on investments is approximately $25,300,000.

As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with net operating loss carry forwards, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

6. Insurance Recoveries

Under the terms of settlement agreements with certain insurance companies, the Trust is entitled to future insurance recoveries that are to be paid ratably over an extended period of time. In accordance with the Trust's special-purpose accounting policies, such insurance recoveries are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies. During the years ended December 31, 2021 and 2020, the Trust received no insurance recoveries from insurers.

7. Contingent Liabilities

The Plan Documents (as defined in the Confirmed Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust.

The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees.

8. Liability for Asbestos Claims

The settled but unpaid claims liability of $800,902 and $349,928 consists of personal injury claims that were settled, but unpaid as of December 31, 2021 and 2020, respectively. These amounts have been included in personal injury claim expense in the accompanying special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2021 and 2020. The entire balance was paid subsequent to December 31, 2021 and 2020, respectively.

The ultimate number of Asbestos Claims to be filed and the liability for all such claims are uncertain at this time. The net assets available for the payment of claims at December 31, 2021 and 2020, represents funding available for all Asbestos Claims for which no fixed liability has yet been

established. The net assets available for the payment of claims at December 31, 2021 and 2020, may or may not be sufficient to meet all future obligations of the Trust.

9. Trust Liability Insurance

The Trust purchased liability insurance requiring premiums of $101,316 and $94,936 in 2021 and 2020, respectively. The current policy term is from February 2021 through February 2022. The Trust's special-purpose accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos Claims or expenses of the Trust. Accordingly, this amount was recorded as a deduction in net assets available for payment of claims during the years ended December 31, 2021 and 2020.

10. Trustees, Trust Advisory Committee, and Future Claimants' Representative and Delaware Claims Processing Facility Board of Managers

Fees and expenses of the Trustees, Trust Advisory Committee (TAC), the Future Claimants' Representative, the Delaware Claims Processing Facility (DCPF) Board of Managers, and related counsels for the years ended December 31, 2021 and 2020 were as follows:

	2021			
	Fees	Retainer	Expenses	Total
Trustees	$ 380,915	$ 236,330	$ 1,258	$ 618,503
Future Claimants' Representative	5,775	-	-	5,775
Future Claimants' Representative Counsel	32,839	-	69	32,908
Trust Advisory Committee	1,215	-	-	1,215
Trust Advisory Committee Counsel	67,736	-	-	67,736
DCPF Board of Managers	93,401	-	-	93,401
	$ 581,881	$ 236,330	$ 1,327	$ 819,538

	2020			
	Fees	Retainer	Expenses	Total
Trustees	$ 341,127	$ 224,826	$ 3,252	$ 569,205
Future Claimants' Representative	5,250	-	-	5,250
Future Claimants' Representative Counsel	32,433	-	528	32,961
Trust Advisory Committee	1,700	-	145	1,845
Trust Advisory Committee Counsel	41,863	-	120	41,983
DCPF Board of Managers	91,476	-	-	91,476
	$ 513,849	$ 224,826	$ 4,045	$ 742,720

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2021 and 2020, respectively.

11. COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 pandemic has greatly contributed to significant volatility in financial markets through the date of issuance of these consolidated special-purpose financial statements. In addition, the COVID-19 pandemic has impacted the operational and logistical processes of organizations. The Trustees, Trust advisors, and management of the Trust continue to monitor the impact of this global situation on the Trust's financial condition and operations. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Trust is not able to estimate the long-term effects of the COVID-19 pandemic on its financial condition and operations.

12. Subsequent Events

The Trust has evaluated its December 31, 2021 special-purpose financial statements for subsequent events through April 27, 2022, the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

Trustees
The Babcock & Wilcox Company Asbestos PI Trust
Wilmington, Delaware

Our audits of the special-purpose financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those special-purpose statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

McLean, Virginia
April 27, 2022

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The Babcock & Wilcox Company Asbestos PI Trust

Supplementary Schedules of Operating Expenses

Years Ended December 31,	2021	2020
Investment advisory service and investment management fees	$ 1,310,208	$ 1,399,453
Trust management fees	1,420,665	1,179,049
Trustee fees and expenses	618,503	569,205
General legal fees	584,924	429,786
Accounting, finance and tax fees	316,326	306,092
Other legal fees	85,352	76,229
Future Claimants' Representative and Future Claimants' Representative Counsel fees and expenses	38,683	38,211
Trust liability insurance	101,316	94,936
Miscellaneous operating expenses	55,904	50,024
Trust Advisory Committee Counsel fees and expenses	67,736	41,983
Trust Advisory Committee fees and expenses	1,215	1,845
Total operating expenses	$ 4,600,832	$ 4,186,813

See independent auditor's report on supplementary information.

EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF LOUISIANA

In re:	*	NUMBER
THE BABCOCK & WILCOX COMPANY,	*	00-10992
	*	SECTION "B"
DEBTOR(S)	*	CHAPTER 11
	*	REORGANIZATION

Jointly Administered With

DIAMOND POWER INTERNATIONAL	*	00-10993
BABCOCK & WILCOX CONSTRUCTION	*	00-10994
AMERICON, INC.	*	00-10995

ANNUAL REPORT AND ACCOUNT OF
THE BABCOCK & WILCOX COMPANY ASBESTOS PI TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021

James J. McMonagle, Jack T. Marionneaux, and Philip A. Pahigian, the Trustees of The Babcock & Wilcox Company Asbestos PI Trust (the "Trust"), created pursuant to the Joint Plan of Reorganization as of September 28, 2005, as amended through January 17, 2006 (the "Plan") submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ended December 31, 2021.

I. INTRODUCTION

The purpose of this Annual Report is to comply with the reporting requirements of the Babcock & Wilcox Company Asbestos Personal Injury Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period from January 1, 2021 to December 31, 2021 (the "Reporting Period").

Section 2.2(d) of the Trust Agreement provides:

> The Trustees shall timely account to the Bankruptcy Court as follows:
>
> > (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing financial statements of

> the Asbestos PI Trust (including, without limitation, a balance sheet of the Asbestos PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustees shall provide a copy of such report to the TAC, the FCR, and the Reorganized Debtors when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Section 2.2(d)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC, the FCR, and the Reorganized Debtors when such report is filed.
>
> (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(d) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the Eastern District of Louisiana.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, the Trust Advisory Committee (the "TAC"), and the Future Claimants' Representative (the "FCR") in the accounts filed with the Bankruptcy Court. See Sections 4.5(c), 5.6, and 6.5.

II. BACKGROUND

On February 22, 2000, B&W, Americon, Diamond Power, and B&W Construction (the "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code. The Chapter 11 cases were consolidated for procedural purposes and jointly administered pursuant to an Order of the Court. On December 28, 2005, the United States Bankruptcy Court for the Eastern District of Louisiana (the "Bankruptcy Court") recommended confirmation of the

Plan in Consolidated Case Nos. 00-10992 through 00-10995. On January 17, 2006, the United States District Court for the Eastern District of Louisiana entered an Order confirming the Plan. On February 22, 2006 (the "Effective Date"), the Plan became effective and the Trustees began to operate the Trust.

On the Effective Date, pursuant to the terms of the Plan, the Trust was funded with the McDermott Consideration, as that term is defined in the Plan. The purpose of the Trust is to assume the liabilities of the Debtors, their predecessors and successors in interest, arising from or related to Asbestos PI Trust Claims, as defined in the Plan, and to use the assets of the Trust to pay both present and future asbestos claimants in such a way that the holders of Asbestos PI Trust Claims are treated fairly. See Trust Agreement, Section 1.2.

III. TRUST ADMINISTRATION

A. Trustees

James J. McMonagle, Jack T. Marionneaux, and Philip A. Pahigian served as the Trustees of the Trust during the Reporting Period. Mr. McMonagle served as the Managing Trustee during the Reporting Period.

1. Meetings

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were designated as "regular meetings" under the Trust's By-laws. The meetings were attended by representatives of the TAC and the FCR. In addition to these formal meetings, the Trustees held regularly scheduled weekly teleconferences, met individually with Trust advisors virtually, held virtual executive sessions and special purpose meetings, including virtual meetings to address Trust policies and claims processing matters and meetings with the Trust's investment advisor and investment managers,

and devoted considerable time to Trust matters outside of scheduled meetings. Activities included exercising oversight over the investment and liquidation of Trust assets to pay claims and the Trust's processes to receive, process, and pay claims pursuant to the Trust Distribution Procedures, communicating with claimants regarding the processing of claims, continual monitoring of the claims and investment processes and supervising various insurance-related matters.

2. Compensation

The compensation and expenses paid to the Trustees during the Reporting Period is set forth in the Trust's financial statements attached hereto as Exhibit "A." The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 4.5(c) of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

B. Trust Officer

John Brophy served as the Trust's Executive Director until March 26, 2021.

C. Trust Advisory Committee

During the Reporting Period Russell W. Budd, Steven Kazan, Peter A. Kraus, Bruce Mattock, Perry Weitz, John Cooney, and John A. Baden served as Members of the TAC during the Reporting Period.[1] The compensation and expenses paid to the Members of the TAC during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to compensation and expense reimbursements to

[1] Effective as of April 17, 2015, the Trust Agreement was amended with the consent of the TAC and FCR to increase the number of TAC members to seven (7). John Cooney became the seventh TAC member.

Members of the TAC were made in accordance with the Trust Agreement guidelines and applicable By-laws.

D. Future Claimants' Representative

Eric D. Green served as the FCR during the Reporting Period. The compensation and expenses paid to the FCR during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 6.5 of the Trust Agreement. All distributions related to FCR compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

E. Claims Processing

The Delaware Claims Processing Facility, LLC continues to process The Babcock & Wilcox Company Asbestos PI Trust claims. The terms of the Trust's ownership interest in the Delaware Claims Processing Facility are detailed in the Audited Financial Statements.[1]

F. Investment Management:

Cambridge Associates LLC of Boston, Massachusetts continues to serve as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has significant experience advising such trusts regarding investment management. Cambridge Associates advises the Trustees on asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the investable portions of the Trust's portfolio. The Trust's invested assets are allocated in compliance with the Trust's investment guidelines. At the end of the reporting period, the target allocation was as follows: 65.6% of the Trust's invested assets are committed to fixed income (16.9% is allocated to short-

[1] Audited Financial Statements at Note 3.

term municipal bonds and/or cash and 48.7% to intermediate-term municipal bonds); 5.2% of the Trust's invested assets are committed to hedge funds; and the remaining 29.2% of the Trust's invested assets are committed to equities (13.3% are allocated to U.S. equity managers and 15.9% are allocated to non-U.S. equity managers). The portfolio was roughly in line with the target allocation at year-end 2021. Over the last three years, net of fees, the Trust has earned 7.5% annually.

The Trust continues to retain the following managers: Harding, Loevner LP, Northern Trust and Sanderson Asset Management Limited as non-U.S. equity managers; Northern Trust as U.S. equity manager; Eaton Vance/Parametric and Standish Mellon as intermediate-term municipal bond managers; and UBS as a short-term municipal bond manager. Northern Trust served as Custodian for the Trust's separately-managed investment accounts. One of the Trust's actively managed non-U.S. equity managers is invested through a commingled vehicle that has a separate custodian (selected by the investment manager). The Trust utilizes custodian accounts, wire transfers and zero-balance banking accounts to reduce its exposure to systemic banking system risk.

The Trust was invested with the following hedge funds during the reporting period: Covalent Capital Partners, Falcon Edge Global, Blue Mountain Credit Alt Fund, Davidson Kempner Partners, GSO Special Situations, DL Partners Opportunities, Standard Life GARS and Parametric Defensive Equity. The Trust is invested in its hedge fund managers through commingled Limited Partnership vehicles. Limited Partnerships utilize independent third party administrators and a separate custodian. The managers in the Trust's hedge fund program invest in well diversified arbitrage strategies and secondarily in long/short equity strategies. Broadly speaking, the hedge fund program is intended to generate, over a full market cycle, close to

equity-like returns with lower volatility and lower correlation to the rest of the Trust's portfolio. The other expected benefits of the hedge fund program are diversification (e.g., access to specialized strategies not otherwise available in the other equity or fixed income investments), superior performance (versus long-only equities) in down equity markets, and access to some of the most talented investment managers. At Cambridge Associates' recommendation, the Trust has retained hedge fund managers who use no or minimal leverage, who employ trading strategies that are understandable to the Trustees, and who provide appropriate portfolio transparency to Cambridge Associates and to the Trust.

During the Reporting Period, the Trustees regularly met virtually and by telephone conference with Cambridge for updates and reports on the investments. In addition, in August 2021, the Trustees held an Annual Review meeting virtually where they met with certain of the Trust's equity, hedge fund and fixed income managers to review each organization, investment strategy, performance and market outlook for the upcoming year.

G. Insurance Coverage Matters:

Prior to the Effective Date of the Plan of Reorganization, the Debtors and other Plan Proponents reached settlement agreements that required the Debtors' historical insurers to make cash payments to or for the benefit of the Trust. Certain of those agreements required the settling insurers to make payments into escrow accounts during the pendency of the bankruptcy case; those escrow accounts were released to the Trust in the first quarter of 2006. The remainder of those agreements required the settling insurers to make payments to the Trust after the Plan's Effective Date in 2006; the Trust now has received all such payments.

Since 2006, the Trust's Special Insurance Counsel (Gilbert LLP) has engaged in settlement discussions with, and has filed claims in the insolvency proceedings of, the Debtors'

historical insurers with which the Debtors and other Plan Proponents did not settle in advance of the Plan's Effective Date. All settlement discussions and insolvency filings commenced to date have concluded, resulting in additional recoveries for the Trust. The Trust continues to receive some of these recoveries, including when insolvent insurers accelerate distributions or increase their distribution percentages. The Trust continues to monitor potential opportunities to recover additional sums.

The Trust anticipates that its insurance-recovery efforts will continue at least through 2023.

H. General Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware continued to serve as general counsel to the Trust. Liskow & Lewis of New Orleans, Louisiana served as local counsel.

IV. ANNUAL REPORT AND ACCOUNT

Summary of Claims:

As of December 31, 2021, the Trust had paid a total of 9,234 Pre-Petition Liquidated PI Trust Claims. Of the claims paid, there were 679 malignancy claims and 8,555 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust has paid approximately $62.3 million to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims. The malignant to nonmalignant ratio of the Pre-Petition Liquidated PI Trust Claims paid in number was 1/13 and the malignant to nonmalignant ratio of the Pre-Petition Liquidated Trust Claims in dollars paid was 1.1/1.

As of December 31, 2021, the Trust had received 677,525 Unliquidated PI Trust Claims and had paid a total of 355,941 claims. Of the claims paid, there were 94,914 malignancy claims

and 261,027 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust had paid approximately $1.867 billion to asbestos victims in settlement of their Unliquidated PI Trust Claims. The malignant to nonmalignant ratio of the Unliquidated PI Trust Claims paid in number was 1/2.8. and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 3/1.

During the Reporting Period, the Trust paid a total of 0 (zero) Pre-Petition Liquidated PI Trust Claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $0 to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims.

During the Reporting Period, the Trust received 14,138 Unliquidated PI Trust Claims. Out of the Trust's pending claims filed since inception, the Trust paid a total of 12,642 claims during the reporting period. Of the claims paid, there were 4,359 malignancy claims and 8,283 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $28.86 million to asbestos victims in settlement of their Unliquidated PI Trust Claims. The malignant to nonmalignant ratio of the Unliquidated PI Trust Claims paid in number was 1/2 and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 3.6/1.

A summary of the claims processing procedures and policies may be found at the Trust website at www.bwasbestostrust.com.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13752/36

B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by BDO USA LLP .

Date: May 2, 2022

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