

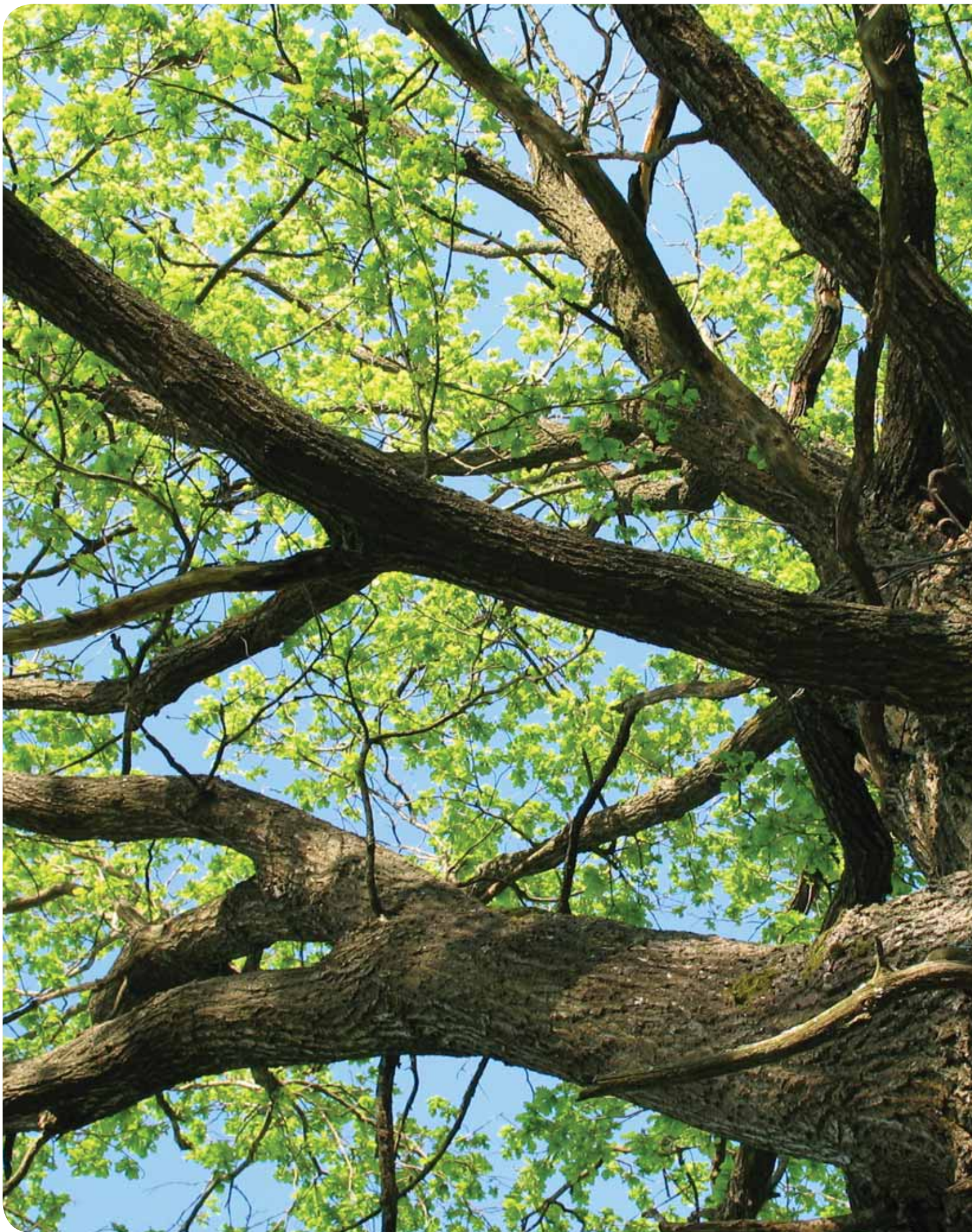
A dirt path lined with large, mature trees in a lush green setting. The path leads into the distance, flanked by tall grass and dense foliage. The trees have thick, textured trunks and full canopies of green leaves. The scene is bright and sunny, with dappled light on the path.

Code of Business Conduct

B&W Ethics & Compliance

B&W

the strength of integrity



Chief Executive's Statement



Dear B&W Employees,

The Babcock & Wilcox Company (B&W) is committed to conducting our business with integrity at all times. It's a commitment that forms the foundation of our business success, maintains our culture of honesty and fair play throughout our operations, and sustains our company's reputation for excellence.

Our customers count on us to deliver innovative, high-quality products, services and solutions, and we earn their trust by adhering to the highest standards of ethics. That trust, like our company's reputation, is a valuable commodity, and one that we reinforce every day by the way we treat our fellow employees, customers, vendors, suppliers and the communities where we do business. Every employee shares that responsibility, and that's why it's so important for all of us to become familiar with B&W's Code of Business Conduct (our Code).

Our Code is designed to provide guidance for our daily activities. It outlines conflicts of interest, protection of proprietary information, political contributions, procurement activity, abuse and harassment and more. It represents the values of our company and how we conduct business. It's about doing the right thing, treating others with respect, and being honest and above-board at all times.

B&W's business is global. We operate around the world and work in many different cultures and societies. It is critical that we conduct ourselves with honesty and integrity, and adhere to the standards defined in our Code.

Please take the time to read our Code, and ask questions if you see something you don't understand. Many resources are available to help you. Seek the guidance of your manager, your local Ethics & Compliance representative or contact the Ethics Integrity Line. Our Code describes the ways in which you can remain anonymous when seeking further information.

I am extremely proud to lead a company that maintains such a strong commitment to ethical practices throughout its operations. The dedication of B&W's employees to upholding these high standards is integral to our business. Your hard work in abiding by our Code – as well as in making B&W a world-class leader in the industries we serve – is appreciated and valued every day.

Thank you for your continued contributions and dedicated service to our company.

A handwritten signature in black ink that reads "Brandon C. Bethards". The signature is written in a cursive, slightly stylized font.

Brandon C. Bethards

Chief Executive Officer, The Babcock & Wilcox Company

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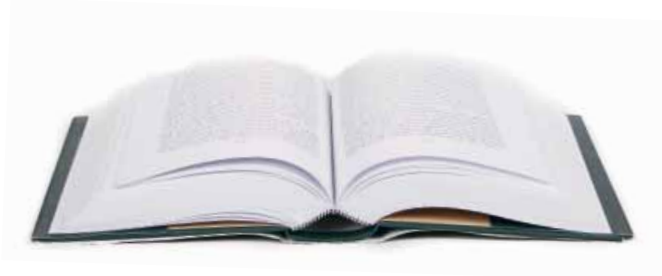
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Introduction and Overview

There's Strength in Integrity

Integrity is the foundation of our success. As individuals, our personal Integrity means that others can trust and respect us, and know that we will be honest, fair and forthright. As a Company, Integrity means that we will always honor our commitments and be a reliable business partner. Integrity protects our reputation and enables us to thrive. There's Strength in Integrity.

In today's complex business environment, in order to find our way through difficult dilemmas we sometimes need more than our commitment to Integrity. This Code is designed to help in those situations. It is a summary of how we must do business in accordance with our Values. By following this Code, we will ensure that our business activities and decisions are consistent, not only with law and regulations, but with the highest ethical business standards.



As the sections of this Code illustrate, we have ethical responsibilities to one another, our customers, business partners, and the public. Meeting these responsibilities is not always easy. That is why we have not only developed this Code, but also created ethics and compliance resources to help us make the right decisions.

As you read this Code, remember that on its own it is only words. Giving life and meaning to these words depends on each of us and it depends on our understanding that there's Strength in Integrity.

To Whom the Code Applies and Using This Code

Our Code provides the ethical guidelines and expectations for conducting business on behalf of B&W. It provides a summary of certain key Company policies to assist employees in complying with these guidelines as well as laws applicable to the Company.



In addition to serving as a policy summary, there are several elements of the Code that describe our standard of higher ethical conduct. The Code, supported by our underlying policies and principles, reinforces the Company's commitment to integrity and sets expectations of behavior for employees on the job.

The Code applies to all directors, officers, and all full-time, part-time, and temporary employees of the Company. As a representative of the Company you must act with honesty and integrity in all matters.

Certain external business partners of B&W serve as an extension of the Company. We expect our suppliers, vendors, contractors, agents, representatives, consultants and joint venture partners to behave in the ethical manner described in our Code when doing work for the Company. Managers who supervise our external business partners are responsible for ensuring that they understand their compliance obligations. If an external business partner fails to comply with our ethics and compliance policies, it may result in the termination of their contract with B&W.

Compliance with the Law and Regulations

We are a Global Company. Our workforce consists of citizens of many different countries and diverse cultural groups. We are subject to the laws and regulations of the United States, its states and municipalities, as well as the laws and regulations of the many other countries where we do business. It is our policy to comply with all laws and applicable regulations everywhere we engage in business.

It is important that each of us is aware of relevant laws and regulations that apply to our work, and that we never intentionally engage in conduct that violates these applicable standards. Not only should we be vigilant in our compliance with all applicable laws and regulations, we should also be alert to changes in the law or new requirements that may affect our business.

In some instances, there may be a real or apparent conflict between the laws of two or more countries. In that event, you must consult your Group Legal Department immediately to understand how to reconcile the conflict properly.

Taking Action, When You Have Questions – Reporting Possible Violations

B&W has an opportunity to improve every time you ask a question or raise a concern. When you speak up to clarify a policy or report questionable conduct in the workplace, you are protecting your colleagues, our stakeholders and the Company.

If you believe that someone associated with B&W (including managers, supervisors, fellow employees, suppliers, vendors, contractors, agents, representatives, consultants and joint venture partners) has violated a provision of our Code or policies bring the matter to the attention of your supervisor or manager, your Human Resources representative, the Legal Department,

the Chief Compliance Officer or call the Integrity Line.

We expect every employee to cooperate with lawful investigations into allegations that our Code, policies or laws have not been followed. The Company will cooperate with lawful government investigations. When we are notified of an external investigation, we will take prompt action to preserve documents that may be relevant.

You have several options for raising questions and concerns. Most questions or concerns you are likely to face can be resolved by working with your supervisor. Your supervisor is most familiar with you and your job and is in the best position to assist you.



You also have the option to ask questions or report illegal or suspect activities by using any of the following methods:

Resources for Questions and Reporting

Chief Compliance Officer

- By email: mbcolling@babcock.com
- By mail:
B&W Ethics and Compliance
13024 Ballantyne Corporate Place, Suite 700
Charlotte, NC 28277
(Mark the envelope “confidential”)
- By telephone: 704-625-4760



B&W Integrity Line

- By telephone: U.S. Direct Access **1-888-475-0003**
You may call anonymously.
If you give your name, your identity and the information you provide will be shared only on a “need to know” basis with those who are involved in addressing your concern.
- By web submission: www.BWIntegrityline.com
- For European Union members: www.BWEUIntegrityline.com

Compliance Website

- <http://ethics.babcock.com>

Other Resources

- Your local Ethics & Compliance Manager or Coordinator
 - Any B&W manager
 - A B&W Human Resources representative
 - The Legal Department
- You have an obligation to speak up and report any unethical business conduct and any violation of the Code or of Company policy. Remember, an issue cannot be addressed unless it is brought to someone’s attention.

Q: My Business Unit sets various goals that we are asked to achieve. Sometimes I feel pressured to violate the Code to achieve these goals. Is this acceptable?

A: No. While successful businesses set high goals and employees strive to achieve them, you should never violate the Code or B&W’s policies to achieve your goals.

Q: In my country, our local laws differ from the standards in the Code. What should I do?

A: If you believe local laws conflict with the Code or related policies, please discuss the issue with your manager or call your Group Legal Department or the Chief Compliance Officer. In all cases, however, you are expected to follow the Code or the local law, whichever is more stringent.

What to Expect When You Call the Integrity Line

If you have a concern or see a possible violation, the first place to turn is your supervisor. If you are uncomfortable reporting your concern to your supervisor, use the above resources or report it using the B&W Integrity Line 1-888-475-0003. The Integrity Line is available 24 hours a day, seven days a week. To support the various languages spoken by our employees, an interpreter will be included on the call when needed. Calls to this line may be made anonymously – although this may make it more difficult to investigate and resolve your concern.



The call will be answered by a professional third party that we have contracted for this purpose. The interviewer will work with you to document the situation in detail. You do not have to give your name, and your call will not be recorded. The information will then be relayed to our Chief Compliance Officer to look into the situation and investigate your concern.

If you call anonymously, you can call back to the third party using the Integrity Line number and a reference number that will be given to you. This will allow you to provide additional information.

Confidentiality for those who report concerns will be maintained to the fullest extent possible.

Making the Right Choice

Codes and policies offer important guidance for our daily conduct at work, but these alone cannot create a company-wide culture of Integrity. We each help to shape our culture through our personal commitment to meet the highest ethical standards in all we do. If you are faced with a difficult decision, ask yourself the following questions:

- Is it the right thing to do?
- Have I considered all the options and do I have all the facts?
- Will my actions be consistent with B&W's Core Values and the law?
- Will I be comfortable telling others about my decision?
- Can I honestly say I'd be proud of the choice I made?
- What is the possible impact of my actions on others?
- What would I say if someone else made the same choice?
- How will my decision be viewed in one month; one year; later?
- If it became known, might my action result in embarrassment either within or outside the Company?

Seek guidance if you are still unsure what to do. Don't hesitate to ask questions and get the advice and guidance you need. Keep asking questions until you have the information you need to make the right choice.

Protection from Retaliation

Regardless of the type of misconduct reported, or the method of reporting that is chosen, B&W will not tolerate any retaliation or retribution against anyone who makes a good faith report of an alleged violation of the Code or policies.

Individuals who raise concerns or who help to resolve reported matters are protected against retaliation. However, anyone who uses the ethics and compliance program to spread falsehoods or threaten others, or with the intent to unjustly damage another person's reputation, will be subject to disciplinary action.

We take claims of retaliation seriously. All such claims will be thoroughly investigated and, if substantiated, retaliators will be disciplined up to and including termination of employment. If you believe you have been retaliated against call the Chief Compliance Officer or an Ethics and Compliance Manager or Coordinator.

Accountability and Discipline

Violating relevant laws, regulations, or this Code, or encouraging others to do so, exposes the Company to liability and puts B&W's reputation at risk and therefore may result in disciplinary sanctions up to and including termination of employment.

If an ethics or compliance problem does arise, your supervisor will coach and counsel you to help develop an effective solution. If, however, you fail to respond to coaching or counseling, or further incidents occur, formal discipline may be necessary.

You should understand that violations of laws or regulations may also result in legal proceedings and penalties including, in some circumstances, criminal prosecution. The Company takes a zero tolerance position on these violations.

Waivers and Exceptions

In rare situations, B&W may grant exceptions to this Code. Any exception request must be made and explained in writing to the Chief Compliance Officer.

Approvals of such requests will be made in writing and maintained by the Chief Compliance Officer. Any waiver of the Code for Executive Officers or Directors must be approved by the Board of Directors or a Board committee and must be promptly disclosed to shareholders.

Q: Our Manager typically does nothing when concerns about potential misconduct are brought to her attention and I believe she has made things difficult for co-workers who have raised issues. Now I have a problem. A co-worker is doing something that I believe to be ethically wrong. What should I do?

A: Speak up. Our Code says that you should report misconduct and that you can do so without fear of retaliation for reporting something you believe is true. While starting with your manager is often the best way to efficiently address concerns, if you do not believe that it is appropriate or do not feel comfortable doing so, you should talk to another member of management, Human Resources, the Chief Compliance Officer, or another resource listed in the Code. Also, if you wish to remain anonymous, you may call the Integrity Line.

Our Responsibilities to One Another

Employee Responsibilities

All employees have a responsibility to do their part to maintain the highest ethical standards. In particular:

- Be familiar with the information contained in this Code and corporate policies, paying particular attention to the policies that pertain to your job responsibilities.
- Complete an acknowledgement of the Code, confirming your adherence to the principles set out in this manual.
- Promptly report concerns about possible violations of laws, regulations, policies, or this Code to your supervisor, any member of management, our Chief Compliance Officer or call the Integrity Line.
- Complete all required compliance training in a timely manner and keep up-to-date on current standards and expectations.
- Cooperate in investigations, auditing and monitoring procedures and, if required, provide all requested documentation.

No reason, including the desire to meet business or personal goals, should ever be an excuse for violating laws, regulations or policies.

Ethical Leadership

Management has the added responsibility for demonstrating, through their actions, the importance of high ethical standards. If you are in a leadership position at B&W, you are also expected to meet the following additional responsibilities:

- Help create a work environment that recognizes effort, appreciates teamwork, and values mutual respect and open communication.
- Never ask an employee to do what you would be prohibited from doing yourself.

- Be a resource for employees. Communicate to employees about how the Code and policies apply to their daily work.
- Serve as a role model for the highest ethical standards and work to create and sustain a culture that demonstrates care and concern for your colleagues.
- Be proactive. Take reasonable actions to prevent and identify misconduct and report situations that might impact the ability of employees to act ethically on behalf of the Company.

Q: I'm a manager. If I observe misconduct in an area not under my jurisdiction, am I still required to report the issue?

A: Yes. All B&W employees are required to report any misconduct they observe, and you as a leader are especially obliged to act as a steward of B&W's ethical culture.

- Take prompt action to correct business conduct that is inconsistent with the Code or policies.
- Seek assistance from other supervisors whenever you are unsure of the best response to any given situation.
- If you supervise external business partners including suppliers, vendors, contractors, agents, representatives, consultants and joint venture partners ensure that they understand and meet their compliance obligations.

Managers should not consider employees' ethics concerns as threats or challenges to their authority –

we want the ethics dialogue to be a natural part of daily work. As a manager or supervisor you are responsible for the ethical conduct of the employees under your supervision and direction. Failure to exercise this responsibility through training, communication and taking disciplinary action when required may subject you to disciplinary action as well.

Respect for Diversity – Our Standards

The diversity of B&W employees is a key asset and we are committed to providing for all employees a professional atmosphere that promotes productivity and encourages creativity and innovation. We will work to maintain a diverse workforce where employees are hired, retained, compensated, disciplined and promoted based on their contribution to the Company and their performance.

It is important that we work together to be sure that all B&W employees are treated fairly and with respect, regardless of race, color, religion, creed, national origin, ancestry, disability, sex, age, or other protected characteristics as defined by U.S. federal or local laws.

Employee Responsibilities

- Treat all colleagues, business partners, customers and visitors with respect.
- Don't distribute or display offensive material.
- If you supervise others, judge them on performance; avoid introducing unrelated considerations into your decisions. Use objective, quantifiable standards.

Fair Employment Practices – Our Standards

B&W offers equal employment opportunities to qualified individuals, regardless of race, religion, national origin,

Q: One of my co-workers sends emails containing jokes and comments that make fun of certain nationalities. They make me uncomfortable, but no one else has spoken up about them. What should I do?

A: You should speak up immediately. Sending such jokes violates company policies about the use of email and our standards on diversity, harassment and discrimination. By doing nothing you are condoning discrimination and tolerating beliefs that can seriously erode the team environment that we have all worked hard to create.

age, sex, disability – or any other factor protected by law and/or Company policy.

These policies apply not only to hiring decisions, but to all aspects of employment. Every employment decision you make, from compensation and benefits to transfers and training, must conform to applicable federal, state or local laws and Company policy.

If you have fair employment practices questions, consult with your local HR Employee Relations Representative, the EEO Manager, or your local Ethics and Compliance Manager or Coordinator.

Employee Responsibilities

- If you are hiring an employee, choose from individuals based only on their qualifications to perform the job.
- Supervisors and managers have a special responsibility to consistently adhere to and apply the Company's policies regarding equal employment and must be able to show non-discriminatory reasons for taking personnel actions.
- Review your own decisions to ensure that merit and business considerations drive your actions, rather than subtle bias.

- Discrimination questions or concerns should be addressed when possible with the employee’s supervisor or manager. Additional Company resources available to the employee are: Human Resources representatives, Legal Department, Chief Compliance Officer and the Integrity Line.

Harassment – Our Standards

Harassment in the workplace is behavior that is unwelcome and offensive to specific individuals or groups. We will not tolerate actions, comments, inappropriate physical contact, sexual advances, or any other conduct that is intimidating or otherwise offensive or hostile.

The most common form of harassment is sexual harassment, which in general occurs when:

- A request for a date, a sexual favor, or other verbal or physical conduct of a sexual nature that is unwelcome, is made a condition of employment or used as the basis for employment decisions; or
- An intimidating, offensive, or hostile work environment is created by unwelcome sexual advances, insulting jokes, or other offensive verbal or physical behavior of a sexual nature.

Harassment can take other forms as well. Examples include calling individuals derogatory, crude or insulting names; performing threatening, intimidating, or hostile acts; and placing written or graphic material in the work place that denigrates or shows hostility or aversion toward an individual or group. This includes accessing and disseminating

pornographic material via the Company’s information technology systems.

Submission to harassing behavior is unnecessary and never a term or condition of employment for any person at B&W. If you are offended by an action or remark, speak up and advise the person that you are upset by his or her words or actions. Request that such behavior stop.

Employee Responsibilities

- Maintain a work environment that is free from harassment.
- If possible, speak up and tell a person if you are upset by his or her actions or language, explain

why and ask him or her to stop. Make a formal complaint if the matter is serious or a direct approach is not successful.

- Even if you believe your acts or words are innocent, if someone says you are offending them and asks you to stop, do so at once. Be mindful that “harassment is in the eyes of the recipient.”
- Don’t access, distribute or display offensive material. Remember, it is a

direct violation of Company policy to access inappropriate (i.e., pornographic) sites on the Internet.

Abuse of Drugs and Alcohol – Our Standards

B&W is committed to providing a safe and productive work environment. An important part of our effort is to ensure that the workplace is free from the use of illegal drugs, the misuse of legal drugs, and the abuse of alcohol.

Q: While on a business trip, a colleague repeatedly asked me out for drinks and commented several times on my appearance in a way that disturbed me. Is it harassment, since we weren’t in the office when it happened?

A: This type of conduct is not tolerated in any work-related situation, including business trips. Tell your colleague such actions are inappropriate and unwelcome. If they continue you should report the problem to Human Resources, Ethics and Compliance, or the Legal Department.

You are expected to be fit for duty and capable of performing your assigned responsibilities in a safe and productive manner. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol.

The use of illegal drugs in the workplace will not be tolerated. Anyone who is under the influence of illegal drugs or alcohol while conducting business for B&W could create an unsafe work environment and may therefore be subject to discipline.

Where permitted by law, to assure compliance, the Company reserves the right to test for the use of alcohol or



other controlled substances, and may conduct searches in the workplace if there is reason to suspect violation of policy.

Employee Responsibilities

- While at work or on Company business, you should be alert, never impaired, and always ready to carry out your work duties.
- Possession of legally prescribed drugs is not prohibited, but you are responsible to ensure that while in the workplace the use of prescribed drugs will not affect your productivity or the safety of the workplace.
- Follow local laws and customs when they are more restrictive than Company policy.

Q: A colleague that works near me seems to be under the influence of alcohol, but I am not sure. What should I do?

A: This can be a safety issue. The best thing that you can do for everyone, including your co-worker, is to report your concern to your supervisor or Human Resources.

- Don't bring alcohol into the workplace by any means or for any purpose not authorized by the Company.
- If you have a problem with substance abuse, seek professional help before it adversely affects you personally or professionally.

Health and Safety – Our Standard

We aim to provide a safe, secure and healthy work environment where zero injuries are the norm. We believe that all occupational and environmental incidents can be prevented and we have established the Target Zero program to help us achieve our environmental, health & safety (EH&S) goals.

Situations that may pose an environmental, health or safety hazard must be reported immediately. It is important for each of us to help maintain safe working conditions for ourselves, our co-workers and visitors to our facilities. We must all participate in safety training, follow safety standards, and report any safety concerns, accidents, injuries and unsafe conditions.

Managers, supervisors, employees, contractors, customers and vendors must work together to develop the proper attitude, practice and promote proper work habits, use good judgment, and comply with all applicable EH&S rules and regulations.

Employee Responsibilities

We can only achieve our goal of a safe, secure and healthy work environment through the active participation and support of everyone. B&W empowers and expects all employees, contractors, customers, and vendors to follow the Company's EH&S policies and procedures. It is your responsibility to:

- Always wear required safety equipment.
- Never tamper with safety equipment or systems.
- Create and maintain a work environment that encourages open communication. The more we communicate, the better we can respond to any unsafe or non-compliant situations.
- Make sure you are familiar with the laws, regulations, policies, and procedures that apply to your job.
- Notify your supervisor or site safety personnel immediately about



any unsafe equipment, or any situation that could pose a threat to health or safety or damage the environment. All personnel have the right and responsibility to stop any work they feel may be unsafe.

- Cooperate in all investigations to determine the cause of incidents.

At B&W we do not tolerate:

- Threatening remarks.
- Causing physical injury to another.
- Intentionally damaging someone else's property, or acting aggressively in a manner that causes someone else to fear injury.
- Unauthorized possession of firearms, weapons or explosives on company property or while on duty.
- Threatening, intimidating or coercing fellow employees on or off the premises – at any time, for any purpose.

If you have any safety concerns, including knowledge of violence or the threat of violence or intimidation, it is your responsibility to report it to your supervisor, the

HR employee relations representative, or the Chief Compliance Officer immediately.

For further information, requirements for the creation and maintenance of a safe work environment are detailed in the EH&S procedure manuals developed by each operating group or division.

Our Responsibilities to Our Customers and Business Partners

Quality of Products and Services – Our Standard

B&W is committed to providing quality products and services to our customers and business partners and to maintaining our focus on continual improvement. We have a commitment to delivering the right products and services, safely, the first time, within budget, with no ethical violations.

In order to meet our goals, it's important that we identify all requirements before work starts and that we communicate them to all concerned.

As a consequence of our commitment to providing value to our customers in a responsible way, we also hold our external business partners accountable for complying with our high standards of quality.

Employee Responsibilities

- We must understand our customers' needs and be always committed to meeting their requirements.
- We must address and report any quality issues and concerns.
- Management is responsible and accountable for showing its commitment to quality and for providing the necessary resources to meet the agreed requirements.
- Line supervisors are responsible and accountable for the work performed by their direct reports and to ensure that quality requirements are made known and followed.
- Always complete reports and documentation honestly and completely and never falsify or misrepresent test results.
- Never perform tasks for which you are not qualified.

If at any time you are not sure what the production requirements are, ask your Manager or Supervisor for clarification before continuing the work.

Integrity in Business Relationships – Our Standard

We will only do business with third parties that conduct business ethically and do not subject the Company to criminal or other liability or cause B&W reputational harm.

We always conduct due diligence on third parties to ensure that their reputation, background and abilities are appropriate and meet our ethical standards. All third parties must agree to comply with business practices reflected in our Code and applicable policies.

Conducting due diligence will minimize B&W's risk by helping to avoid relationships which may implicate B&W through the misconduct of its business partners.

Q: One of our agents has asked to be paid in advance. Is this OK?

A: The agent's request may be harmless, but it raises a "red flag" and should be checked out. You should inform the Compliance Office of the request.

Employee Responsibilities

- No employees should contractually bind B&W to another party until such party has been through the appropriate due diligence and approval procedures.
- Do not conduct business with a supplier, business partner or other third party that may subject B&W to criminal or other liability or cause reputational harm.
- Be cautious of any "red flags" involving the conduct of the Company's sales representatives or agents.

- Strictly follow Corporate policies and procedures in dealings with third parties.
- If you are a Manager, ensure that the Company's standards and expectations are understood and agreed to prior to entering into any contractual relationship.
- Never do anything through another party acting on our behalf that we are not allowed to do ourselves.
- Ensure that any commission or fees paid to a third party are reasonable and consistent with sound ethical principles and applicable laws.

When engaging in procurement activities:

- Create and maintain all records accurately to document the procurement process and to substantiate procurement decisions.
- Use merit alone as the standard for procurement decisions. Be careful to avoid conflicts of interest between the Company and any third parties.
- Do not divulge procurement information to anyone outside the Company or to persons inside the Company who do not have a "need to know."
- If you become aware of any unethical business conduct by a B&W supplier or provider of services, contact the Chief Compliance Officer.

Contracting with the Government – Our Standard

We deliver quality products and services to our customers at fair and reasonable prices, regardless of whether the customer is government or commercial. However, because the laws and regulations for contracting with government entities differ from those for commercial transactions, we have additional policies to follow when dealing with government customers to ensure that we conform to all legal and regulatory requirements.

The laws, rules and regulations for contracting with U.S. and other government entities are detailed and complex and

violating them may result in criminal penalties as well as Company disciplinary action including dismissal.

Employees who deal with government contracting should familiarize themselves with and comply with the various limits and requirements that are imposed by the applicable government-customer entity, as laws and regulations between various agencies and levels of government differ.

Q: I first attended compliance training when I was hired. Do I really have to take the program again?

A: B&W requires all designated employees who are in a position to affect contracts with the U.S. Federal Government, who can bind the company, or who hold key positions in the company to attend training every year. So if it's been over a year, then yes, you must take the program again.

Employee Responsibilities

- If you are involved in contracting with government entities, be familiar with and conform to all applicable laws and regulations. Ignorance is no excuse for violating the law.
- Take special care to ensure accuracy in all communications with federal, state and local governments. False, inaccurate, or misleading communications are criminal violations of law.
- Unless authorized by the appropriate government official, never accept data from any source if there is reason to believe the data relates to national security, is classified, is sensitive or proprietary.
- If you have any question concerning government contracting, consult with the Legal Department or the Chief Compliance Officer.



Conflicts of Interest – Our Standard

A conflict of interest occurs when your actions or your private interest interferes in any way – or even appears to interfere – with the interests of the Company. Conflicts of interest expose our personal judgment and that of B&W to increased scrutiny and criticism and can undermine our credibility and the trust that others place in us.

We have a fundamental obligation to make sound business decisions in the best interests of the Company independent of our personal interests.

We must not use our position at B&W for inappropriate personal gain or advantage either for us or a friend or member of our family.

Conflicts of interest can arise through outside employment interests, financial participation in an outside business, customer and supplier relations, and through excessive or inappropriate gifts and entertainment. Because it is impossible to describe every potential conflict, each of us must exercise sound judgment, seek advice when needed, and adhere to the highest standards of ethics and integrity.

Employee Responsibilities

If you become aware of an actual, potential or perceived conflict of interest, immediately disclose the situation to your supervisor or the Chief Compliance Officer. In addition, keep in mind the following:

- Avoid being compromised and avoid even the appearance of conflicts of interest.
- When in doubt, disclose.
- Always make business decisions in the best interest of B&W.
- Remain aware of how personal activities can lead to potential conflicts, such as accepting gifts or entertainment from a supplier.
- Never use your position at B&W, or confidential information you have gained through your work, for personal gain.

Q: My supervisor's friend is a piping design consultant. Whenever we need some design work, my supervisor calls her friend and he always gets the job. The friend does good work, but I've always wondered if this is appropriate.

A: Your supervisor's approach is creating an appearance of a conflict of interest. However, you may not have all the facts. It could be that your manager's friend is an approved vendor and has gone through all the necessary selection and approval processes. You should discuss this matter with your supervisor, but if doing so might be a problem, contact the Chief Compliance Officer or call the Integrity Line.

For practical purposes, the Company cannot and does not distinguish between an actual conflict of interest and the appearance of one. Remember – all employees as well as anyone acting on behalf of the Company must make business decisions based only on the best interest of B&W.

Conflicts of Interest - Warning Signs

- Avoid situations where you might be involved in hiring or supervising any close relative.
- Relatives of current employees may be hired only if they will not be working directly for or supervising a relative or will not occupy a position with authority to affect decisions involving any direct benefit to the relative.
- Don't allow your personal relationships with contractors and suppliers to inappropriately influence business decisions.
- Don't give or accept gifts or hospitality without prior approval that might place you under an obligation – or might appear to do so.



Gifts and Entertainment – Our Standard

Strong relationships with our business partners are vital to our business but giving gifts to and receiving them from business partners or customers can potentially affect the independence of our judgment and that of our customers, and may create the appearance of favoritism.

For the purposes of our Code and policies, the term “Gifts and Entertainment” has the broadest possible meaning, including gifts and favors of all kinds, trips, services, meals, tickets to events, and any other gratuitous item, benefit, or thing of value.

You must avoid even the perception that giving or receiving gifts or entertainment is connected in any way with favorable treatment. Even if there is no intent to gain

inappropriate influence or advantage, inappropriate gifts may cause embarrassment to the Company and damage our reputation.

For these reasons, employees must not receive, solicit, offer or give inappropriate gifts or entertainment that may influence, or be perceived to influence, the recipient’s integrity or independence.

Because there are special rules and restrictions regarding U.S. government personnel and non-U.S. government officials, employees must consult with the Chief Compliance Officer, as well as the Legal Department, before giving any type of gift or entertainment to a government representative.

Employee Responsibilities

We recognize there will be times when a current or potential business associate may extend an invitation to attend a social event or participate in trips in order to further develop your business relationship. As a general rule, such offers should also meet the following criteria.

- Be in accordance with applicable law and acceptable good business practices.
- Be modest and infrequent.
- Be acceptable under the policies of the company employing the other party.
- Employees shall not accept gifts (whether in the form of cash, services, or any other nature) from a customer, client, supplier, or other business, other than an ordinary social amenity. An ordinary social amenity is a gift of nominal value which could not possibly suggest that it was given or received in order to influence the employee’s judgment.

If you receive an unsolicited gift of more than nominal value, you should return it with a note explaining the Company policy. If you are in doubt as to whether the gift or entertainment is acceptable, seek guidance and approval from your supervisor or the Chief Compliance Officer.

Some examples of gifts and entertainment that are generally prohibited are:

- Payments of cash or cash equivalent (gift cards).
- Invitations to lavish dinners or other forms of entertainment.
- Extravagant forms of hospitality, for example luxury resorts or expensive trips.
- Paying travel expenses if the trips have no direct connection to a business purpose.
- Gifts or entertainment to spouses or family members without prior approval.
- Anything which would, if publicly disclosed, embarrass the Company.

Q: I've received a gift that I'm sure I can't accept, but I'm afraid they will be offended for cultural reasons if I give it back. What do I do?

A: In certain circumstances, especially non-U.S. operations, it may be considered discourteous to return a gift. In such cases the gift may be accepted on behalf of the Company then turned over to the Company through the Chief Compliance Officer for proper disposition.

Protection of Company Assets – Our Standard

B&W's assets – both physical and intellectual – are highly valuable and are intended for use only to advance business purposes and goals. We are personally responsible for safeguarding these assets, the assets of others, and for using all assets and resources appropriately.

All physical property including facilities, computers, other equipment, and supplies, must be protected from misuse, damage, theft, or other improper handling and only used for its intended purpose.

Employee Responsibilities

- All employees should protect the Company's assets and ensure their efficient use for legitimate Company business purposes. B&W does allow the occasional personal use of the Company's communication and information systems provided that the use does not represent a conflict of interest, or does not include pornographic, defamatory, or other inappropriate material.
- Employees and those who represent B&W are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.
- Be vigilant regarding access to our assets by others. Access to Company intellectual or physical assets (including offices, plants, and equipment) by any third party must be limited to and directly associated with services provided by the third party to the Company.
- Notify the Legal Department of any inventions made during or as a result of employment by the Company.
- Comply with specific restrictions placed on the use and/or transfer of Company assets.
- Avoid the unauthorized receipt of proprietary information from others. Do not disclose to the Company or use for B&W's business any confidential information in your possession as a result of prior employment with another company.

Proper Use of Information Systems – Our Standard

Our computers, email, networks and communications systems are Company property and are intended for business purposes only. Occasional, incidental, appropriate personal use of our systems, email and phones are permitted if it does not interfere with the performance of your work.

Employee Responsibilities

- Generally, you should not use company equipment in the conduct of an outside business or in support of any religious, political or other outside activity, except for company-requested support of nonprofit organizations.
- Sending unsolicited bulk email, chain letters or joke emails from a Company email account is prohibited.
- The email system should not be used for personal commercial purposes or any illegal purposes, or for the creation or distribution of any disruptive or offensive messages.
- In order to protect the interests of the B&W network and our fellow employees, we reserve the right to monitor or review all data and information contained on an employee's Company-issued computer or electronic device, the use of the Internet, or the Company's intranet.

Q: Can I check FoxNews.com on my work computer at lunch?

A: Yes, that would be an acceptable use of your B&W computer. Incidental use is allowed as long as the sites you visit are appropriate and it does not interfere with your work or the work of others. Accessing sites that display pornographic material is not an acceptable use and will result in disciplinary action.

Confidential and Proprietary Information – Our Standard

Disclosure of confidential or proprietary information can put the Company at a competitive disadvantage or could hurt or embarrass employees, customers, the Company, or ventures in which it participates.

Not only must you avoid disclosure but you must also take



all necessary steps to prevent others from illegally obtaining Company confidential and proprietary information.

Confidential and proprietary information includes such things as pricing and financial data, customer names and addresses, trade secrets, patent applications, processes, and formulae, and also nonpublic information about other companies, including current or potential suppliers and vendors.

The protection of the personal information of our co-workers is also vital to our continued success and the maintenance of our reputation. Information such as addresses, home phone numbers, salary or medical information, and performance appraisals are private.

We also respect the confidential and proprietary information of third parties, and we do not engage in unethical or illegal means to obtain confidential information or proprietary data belonging to others.

Employee Responsibilities

- Know what constitutes proprietary information, especially as it relates to your job responsibilities. All employees are required to sign a Confidentiality Agreement upon joining the Company. Ask questions if you are uncertain about what's covered.
- Do not post confidential Company information on internet message boards or social networking sites.

- Private information about our co-workers should never be shared with anyone who does not have an appropriate business reason for receiving it.
- Do not disclose to Company personnel or use for the Company's business any confidential information in your possession as a result of prior employment with another company.
- Avoid the unauthorized receipt of proprietary information from others. Should you receive unauthorized proprietary information, notify the Legal Department or the Chief Compliance Officer immediately.
- Never solicit confidential information from a third party.

To help protect our sensitive and confidential information:

- Never send confidential information to unattended fax machines or printers.
- Never discuss confidential information loudly or openly when others might be able to hear.
- Never share B&W's proprietary information with customers or suppliers without proper approval.

Integrity of Records and Accounting Procedures – Our Standard

We create documents and records in the normal course of business to assist in our decision-making process and to document our compliance with laws, regulations, and Company policies and procedures. All entries in the Company's books, records and accounts must be complete, accurate, and fairly reflect our business transactions conforming to applicable accounting standards and legal requirements. This pertains to all books, records, and information in any medium, including hard copies, electronic records, emails, video, backup tapes, and other media.

Q: It doesn't really matter if expenses are recorded a little early or late, right? I'm not making anything up.

A: It is important that all transactions are recorded when they come in, for legal and operational reasons. In most of our manufacturing and construction operations we report financial results and are compensated on a percent-of-completion basis or on a milestone basis. This requires an accurate measurement of progress to date and an accurate forecast of cost to complete, as that has a direct impact on the earnings reports filed by the Company and reported to the SEC and the Company's shareholders.

Whatever your part in this process, you are required to be honest and forthcoming – if you believe a transaction or payment cannot be accurately documented without raising legal questions or embarrassing the Company, the transaction should not be completed and you should notify your supervisor.

We must not improperly influence, manipulate or mislead any authorized audit, nor interfere with any auditor engaged to perform an internal independent audit of B&W books, records, processes, or internal controls.

Essential information used for reporting, auditing, and other critical purposes must be retained in a recoverable format and it must be managed securely throughout the information's life cycle.

No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records. It is never acceptable to create false or misleading records or otherwise conceal the truth from B&W's management, auditors, or regulators.

Employee Responsibilities

- Always classify, store and preserve records so that they are safe and protected.
- Dispose of books and records only in accordance with our policies.
- Don't create or use hidden cash or bank accounts for any purpose. Except for normal and customary petty cash funds, which are strictly controlled, cash transactions are not allowed.
- If you become aware of litigation, investigations, or audits suspend all record destruction.
- If you change jobs or leave B&W, be sure to transfer custody of all relevant books and records.
- If you approve reports and/or documents created by others, read them carefully and satisfy yourself that they are complete and accurate. Your signature is important – make sure you fully understand the implications before signing off on a document.
- If you are asked by any outside person, group, or agency to provide access to records or documents maintained by the Company, you must first discuss the request with the Legal Department or the Chief Compliance Officer.

Communicating with the Public – Our Standard

Today, businesses are under intense scrutiny from the press and the public and there are an unprecedented number of outlets for business information and news. In this environment, it is important that only authorized persons speak on behalf of B&W. We need a clear consistent voice when providing information to investors, analysts, the media and the general public.

Unless you are authorized by Business and Employee Communications or Investor Relations, never give the impression that you are speaking on behalf of the Company, either verbally, written or electronically.



Care should be taken when talking with journalists or writing communications that might be published. If you participate in on-line forums, blogs, newsgroups, chat rooms, or bulletin boards, never give the impression that you are speaking on behalf of B&W and, before you hit the 'send' button, think carefully. Never send emails or post confidential information or material that could be perceived as damaging to the Company's reputation.

Employee Responsibilities

- Never respond to media inquiries or initiate contact with the media, unless specifically authorized to do so by B&W Business and Employee Communications.
- Be alert to situations in which you may be perceived to be representing or speaking on behalf of the Company. Presentations and speeches that become public should be reviewed by Business and Employee Communications and your Group Legal Department, as appropriate.
- In situations where you may be sharing information about our government operations, be sure to obtain the appropriate customer approval and consult with Business and Employee Communications prior to the public release of information. Failure to follow these strict guidelines may damage our contracts.
- Refer all inquiries from the media, financial analysts and investors to Corporate Investor Relations or Business and Employee Communications. Regulatory or governmental inquiries should be referred to the General Counsel or your respective

Our Responsibilities as Corporate Citizens

Political and Charitable Contributions – Our Standard

We encourage employees to participate in the political process, and to support charitable causes, always keeping in mind that your political and charitable activities are a personal matter. B&W employees who wish to make contributions to political parties, candidates or campaigns for public office or make donations to charities must do

If you experience such pressure, especially from a supervisor, report it.

- Do not solicit contributions or distribute non-work related materials during work hours.
- You must never make a political or charitable



Q: I will be attending a fund raiser for a candidate for local office. Is it OK to list my position at B&W as long as I don't use any company funds or resources?
 A: No. You may not associate the Company in any way with your personal political activities.

so in their own name, on their own behalf, and not as representatives of the Company.

The Company has legally established a B&W Political Action Committees (PAC). You may wish to contribute to the PAC, but your participation is voluntary.

Charitable and other contributions on behalf of B&W must be approved in advance via the Contributions and Membership Policy.

Employee Responsibilities

- Never put pressure on a colleague to participate in a political cause or to make a charitable contribution.

contribution with the intent to improperly influence someone.

- All political and charitable contributions made on behalf of the Company must be accurately recorded in the Company's books and records.

Fair Business Competition – Our Standard

B&W believes in free and fair markets and we compete in a legal and ethical manner on the basis of the quality of our services. We are committed to compliance with fair competition and anti-trust laws that apply in the markets

in which we operate. These laws are intended to prohibit practices that restrain trade or unduly limit free and fair competition.

Fair competition violations include agreements with customers, suppliers, competitors, and others, such as:

- Mutual understandings to control prices.
- The boycotting of certain suppliers or customers.
- Attempting to affect competition by selling the same product at different prices to different customers.
- Making agreements to rig bids or proposals.
- The allocation of products, territories or markets.

All employees should be aware of our policies in this area, but this is especially important for individuals in marketing, sales, purchasing and related positions, as well as those who are members of trade and professional associations or individuals planning to attend meetings of such groups.



Remember: Fair competition and anti-trust laws are complex and can have an impact on our business in

many ways, including with regard to our suppliers and sales. Violation of the rules can have serious consequences for the Company as well as for anyone acting on our behalf.

Employee Responsibilities

- Do not enter into agreements with customers, suppliers, competitors or others that are intended to unfairly limit competition.
- Make purchases strictly on the basis of quality, price, and service.
- Do not share information with a competitor about our customers, pricing or market strategies.
- Don't discuss any aspect of bidding with any of our competitors.
- Never share competitor information with customers or vendors.
- Never discriminate unfairly in terms of price or services between similar customers.
- When you have any doubt about dealings with competitors, suppliers, or customers, you must consult with your Group Legal Department or contact Ethics and Compliance.

Insider Trading – Our Standard

State and federal law and Company policy prohibit buying or selling Company securities while in possession of material nonpublic information. Material information can include information about mergers/acquisitions, financial results and projections, legal proceedings, contract awards, or other business dealings.

Information is considered to be public only when it has been released through appropriate channels, such as broadly disseminated press releases, and enough time has elapsed to permit the investment market to absorb and evaluate the information. Company policy requires that two full trading

days must have elapsed after the public release of material information before an individual may resume trading in that company’s stock or securities.

Directors and certain other designated persons have additional responsibilities and must obtain approval from the General Counsel prior to trading in Company securities.

Employee Responsibilities

- Don’t post nonpublic Company information on Internet message boards or social networking sites.
- Don’t share material nonpublic information with anyone who doesn’t have a Company business related need for such information, including your spouse, family, and friends.
- Carefully adhere to the designated trading windows, blackout periods, and other requirements of Company policy.
- Don’t engage in “tipping” (i.e., making recommendations or expressing opinions as to purchasing or selling Company securities based on material nonpublic information).

Corruption and Anti-bribery – Our Standard

Bribery and corruption will harm the Company and our reputation in the market place and will not be tolerated. All employees, agents or representatives of B&W must comply with the Foreign Corrupt Practices Act (FCPA) of the United States and the laws of any other countries which prohibit bribery. Payments of any kind or offers to pay or give anything of value to any foreign public or government official or to representatives of such persons in order to further Company business are not permitted. Similarly, such payments are not to be made through joint ventures or other affiliates doing business abroad.

The FCPA also requires that we maintain a system of internal accounting controls, and that our books and records accurately reflect all transactions.



Note that while the FCPA does allow “facilitating” or “expediting payments” (normally payments of modest amounts to speed up or initiate the performance of routine and expected government services to which the Company is legally entitled), these payments must be accurately reflected in our corporate books and records. For more information on facilitating payments, consult your Group Legal Department or the Chief Compliance Officer.

Q: I’m not a Director or an executive, so I can’t get into trouble for Insider Trading, can I?

A: Yes, you can. Any employee could learn information about B&W or another company that is material and nonpublic. You must not use this type of information to make decisions about stocks and securities, and you should be careful not to pass inside information to anyone, including family or friends, who might make a trade based on that information.

Employee Responsibilities

- Never offer or give anything illegal to an agent, representative, intermediary or employee of another company or a public official to influence any action in connection with the recipients' position or in relation to that company's affairs or business.
- Never offer or give any improper advantages such as improper commissions, brokerages, kickbacks, rebates or other compensation to an agent, representative, intermediary or employee of another company or a public official.



- Comply with the commercial bribery laws of the countries in which we conduct business or work.
- Provide adequate documentation for all Company payments.
- Obtain written approval of the General Counsel and the Chief Compliance Officer prior to making any facilitating payment.

Trade Restrictions and Export Controls – Our Standard

The Company respects all U.S. and foreign laws pertaining to export controls and trade restrictions, as well as U.S. anti-boycott provisions. U.S. law requires that specific licenses must be received before the export or re-export of U.S.-origin products, services or technology to specified countries or entities, as well as to, or for, certain end users.

The following are examples of actions that are prohibited by U.S. trade restrictions and export control laws:

- Dealing with specifically identified boycotted countries or persons or entities acting on their behalf.
- Transactions involving certain named narcotics traffickers and terrorists.
- Unlicensed exports for end uses related to nuclear explosives, missiles, chemical and biological weapons, and maritime nuclear propulsion.

U.S. laws also prohibit anyone acting on behalf of the Company from participating in boycotts not sanctioned by the U.S. government. The Company is also required to promptly report any request to join in, support, or furnish information concerning a non-U.S. boycott.

It is imperative that you know who you are dealing with and the ultimate destination and end use of products that we sell.

You are expected to obtain advice from your Group Legal Department or Procurement department before you make any commitments concerning export or re-export of goods, services, technology or software.

Q: I'm planning to have lunch with a potential client who is a national of a foreign country but lives and works in the U.S. Do I need to worry about export controls yet?

A: Yes, according to the law an oral discussion with any foreign person – even someone inside the United States – that discloses technical information is considered an export. You should consult the Legal department before having the meeting.



Employee Responsibilities

- Before engaging in any export/import transaction, be sure that the transaction is not prohibited, you have applied for and received all regulatory approvals and you have secured all needed licenses.
- If you are regularly involved in export or import, be thoroughly familiar with government prohibitions and source-specific information regarding them.
- Remember that displaying any technical data at both foreign and domestic trade shows may require export authorization.
- You must not do anything that would facilitate business with any country subject to an embargo by the United States or by the host country.
- Be familiar with the Company's Anti-Boycott Policy, its checklist of criteria for potential offending language

or provisions, and its list of boycotting countries.

- Promptly report any request for information concerning a foreign boycott – and any other information you may learn about such a boycott – to the Legal Department.
- Take reasonable measures to ascertain the “end-user” identity, the location and intended use for products that are exported.

Environmental Stewardship – Our Standard

One of B&W's Core Values is the protection of the natural environment and its use. This translates into positive health and safety of our employees and the communities in which we operate.



We strive to continuously improve our environmental performance through resource conservation and efficient practices. From our clean coal technologies to handling hazardous waste, B&W is committed to providing a safe and rewarding environment for everyone who encounters our Company.

We measure our environmental performance and work to promote environmentally friendly practices that respect our environment and our natural resources.

Employee Responsibilities

Each of us must do our part to help meet B&W's environmental goals:

- Take responsibility for ensuring that our operations meet applicable government and Company standards.
- Safely handle, transport and arrange for the disposal of raw materials, products and wastes in an environmentally responsible manner.
- Promptly report any breaches of environmental protection laws or B&W's policies.
- Participate in all required training so as to develop and improve your skills and knowledge and perform your job safely and in an environmentally sound manner.

Web site for B&W Policies and Procedures:
<http://ourbw.babcock.com/BWResources/PoliciesProcedures/>

Employee

Receipt and Acknowledgement

I acknowledge that I have received my personal copy of The Babcock & Wilcox Company Code of Business Conduct, and that as an employee of The Babcock & Wilcox Company, or one of its subsidiaries or affiliates, I am responsible for knowing and adhering to the standards outlined in it.

Signature _____

Date _____

Name (please print) _____

Employee Number _____

Company _____

Location _____

Vendors, Independent Contractors and Others

Receipt and Acknowledgement

I acknowledge that I have received my personal copy of The Babcock & Wilcox Company Code of Business Conduct, and that I, individually, and my employer, if any, will adhere to the standards outlined in it in all business activities with The Babcock & Wilcox Company, or any of its subsidiaries or affiliates.

Signature

Date

Name (please print)

Employer

Location





Code of Business Conduct



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