



# Off-Season Shareholder Engagement

November 2016



# Company Profile

*B&W is a global leader in custom engineered energy and environmental solutions*

**Headquarters:** Charlotte, NC

**Ownership:** Public (NYSE:BW)

**Revenue:** ~\$1.7B

**Chairman & CEO:** E. James Ferland

**Employees:** Approximately 5,700 employees, in addition to 2,500 joint venture employees worldwide

**Locations:** 28 countries

**Founded:** 1867

Business Model Delivers Maximum Customer Value, and thus Shareholder Value, through

- Custom Technologies
- Engineered Solutions
- Aftermarket Service Offerings



# Consistent Strategic Focus...

## Power

Aftermarket parts and services  
Utility steam generation  
Industrial power  
Environmental solutions



**Optimize Our Legacy Business  
and Improve Efficiency**

## Renewable

Waste-to-energy solutions  
Biomass power solutions  
Environmental solutions  
Operations and maintenance



**Pursue Core Growth in  
Global Markets**

## Industrial

Air pollution control systems  
Engineered equipment  
Wet and dry cooling systems  
Aftermarket solutions



**Execute a Disciplined Acquisition  
Program to Drive Growth and  
Diversification**

**...is well-aligned with our three business segments**

# Investment Highlights



## *Strong Foundation*



**Great Brand Associated with Quality, Reliable Delivery and Innovation**



**Customer and Strategic Partner Relationships**



**Experienced Management Team**



**Recurring Aftermarket Services Business**

## *Significant Earnings Upside*



**Three-Pronged Growth Strategy Aligned with Businesses**



**Technology Leader in Global Power Generation**



**Established Platform in Industrial Environmental and Cooling Systems**



**Strong Balance Sheet Enables Strategy Execution**

# Successful Track Record of Executing Strategic Priorities and Building Long-term Shareholder Value

## Strong Leadership



**Jim Ferland, Chairman and CEO**

Jim Ferland joined The Babcock & Wilcox Company (BWC) in April 2012 as President and Chief Executive Officer. Before that, he served as President of the Americas division at Westinghouse Electric Company.

### Highly Qualified to Lead

- ✓ Accomplished executive with more than 25 years of experience in the commercial power and utility industry
- ✓ Demonstrated ability to take swift actions and make tough decisions in the interests of shareholders
- ✓ Oversaw key acquisition and integration of industrial products and services firm MEGTEC
- ✓ Led BWC's outperformance among industry peers on a relative TSR basis over three-year tenure as CEO
- ✓ Guided successful completion of value-creating spin-off transaction of BWC's Power Generation business

## Key Accomplishments since Spin-off

- ✓ Focus on profitability and return metrics while managing against industrial and power market headwinds
- ✓ Proactive restructuring of Power business ahead of U.S. coal power market downturn
- ✓ \$172 million acquisition of SPIG, a global cooling system and services business
- ✓ Returned \$100 million of capital to shareholders through share repurchases

**At the board's request, Mr. Ferland chose to stay with the smaller of the two companies following the spinoff in order to maximize shareholder value**



# Well Qualified and Diverse Board of Directors



**Jim Ferland**  
Chairman and CEO  
Babcock & Wilcox Enterprises



**Thomas Christopher**  
Former President and CEO  
AREVA NP



**Stephen Hanks**  
Former President and CEO of Washington  
Group International



**Cynthia Dublin**  
Former Finance Director  
JKX Oil & Gas



**Anne Pramaggiore**  
President and Chief Executive Officer  
ComEd



**Brian Ferraioli**  
EVP and CFO  
KBR



**Larry Weyers**  
Former Chairman  
Integritys Energy Group

*Dynamic and Diverse Board Provides Valuable Oversight and Guidance*



# Executive Compensation Program Puts Majority of Pay at Risk

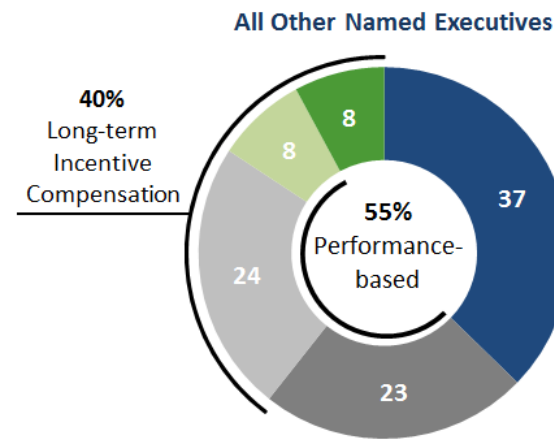
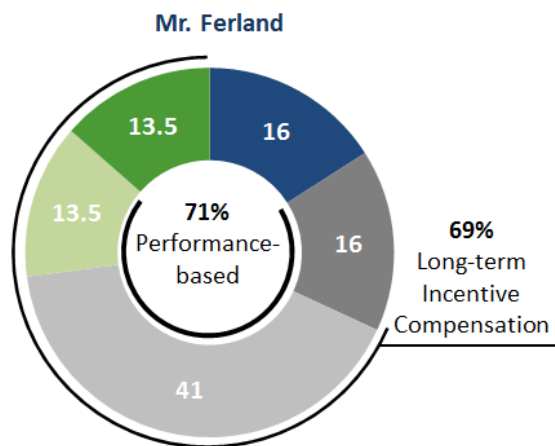
*B&W seeks to provide reasonable and competitive compensation within a “pay-for-performance” framework*

## Compensation Program is designed to:

- 1 Incent and reward annual and long-term performance
- 2 Align interests of B&W executives with shareholders
- 3 Attract and retain well-qualified executives

## Alignment with Shareholder Interests

- Management team will be rewarded only if we deliver shareholder value
- Five financial metrics are used in the incentive plans:
  - Operating Income
  - Free Cash Flow
  - Earnings Per Share
  - Return on Invested Capital
  - Total Shareholder Return



■ Base Salary ■ Annual Incentive ■ Performance RSUs ■ Options ■ RSUs

Note: Pie charts represent 2016 target total direct compensation

# Elements of Executive Compensation Program

Element	Description / Characteristics	Performance Metrics	Primary Objectives
Base Salary	<ul style="list-style-type: none"> <li>Annual fixed cash compensation</li> </ul>	--	<ul style="list-style-type: none"> <li>Attract and retain qualified talent</li> </ul>
Annual Incentive	<ul style="list-style-type: none"> <li>Cash-based compensation</li> <li>100% performance-based</li> <li>No payout if financial performance is below threshold</li> </ul>	<ul style="list-style-type: none"> <li>70% Operating Income and Free Cash Flow</li> <li>20% Pre-Defined, Measurable Individual Metrics</li> <li>10% Safety</li> </ul>	<ul style="list-style-type: none"> <li>Incent and reward annual performance through key metrics aligned with our business and strategy</li> </ul>
Long-term Incentive	<ul style="list-style-type: none"> <li>Long-term equity compensation</li> <li>Mix of performance and time-based awards                             <ul style="list-style-type: none"> <li>60% Performance restricted stock units</li> <li>20% Stock options</li> <li>20% Time-based restricted stock units</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>60% EPS (3 year cumulative)</li> <li>20% ROIC</li> <li>20% Relative TSR</li> </ul>	<ul style="list-style-type: none"> <li>Incent and reward long-term performance</li> <li>Align interests of executives with stockholders over the long term</li> </ul>



# Executive Compensation Governance

- ✓ "Pay-for-performance" philosophy emphasizes compensation tied to creation of shareholder value
- ✓ Annual CEO performance evaluation process by independent directors
- ✓ Double-trigger on change-in-control agreements
- ✓ Thorough process for setting rigorous performance goals
- ✓ Multiple performance metrics for annual and long-term incentive compensation
- ✓ Clawback provisions in incentive compensation plans
- ✓ Policies prohibiting executives from hedging or pledging company stock
- ✓ Strong stock ownership guidelines for executives (*5x base salary for CEO*) and directors (*5x annual retainer*)
- ✓ No tax gross-ups on change-in-control benefits

# Corporate Governance

The Board regularly reviews current governance trends and the governance provisions of similarly-sized companies to determine the appropriate governance structure for B&W

Based on our research, B&W has corporate governance practices and policies consistent with other companies that have recently been spun-off

As we move further from the spinoff in 2015, the Board will determine whether any governance provisions that were adopted in connection with the spinoff remain necessary (e.g., to protect the tax-free benefits of the spinoff in the event of an unsolicited takeover bid)

