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E. James (Jim) Ferland
President & Chief Executive Officer

April 2, 2015

The Honorable John Thune
Co-Chair
Business Income Tax Reform Working Group
Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Benjamin Cardin
Co-Chair
Business Income Tax Reform Working Group
Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Thune and Chairman Cardin:

The Babcock & Wilcox Company (B&W) appreciates the opportunity to provide comments regarding business income tax reform. We applaud and encourage the efforts of the Senate Finance Committee to improve the tax code in order to level the playing field so that U.S.-based businesses can be more competitive in the global market place and in attracting capital investment.

Headquartered in Charlotte, N.C., The Babcock & Wilcox Company (B&W) is a leader in clean energy technology and services, primarily for the nuclear, fossil and renewable power markets, as well as a premier advanced technology and mission critical defense contractor. B&W has locations worldwide and employs approximately 11,000 people, in addition to approximately 2,300 joint venture employees. The overwhelming majority of our research and development jobs are located here in the United States.

Currently, the U.S. has the highest marginal corporate income tax rate among Organization for Economic Cooperation and Development member countries, effectively putting domestic companies at a significant global competitive disadvantage. With a 35% rate on corporate profits, the U.S. is out of step with other major industrialized nations that have been cutting their corporate tax rates over the past two decades.

Our primary message is that U.S. tax policy should help and not hinder U.S.-based companies to compete in the global marketplace. It should provide a level playing field for domestic businesses compared to foreign competitors when conducting business abroad and at home.

One essential element in any effort to reform the tax code must be for the U.S. to lower its corporate tax rate to 25%, or below. We believe that much of the debate over other aspects of comprehensive tax reform will take on less importance if we can achieve a fair and competitive U.S. corporate tax rate. We recognize that to reach that rate, certain tax deductions and credits may need to be modified or repealed. We would caution however, that U.S. manufacturers should not bear an undue or disproportionate burden in this process compared to other business and economic sectors.

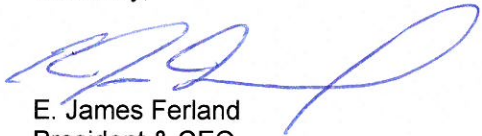
As an innovative U.S.-based multinational corporation, the reform of international tax policy also is critical to our future success. The demand for our products and services around the world provides tremendous opportunities for expansion outside the United States. B&W makes strategic and operational decisions regarding location and allocation of resources according to competitive market factors, demand for our products and sound business practices. Our international tax system should facilitate such growth and allow fundamental business principles to drive our decision-making, and not unduly burden U.S. manufacturing companies trying to compete in foreign markets. Depending on the specific design and how base erosion provisions are structured, a Territorial System generally appears best suited to meet that goal since B&W

would then pay the same level of tax as our competitors when conducting business or making decisions to invest in a foreign location.

Moreover, like our foreign competitors, U.S. multinational businesses should be able to freely and efficiently deploy resources or business income from the conduct of an active foreign trade or business among affiliated entities according to business demands without additional tax cost. As a leader in providing power generation products and services, we must locate some of our operations where our customers are, and many of our major growth markets are outside of the United States. The current U.S. tax rate and structure make it increasingly difficult to conduct business and compete effectively overseas, which in turn impacts the vitality of our business operations and job base here at home.

We hope you find this information helpful as you work through these important issues. If you have any questions or would like to discuss any of these comments further, please feel free to contact myself, or Paul Cappiello, Vice President of Tax, at pvcappiello@babcock.com.

Sincerely,



E. James Ferland
President & CEO
The Babcock & Wilcox Company