



MCDERMOTT INTERNATIONAL, INC. (MDR) – SPIN-OFF DISTRIBUTION

DESCRIPTION:

McDermott International, Inc. (MDR) has announced that it will spin off shares of (New) The Babcock & Wilcox Company (BWC). The distribution ratio is **.50 BWC Common Shares per MDR Common Share**. The record date is July 9, 2010. The mail date is July 30, 2010. **Ex-distribution for this spin-off will be Monday, August 2, 2010.**

The NYSE has determined due-bills for the BWC distribution must accompany each MDR Share delivered after July 9, 2010 in settlement of MDR transactions made prior to the ex-date.

The Babcock & Wilcox Company Common Shares are currently trading when issued on the NYSE under the symbol BWC WI.

Contract Adjustments:

Pursuant to the By-Laws of the Options Clearing Corporation ("OCC"), the below McDermott International, Inc. options will be adjusted as follows.

Adjustment Date:	Monday, August 2, 2010
Option Symbol:	MDR becomes MDR1
Underlying Security:	MDR becomes MDR1
CUSIP:	580037109, 05615F102
Contract Multiplier:	1
Strike Divisor:	1
New Multiplier:	100
Settlement Allocation:	MDR: 50%, BWC: 50%
New Deliverable:	1) 100 McDermott International, Inc. (MDR) Common Shares 2) 50 (New) The Babcock & Wilcox Company (BWC) Common Shares

GTC Order Cancellation:

On Friday, July 30, 2010, immediately after the BOX close, all resting orders for MDR in the order book will be canceled by the BOX Market Operations Center. If a BOX Participant wishes to enter orders for the adjusted MDR1 series, the BOX Participant will need to reenter the orders before the open on Monday, August 2, 2010.

Pricing Considerations: The underlying price for MDR1 will be determined as follows:
 $MDR1 = MDR + .50 (BWC)$

Additional Exchange Info:

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
MDR	C/P	12.50	08/21/2010	MDR1	C/P	12.50	08/21/2010
MDR	C/P	15.00	08/21/2010	MDR1	C/P	15.00	08/21/2010
MDR	C/P	16.00	08/21/2010	MDR1	C/P	16.00	08/21/2010
MDR	C/P	17.50	08/21/2010	MDR1	C/P	17.50	08/21/2010
MDR	C/P	19.00	08/21/2010	MDR1	C/P	19.00	08/21/2010
MDR	C/P	20.00	08/21/2010	MDR1	C/P	20.00	08/21/2010
MDR	C/P	21.00	08/21/2010	MDR1	C/P	21.00	08/21/2010
MDR	C/P	22.00	08/21/2010	MDR1	C/P	22.00	08/21/2010
MDR	C/P	23.00	08/21/2010	MDR1	C/P	23.00	08/21/2010
MDR	C/P	24.00	08/21/2010	MDR1	C/P	24.00	08/21/2010
MDR	C/P	25.00	08/21/2010	MDR1	C/P	25.00	08/21/2010
MDR	C/P	26.00	08/21/2010	MDR1	C/P	26.00	08/21/2010
MDR	C/P	27.00	08/21/2010	MDR1	C/P	27.00	08/21/2010
MDR	C/P	28.00	08/21/2010	MDR1	C/P	28.00	08/21/2010
MDR	C/P	29.00	08/21/2010	MDR1	C/P	29.00	08/21/2010
MDR	C/P	30.00	08/21/2010	MDR1	C/P	30.00	08/21/2010
MDR	C/P	31.00	08/21/2010	MDR1	C/P	31.00	08/21/2010
MDR	C/P	32.00	08/21/2010	MDR1	C/P	32.00	08/21/2010
MDR	C/P	35.00	08/21/2010	MDR1	C/P	35.00	08/21/2010
MDR	C/P	40.00	08/21/2010	MDR1	C/P	40.00	08/21/2010
MDR	C/P	15.00	09/18/2010	MDR1	C/P	15.00	09/18/2010
MDR	C/P	17.50	09/18/2010	MDR1	C/P	17.50	09/18/2010
MDR	C/P	19.00	09/18/2010	MDR1	C/P	19.00	09/18/2010
MDR	C/P	20.00	09/18/2010	MDR1	C/P	20.00	09/18/2010
MDR	C/P	21.00	09/18/2010	MDR1	C/P	21.00	09/18/2010
MDR	C/P	22.00	09/18/2010	MDR1	C/P	22.00	09/18/2010
MDR	C/P	23.00	09/18/2010	MDR1	C/P	23.00	09/18/2010
MDR	C/P	24.00	09/18/2010	MDR1	C/P	24.00	09/18/2010
MDR	C/P	25.00	09/18/2010	MDR1	C/P	25.00	09/18/2010
MDR	C/P	26.00	09/18/2010	MDR1	C/P	26.00	09/18/2010
MDR	C/P	27.00	09/18/2010	MDR1	C/P	27.00	09/18/2010
MDR	C/P	28.00	09/18/2010	MDR1	C/P	28.00	09/18/2010
MDR	C/P	29.00	09/18/2010	MDR1	C/P	29.00	09/18/2010
MDR	C/P	30.00	09/18/2010	MDR1	C/P	30.00	09/18/2010
MDR	C/P	12.50	11/20/2010	MDR1	C/P	12.50	11/20/2010
MDR	C/P	15.00	11/20/2010	MDR1	C/P	15.00	11/20/2010
MDR	C/P	16.00	11/20/2010	MDR1	C/P	16.00	11/20/2010
MDR	C/P	17.50	11/20/2010	MDR1	C/P	17.50	11/20/2010
MDR	C/P	19.00	11/20/2010	MDR1	C/P	19.00	11/20/2010
MDR	C/P	20.00	11/20/2010	MDR1	C/P	20.00	11/20/2010
MDR	C/P	21.00	11/20/2010	MDR1	C/P	21.00	11/20/2010
MDR	C/P	22.00	11/20/2010	MDR1	C/P	22.00	11/20/2010
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MDR	C/P	25.00	11/20/2010	MDR1	C/P	25.00	11/20/2010
MDR	C/P	26.00	11/20/2010	MDR1	C/P	26.00	11/20/2010
MDR	C/P	27.00	11/20/2010	MDR1	C/P	27.00	11/20/2010
MDR	C/P	28.00	11/20/2010	MDR1	C/P	28.00	11/20/2010
MDR	C/P	29.00	11/20/2010	MDR1	C/P	29.00	11/20/2010
MDR	C/P	30.00	11/20/2010	MDR1	C/P	30.00	11/20/2010
MDR	C/P	31.00	11/20/2010	MDR1	C/P	31.00	11/20/2010
MDR	C/P	32.00	11/20/2010	MDR1	C/P	32.00	11/20/2010
MDR	C/P	35.00	11/20/2010	MDR1	C/P	35.00	11/20/2010
MDR	C/P	40.00	11/20/2010	MDR1	C/P	40.00	11/20/2010
MDR	C/P	2.50	01/22/2011	MDR1	C/P	2.50	01/22/2011
MDR	C/P	5.00	01/22/2011	MDR1	C/P	5.00	01/22/2011
MDR	C/P	7.50	01/22/2011	MDR1	C/P	7.50	01/22/2011
MDR	C/P	10.00	01/22/2011	MDR1	C/P	10.00	01/22/2011
MDR	C/P	12.50	01/22/2011	MDR1	C/P	12.50	01/22/2011
MDR	C/P	15.00	01/22/2011	MDR1	C/P	15.00	01/22/2011
MDR	C/P	16.00	01/22/2011	MDR1	C/P	16.00	01/22/2011
MDR	C/P	17.50	01/22/2011	MDR1	C/P	17.50	01/22/2011
MDR	C/P	19.00	01/22/2011	MDR1	C/P	19.00	01/22/2011
MDR	C/P	20.00	01/22/2011	MDR1	C/P	20.00	01/22/2011
MDR	C/P	21.00	01/22/2011	MDR1	C/P	21.00	01/22/2011
MDR	C/P	22.50	01/22/2011	MDR1	C/P	22.50	01/22/2011
MDR	C/P	24.00	01/22/2011	MDR1	C/P	24.00	01/22/2011
MDR	C/P	25.00	01/22/2011	MDR1	C/P	25.00	01/22/2011
MDR	C/P	26.00	01/22/2011	MDR1	C/P	26.00	01/22/2011
MDR	C/P	27.00	01/22/2011	MDR1	C/P	27.00	01/22/2011
MDR	C/P	29.00	01/22/2011	MDR1	C/P	29.00	01/22/2011
MDR	C/P	30.00	01/22/2011	MDR1	C/P	30.00	01/22/2011
MDR	C/P	35.00	01/22/2011	MDR1	C/P	35.00	01/22/2011
MDR	C/P	40.00	01/22/2011	MDR1	C/P	40.00	01/22/2011
MDR	C/P	45.00	01/22/2011	MDR1	C/P	45.00	01/22/2011
MDR	C/P	50.00	01/22/2011	MDR1	C/P	50.00	01/22/2011
MDR	C/P	55.00	01/22/2011	MDR1	C/P	55.00	01/22/2011
MDR	C/P	60.00	01/22/2011	MDR1	C/P	60.00	01/22/2011
MDR	C/P	12.50	02/19/2011	MDR1	C/P	12.50	02/19/2011
MDR	C/P	15.00	02/19/2011	MDR1	C/P	15.00	02/19/2011
MDR	C/P	17.00	02/19/2011	MDR1	C/P	17.00	02/19/2011
MDR	C/P	18.00	02/19/2011	MDR1	C/P	18.00	02/19/2011
MDR	C/P	19.00	02/19/2011	MDR1	C/P	19.00	02/19/2011
MDR	C/P	20.00	02/19/2011	MDR1	C/P	20.00	02/19/2011
MDR	C/P	21.00	02/19/2011	MDR1	C/P	21.00	02/19/2011
MDR	C/P	22.00	02/19/2011	MDR1	C/P	22.00	02/19/2011
MDR	C/P	23.00	02/19/2011	MDR1	C/P	23.00	02/19/2011
MDR	C/P	24.00	02/19/2011	MDR1	C/P	24.00	02/19/2011

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
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MDR	C/P	27.00	02/19/2011	MDR1	C/P	27.00	02/19/2011
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MDR	C/P	29.00	02/19/2011	MDR1	C/P	29.00	02/19/2011
MDR	C/P	30.00	02/19/2011	MDR1	C/P	30.00	02/19/2011
MDR	C/P	35.00	02/19/2011	MDR1	C/P	35.00	02/19/2011
MDR	C/P	12.50	01/21/2012	MDR1	C/P	12.50	01/21/2012
MDR	C/P	15.00	01/21/2012	MDR1	C/P	15.00	01/21/2012
MDR	C/P	17.50	01/21/2012	MDR1	C/P	17.50	01/21/2012
MDR	C/P	20.00	01/21/2012	MDR1	C/P	20.00	01/21/2012
MDR	C/P	22.50	01/21/2012	MDR1	C/P	22.50	01/21/2012
MDR	C/P	25.00	01/21/2012	MDR1	C/P	25.00	01/21/2012
MDR	C/P	30.00	01/21/2012	MDR1	C/P	30.00	01/21/2012
MDR	C/P	35.00	01/21/2012	MDR1	C/P	35.00	01/21/2012

Questions regarding this memo can be addressed to the BOX Market Operations Center at 617-235-2291 or toll free at 1-866-768-8845.