

Effective March 1, 2007

McDERMOTT INTERNATIONAL, INC.

Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”), in its capacity as a committee of the Board of Directors (the “Board”) of McDermott International, Inc. (including its subsidiaries, the “Company”), has overall responsibility for evaluating officer and director compensation plans, policies and programs and the employee benefit programs of the Company and approving such and/or recommending such for approval by the Board. In addition, the Committee shall review and report to the Board on programs and plans for management development.

The Committee is also responsible for overseeing Company disclosures relating to such compensation plans, policies and programs.

Committee Membership

The Compensation Committee shall consist of no fewer than three members, each of whom shall meet the independence requirements of the New York Stock Exchange and be qualified to discharge the Committee’s responsibilities.

The members of the Compensation Committee shall be appointed annually by the Board (and may be removed by the Board) on the recommendation of the Governance Committee. The Chairman of the Committee shall be designated by the Board.

Oversight Areas

- Compensation strategy.
- Compensation policies and programs.
- Compensation levels for the Company’s Chief Executive Officer (“CEO”), other executive officers, and management personnel.
- Management development.
- Compensation and employee benefit plans.
- Periodic review of the Company’s defined benefit plans (qualified and non-qualified).
- Administration of stock bonus plans, stock option plans, non-employee director stock plans, and other executive and director compensation arrangements.
- Retention of compensation consultants and/or outside counsel to advise the Committee on compensation-related matters.

Agenda Items

The activities of the Compensation Committee shall be developed from year to year by the Committee in consultation with management. The Compensation Committee should meet at least three times a year, and review the following issues at such meeting(s) as determined by the Committee in its discretion:

- Compensation objectives and strategy.
- Long term incentive awards, including awards of restricted stock, stock options and performance units.
- Base salaries (executive officers).
- Top management bonuses.
- Non-equity incentive plans.
- Status reports on all plans over which the Committee has responsibility including stock plans, defined benefit plans, executive and outside director compensation arrangements, and pension and welfare arrangements whether applicable to executives or employees generally.
- Policies and processes for development of employees.
- Appointment of independent consultant.

Committee Authority and Responsibilities

1. The Compensation Committee shall guide the establishment of overall corporate compensation objectives and monitor compensation structures of the Company to determine that they create appropriate compensation opportunities for officer employees that are consistent with those objectives. Incentives, while industry-dependent and tailored for different categories of officers, should further the Company's long-term strategic plan and the overall goal of enhancing enduring shareholder value.
2. The Compensation Committee shall review, approve and oversee all employee benefit and related programs adopted by the Company. The Compensation Committee's oversight of the Company's qualified and nonqualified defined benefit plans shall exclude those oversight responsibilities designated in the Finance Committee Charter or otherwise delegated to the Finance Committee by the Board.
3. The Compensation Committee shall annually review and approve and/or make recommendations to the Board with respect to the compensation of the Company's elected officers (other than the CEO and the CEO's direct reports).
4. The Compensation Committee shall periodically review and make recommendations to the Board with respect to amendments to and adoption of Company incentive-compensation plans and equity-based plans.
5. The Compensation Committee shall, for the CEO and the Company's officers who report directly to the CEO, annually review and approve and/or make recommendations to the Board with respect to (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.

In determining the long-term incentive component of compensation, the Compensation Committee may consider such factors as the Compensation Committee deems appropriate including, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards at comparable companies, and the awards given in past years. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate (in cooperation with the Governance Committee) the CEO's performance in light of those goals and objectives, and set the CEO's compensation levels based on this evaluation.

6. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist the Committee in the discharge of its responsibilities and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall have the authority to engage independent or outside counsel, accountants or other advisors, in each case of its choice and as it determines to be necessary or appropriate.
7. The Compensation Committee may form and delegate authority to subcommittees when the Compensation Committee determines it appropriate to do so.
8. The Compensation Committee shall make regular reports to the Board.
9. The Compensation Committee shall oversee the preparation of the Company's Compensation Discussion and Analysis and shall prepare a report for inclusion in the Company's annual proxy statement, under the names of all Committee members, stating whether the Committee:
 - a. Reviewed and discussed the Compensation Discussion and Analysis with management; and
 - b. Based upon that review and discussion, recommended to the full Board that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K or proxy statement.
10. The Compensation Committee shall annually evaluate its own performance and report such assessment to the Board and/or the Governance Committee.
11. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
12. The Compensation Committee shall take such other actions and undertake such other activities as may be referred to it from time to time by the Board.