

**As Amended Effective
August 3, 2011**

McDERMOTT INTERNATIONAL, INC.

Corporate Governance Guidelines

These Corporate Governance Guidelines have been adopted by the Board of Directors of McDermott International, Inc. (the “Company”) to assist in the performance of its duties and the exercise of its responsibilities and in accordance with the listing requirements of the New York Stock Exchange. The Corporate Governance Guidelines reflect the Board’s current thinking with respect to corporate governance issues and will be periodically reviewed and are subject to change from time to time by the Board upon the recommendation of the Governance Committee.

In general, these Corporate Governance Guidelines are intended as general guidelines. Except where the Corporate Governance Guidelines reflect requirements of the New York Stock Exchange for listed companies, they are neither intended to be, nor are they, rigid rules that govern the activities of the Board of Directors of the Company (the “Board of Directors” or the “Board”), and they may need to be revised or updated from time to time in order to respond to business changes and the needs of the Board, the Company and its shareholders. The Corporate Governance Guidelines do not, and are not intended to modify or to constitute an interpretation of the Panama General Corporation Law, the Company’s Articles of Incorporation or By-Laws, or any Federal, state or local law or regulation.

1. Director Qualifications

The Board of Directors will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Governance Committee is responsible for assessing, on an annual basis, the skills and characteristics that candidates for election to the Board at its next annual meeting should possess, as well as the composition of the Board as a whole, and for making appropriate recommendations to the Board. This assessment will include the qualifications under applicable independence standards and other standards applicable to the Board and its committees, as well as consideration of skills and experience in the context of the needs of the Board. The Board recognizes the benefits of a diversified board and believes that any search for potential director candidates should consider diversity as to gender, ethnic background and personal and professional experiences. No director shall be considered independent unless the Board affirmatively determines that he or she has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board has adopted the categorical standards for director independence set forth on Exhibit A to assist it in making independence determinations. The Board shall consider on a case by case basis the independence of each director, assisted by any categorical standards adopted. The Governance Committee, in accordance with the provisions of its charter, will recommend nominees for directorship to the full Board. Any invitation to join the Board should be extended by the Chairman of the Board or the Lead Director, on behalf of the Board.

The Company's Articles of Incorporation provide that the number of directors will be fixed from time to time by the Board. Periodically, the Governance Committee shall review the size of the Board and its committees and report to the Board the results of its review and any recommendations for change. It is the sense of the Board that a size of 8 to 12 directors is appropriate for the Company, based on the Company's present circumstances. However, the Board, at its sole discretion, may consider increasing its membership in order to accommodate the availability of an outstanding candidate or candidates.

It is the sense of the Board that an individual director who intends to change his or her professional occupation or association, including the acceptance or termination of employment, directorship or a significant consulting arrangement, in each case that he or she held when last elected to the Board (other than a change anticipated and disclosed to the Board at the time of nomination for the last election), or breaches an ethical standard set forth in the Company's Code of Business Conduct, should advise the Chairman of the Governance Committee and the Company's General Counsel and, if requested by the Governance Committee after review and approval by the Board (excluding the director at issue), volunteer to resign from the Board and any committees of the Board on which he or she serves. It is not the sense of the Board that every such change in position or breach by a director should necessarily result in the director's stepping down from the Board or its committees. There should, however, be an opportunity for the Board, through the Governance Committee, to review the continued appropriateness of Board and committee membership under the circumstances and to avoid any potential conflicts of interest or inadvertent impairments to a director's independence.

No director should serve on so many other public company boards or have such other obligations that his or her ability to devote the necessary time and attention to duties to the Board or to the Company's affairs would be compromised. Determination of the existence of such a situation would be subject to the discretion of the Governance Committee. Directors should advise the Chairman of the Board, the Chairman of the Governance Committee and the Company's General Counsel in advance of accepting an invitation to serve on another company's board (whether public or private) to determine that the new directorship would not cause any issues under section 8 of the Clayton Act, the Company's Code of Ethics (including the conflict of interest policy) and other applicable governance principles.

The Company's By-Laws include a mandatory retirement provision that prohibits the nomination of any director for a new term if he or she would be age 72 or older prior to the date of election and requires a director to resign at the next annual meeting of stockholders following the date he or she turns 72 years of age. The Board does not believe it should otherwise establish limits on a director's term. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they present the disadvantage of causing the loss of the contributions of directors who have been able to develop, over a period of time, extensive insight into the Company and its operations and who are capable of providing continuing contributions to the Board. As an alternative to term limits, the Governance Committee will review each director's qualifications, suitability and willingness to continue on the Board in connection with the selection of nominees to take office when the director's term expires. This review will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

2. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by applicable law and the Company's Articles of Incorporation, By-Laws and any indemnification agreements approved by the Board, and to exculpation as provided in the Company's charter.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should ordinarily be distributed in writing (including in electronic form) to the directors before the meeting, and directors should review these materials in advance of the meeting to be prepared to contribute substantially at the meeting. It is also the policy of the Board that each director should make reasonable efforts to attend the annual meeting of shareholders of the Company.

The independent directors will elect a Chairman of the Board, who may or may not be the Chief Executive Officer of the Company (the "CEO"). If the individual elected as Chairman of the Board is the CEO, the independent directors shall also elect a "Lead Director" from the independent directors. The Board has no policy requiring either that the positions of the Chairman of the Board and of the CEO should be separate or that they should be occupied by the same individual. In addition, the Board has no general policy on whether, if such offices are separate, the Chairman of the Board should be selected from the non-employee directors or be an employee. The Board believes that this issue is properly addressed as part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination on these matters when it elects a new CEO or at other times consideration is warranted by circumstances.

The Board shall meet at least five times per year. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chairman of the Board, together with the CEO (if these offices are held by two individuals) and the Corporate Secretary, will prepare an annual schedule of meetings for the Board and the standing committees of the Board. To the extent practicable, the schedule shall reflect agenda subjects that are generally of a recurring nature and are expected to be discussed during the year in question.

The Chairman of the Board, together with the CEO (if these offices are held by two individuals) and Corporate Secretary, will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year. As deemed appropriate by the Board as part of its risk oversight role, the Board will review reports from management regarding the Company's material risks and assess the efforts in place to manage such risks.

The non-management directors will meet regularly in executive session without management participation at least semi-annually. The Chairman of the Board or the Lead Director may call regular and special meetings of the non-management directors. In addition, if the group of non-management directors includes a director who is not independent under New York Stock Exchange listing standards, the independent directors will meet in executive session at least semi-annually. The director who presides at these executive sessions will be the Chairman of the Board, if he or she is an independent director, otherwise, the Lead Director, or if he or she is not present, a presiding director will be chosen by a vote of the non-management directors or independent directors, as the case may be, and, will preside over these executive sessions. In addition, interested parties may communicate directly with the independent directors by submitting a communication in an envelope addressed to the “Board of Directors (independent members)” in care of the Company’s Corporate Secretary or, for Company employees only, by complying with the procedures set forth in the Company’s Code of Business Conduct. All such communications shall be forwarded to the independent Chairman or Lead Director, as the case may be, for their review.

The Board believes that management should speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management. Accordingly, Board members shall promptly advise management if approached by outside constituencies regarding Company business.

In an election of directors where the number of director nominees does not exceed the number of directors to be elected, the Board expects any incumbent director nominee who does not receive a “for” vote by a majority of shares present in person or by proxy and entitled to vote and actually voting on the matter to promptly tender his or her resignation to the Governance Committee (provided that, for the avoidance of doubt, any shares subject to “broker non-votes”, as defined under the rules of the New York Stock Exchange, shall not be considered as actually voting on the matter). The Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will consider the recommendation and take appropriate action within 120 days from the date of the certification of the election results. The resignation of a director pursuant to this paragraph shall not be effective unless and until it is accepted by the Board.

3. Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Governance Committee. Members of these committees will meet the requirements of “independent directors” as required under the New York Stock Exchange listing standards. In addition, the Board may, from time to time, establish or maintain additional committees as necessary or appropriate, and has determined it appropriate to maintain a Finance Committee at this time.

Members of committees of the Board will be appointed or approved by the Board at least annually following receipt of the recommendations of the Governance Committee and with consideration given to the criteria set forth in the applicable committee charter as well as the

desires of individual directors. Each committee shall have one member of the committee as its chairman as designated by the Board. However, no member of a committee of the Board may serve as chairman of that committee for more than five consecutive years. Each of the committees referred to above will have a written charter adopted by the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. While the Board is ultimately responsible for oversight of risks facing the Company, the Board has delegated risk oversight responsibility to the committees of the Board for each committee's areas of oversight, as set forth in their respective charters. Each committee shall periodically report on such risks to the Board. The Board retains risk oversight responsibility for those areas not delegated to the committees of the Board above.

The chairman of each committee in consultation with other committee members and management will determine the frequency and length of the committee meetings, consistent with any requirements set forth in the committee's charter. The chairman of each committee, in consultation with other members and senior management as appropriate, will develop the committee's written agenda for each meeting. Committee members and other directors may suggest the addition of any matter to the agenda for any committee meeting. Any committee member may raise at any committee meeting subjects that are not on the agenda for the meeting.

At the beginning of the year, to the extent possible, each committee referred to above will establish a schedule of agenda subjects to be discussed during the year. The schedule for each committee will be furnished to all directors.

The Board and each committee referred to above shall have the authority, to the extent it deems appropriate, without consulting or obtaining the approval of any officer of the Company in advance, to engage and obtain advice and assistance from legal, accounting, financial or other advisors. The Company shall provide for appropriate funding for payment of compensation to any such advisors, as well as administrative expenses necessary or appropriate in carrying out committee duties.

4. Director Access to Officers, Employees and Other Advisers

Directors shall have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Corporate Secretary or made directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications (including email) between a director and an officer or employee of the Company; provided, however, that any director may directly contact the Company's internal auditor (or persons performing the internal audit function) without informing the CEO or any other executive officer of the Company. The Board also welcomes regular attendance at each Board meeting by senior officers of the Company. If the CEO wishes to suggest that other Company personnel be in attendance at Board meetings on a regular basis, this suggestion should be brought before the Board for approval. To the extent they consider it necessary and appropriate, directors also shall have access to the Company's independent advisors using the same procedures.

5. Director Compensation

The Governance Committee, in accordance with the policies and principles set forth in its charter, will determine or recommend to the Board the form and amount of director compensation. Directors who are Company employees shall not be separately compensated for their services as directors. The Governance Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated. The Board believes that an alignment of director interests with those of shareholders is important. Accordingly, the Board believes that a portion of directors' compensation should be paid in stock, stock options or other forms of compensation that correlate with the market value of the Company.

6. CEO Evaluation

The Compensation Committee, in conjunction with the Governance Committee, will oversee the annual assessment of the performance of the CEO, as provided in the Compensation Committee's charter. The Board of Directors will review the Compensation Committee's report with a view to ensuring that the CEO is providing appropriate leadership for the Company in the long- and short-term.

7. Annual Performance Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. In accordance with its charter, the Governance Committee will oversee such annual evaluation, solicit comments from all directors and report annually to the Board with an assessment of the performance of the Board, its committees and individual directors. This assessment will then be discussed and taken into account by the full Board in its consideration of any appropriate action or response.

8. Stock Ownership Guidelines

The Board of Directors believes that, in order to assist with the alignment of the interests of directors and shareholders, directors should have a significant financial stake in the Company. Each non-management director is expected to comply with the Company's Stock Ownership Guidelines, as the Board may establish from time to time.

9. Director Orientation and Continuing Education

Each new director should participate in an orientation program developed and implemented with the oversight of the Governance Committee, which should be conducted promptly after his or her initial election or appointment. This orientation will include presentations by senior management to familiarize new directors with the Company's operations, its significant financial, accounting and risk management issues, its compliance programs, its

Code of Business Conduct, its principal officers and its internal and independent auditors. Other directors are also welcome to attend any of these orientation programs.

The Board believes it is appropriate for directors, at their discretion, to have access to educational programs related to their duties as directors on an ongoing basis to enable them to better perform their duties and to recognize and deal appropriately with issues that arise. The Company will provide appropriate funding for any such program in which a director wishes to participate.

10. Management Succession

The Governance Committee shall periodically review succession planning with the CEO, and the Governance Committee should make an annual report to the Board on succession planning with respect to the CEO and other executive officers of the Company, it being understood that the scope and detail of the report will vary depending on the age, tenure and other circumstances relating to the incumbent CEO and other executive officers. The entire Board will work with the Governance Committee and, if the Board deems it appropriate, the incumbent CEO, to identify potential successors to the incumbent CEO. The designation of the CEO, as in the case of other executive officers, is a decision for the Board.

11. Other Governance Policies

The Company will not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit in the form of a personal loan to or for any director or executive officer. The Company will not reprice stock options for any reason (including without limitation by canceling an outstanding option and replacing such option with a new option at a lower exercise price (except pursuant to applicable anti-dilution adjustments)).

If an actual or potential conflict of interest develops because of significant dealings or competition between the Company and a business with which the director is affiliated, the director should report the matter promptly to the Chairman for evaluation by the Board. A significant conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director should disclose the interest to the full Board and should consider whether it is appropriate to excuse himself or herself from participation in the discussion and any vote on the matter.

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These guidelines are intended to assist in the alignment of the interests of directors and management with those of McDermott's shareholders. They are also intended to establish that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management.

Exhibit A

to

McDERMOTT INTERNATIONAL, INC.

Corporate Governance Guidelines

For a director to be deemed “independent,” the Board of Directors shall affirmatively determine that the director has no material relationship with the Company. In making this determination, the Board shall apply the following standards:

- A director who is, or has been within the last three years, an employee, or whose immediate family member is, or has been within the last three years, an executive officer, of the Company shall not be determined to be independent. Employment as an interim Chairman or Chief Executive Officer or other executive officer of the Company shall not disqualify a director from being considered independent following that employment.
- A director who received, or whose immediate family member received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), shall not be determined to be independent. Compensation received by a director for former service as an interim Chairman or Chief Executive Officer or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) shall not be considered in determining independence under this test.
- A director shall not be determined to be independent if: (A) the director is a current partner or employee of a firm that is the Company’s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (D) the director or an immediate family member of the director was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time.
- A director or an immediate family member who is, or has been with the last three years, employed as an executive officer of another entity where any of the Company’s

current executive officers at the same time serves or served on that entity's compensation committee shall not be determined to be independent.

- A director who is a current employee, or whose immediate family member is a current executive officer, of an entity that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other entity's consolidated gross revenues, shall not be determined to be independent.
- A director who is a partner of or of counsel to a law firm that performs substantial legal services for the Company on a regular basis shall not be determined to be independent.
- A director who is a partner, officer or employee of an investment bank or consulting firm that performs substantial services for the Company on a regular basis shall not be determined to be independent.

In addition, the Board of Directors shall consider whether the director, or an immediate family member of the director, is affiliated with or employed by a tax exempt organization that receives significant contributions (i.e., more than 2% of the annual contributions received by the organization, or more than \$200,000 in a single fiscal year, whichever amount is lower) from the Company or any of its affiliates within any of the last three preceding fiscal years; however, the existence of such an employment status or affiliation will not automatically result in a determination that the director is not independent.

In addition to the foregoing, for a director to be determined to be "independent" for purposes of the Audit Committee of the Board of Directors, that director must meet the criteria for independence established by Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended.

For purposes of the foregoing:

- The term "affiliate" of the Company is a person (including a partnership, corporation or other legal entity such as a trust or estate) that controls, is controlled by or is under common control with the Company. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person (whether through ownership of capital stock of that person, by contract or otherwise).
- The term "immediate family member" will have the meaning provided in Commentary to NYSE Rule 303A.02(b) but will, in any event, include a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons and daughters-in-law, brothers- and sisters-in-law, and anyone (other than a domestic employee) who shares such person's home.
- References to the "Company" include any direct or indirect subsidiary in a consolidated group with the Company.