

McDermott International, Inc. Board of Directors

Conflicts of Interest Policies and Procedures

McDermott International, Inc. (“McDermott”) has adopted the Conflict of Interest Policy (Corporate Policy No. 0201-006) for the general purpose of providing guidance on avoiding conflicts of interest with the company. While the Board of Directors of McDermott (the “Board”) acknowledges that McDermott’s Conflict of Interest Policy is applicable to directors and finds it effective in managing potential conflicts, the Board understands that directors hold a unique and distinct position within McDermott and believes that it is appropriate to adopt additional guidelines for avoiding conflicts of interest at the Board level.

Therefore, the Board has adopted the following policies and procedures with respect to any potential or actual conflict of interest involving directors:

- **Policy.** A director owes certain fiduciary duties, including the duties of loyalty, diligence, and confidentiality, to McDermott, which require that a director act in good faith on behalf of McDermott and to exercise the powers conferred in McDermott’s and its shareholder’s interest and not for their own or others’ interest.
- **Disclosure.** A director shall promptly disclose to the Board any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by the director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration, even if such interest, relationship or responsibility has otherwise generally been disclosed to McDermott or the Board.
- **Board Action.** For any potential conflict, the Board, with the abstention of the interested director, may decide whether such director may participate in any reporting, discussion or vote on the issue that gave rise to the potential conflict. The General Counsel of the Company shall direct the Office of the Corporate Secretary to withhold any information on such issues from the Board materials distributed to the applicable director and take all such other action necessary to effectuate this policy.
- **Recusal.** Any director with such an interest, relationship or responsibility which conflicts with the interest of McDermott or its shareholders, shall recuse himself or herself from any reporting, discussions and vote on the issue that gave rise to the conflict and, if necessary, from the Board meeting, or applicable part thereof.
- **Resignation.** In circumstances where a director has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the director’s ability to carry out his or her fiduciary responsibility to McDermott, resignation from the Board or the conflicting interest may be appropriate and/or required.