McDermott

4Q 2015 Supplemental Information

February 22, 2016

Forward-looking statements

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, McDermott cautions that statements in this presentation which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties that may impact McDermott's actual results of operations. These forward-looking statements include, but are not limited to, statements about backlog, bids outstanding and target projects, to the extent these may be viewed as indicators of future revenues or profitability, the timing of award of such and the anticipated range of values and breakdown by project type, McDermott's earnings and other guidance for the full year of 2016, expected timing of capex and operations related to the DLV 2000 and expected project scopes for the vessel, expected timing of roll-off of legacy loss-making projects, our beliefs on the effect of low oil prices on McDermott, our beliefs on the risk of contract cancellations and expected effects from our AOR program on profitability. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies and uncertainties, including, among others: adverse changes in the markets in which we operate or credit markets, our inability to successfully execute on contracts in backlog, changes in project design or schedules, the availability of qualified personnel, changes in the terms, scope or timing of contracts, contract cancellations, change orders and other modifications and actions by our customers and business partners and changes in industry norms and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. You should not place undue reliance on forward-looking statements. For a more complete discussion of these and other risk factors, please see McDermott's annual and quarterly filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2015. This presentation reflects management's views as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

2015 Highlights

- **Positive adjusted earnings** in all areas in 4Q 2015 illustrates our success
- **Continued progress** in key areas: Improved customer relations, adding talent and experience into the organization, implementing a cost and liquidity culture and demonstrating strong project execution
- **Leading** the industry with Safety performance
- **Strong balance sheet** and cash position
- **Well positioned** into 2016, with a strong cost and liquidity culture and >80% of expected 2016 revenues currently in backlog

2016 Priorities

- **Maintain** Middle East market leader position
- **Focus** on the markets where capital is being invested
- **Grow** customer alignment and strength of relationships
- **Drive** further integration of process and capabilities in current asset base
- **Demonstrate** schedule and cost execution and continuously improve liquidity

Quarterly Results

4Q 2015 Financial Highlights

$ in millions

	4Q'15	3Q'15	Sequential Delta	4Q'14	Year-over-Year Delta
Orders	$478	$2,096	($1,618)	$428	$50
Backlog	$4,231	$4,421	($190)	$3,601	$630
Revenue	$667	$806	($139)	$806	($139)
Adjusted P&L Metrics[1]					
Gross Profit	$98	$102	($4)	$87	$11
Gross Profit Margin	14.7%	12.6%	2.1%	10.8%	3.9%
Operating Income (OI)	$48	$53	($5)	$29	$19
OI Margin Percentage	7.2%	6.6%	0.6%	3.6%	3.6%
Net Income	$16	$27	($11)	$11	$5
Diluted EPS	$0.06	$0.09	($0.03)	$0.04	$0.02
EBITDA	$78	$78	$-	$61	$17
Capex	$37	$18	$19	$105	($68)
Cash	$782	$767	$15	$853	($71)
Covenant EBITDA – TTM[2]	$338	$323	$15	$143	$195

- Better than expected MPI savings and asset utilization
- 4Q 2015 Order Intake driven by ONGC Vashishta and Trinidad T&I project
- 4Q 2015 Revenue driven by:
  - Ichthys ($216M)
  - PB Litoral ($75M)
  - Safaniya Ph2 ($50M)
  - ADMA 4GI ($56M)
  - BSP ($49M)
- All Areas had positive Adjusted Operating Income for 4Q 2015 due to continued focus on project execution and cost management
- Maintaining strong cash position while funding new awards

1) *Gross Profit (and margins), Operating Income (and margins), Net Income, Diluted EPS and EBITDA have been adjusted to exclude restructuring charges, mark-to-market pensions adjustments in the fourth quarter of 2014 and 2015 and charges associated with a legal settlement in the third quarter. The reconciliation of adjusted measures to the nearest GAAP measure are provided in the pages titled "Additional Disclosures". Also, the number of shares utilized in determining earnings per share varies based on whether or not net income is positive. The appropriate number of shares utilized is also listed in the pages titled, "Additional Disclosures".*
2) *Covenant EBITDA is a Non-GAAP measure and the GAAP reconciliation is provided in the pages titled "Additional Disclosures".*

2015 Full-Year Financial Highlights

$ in millions

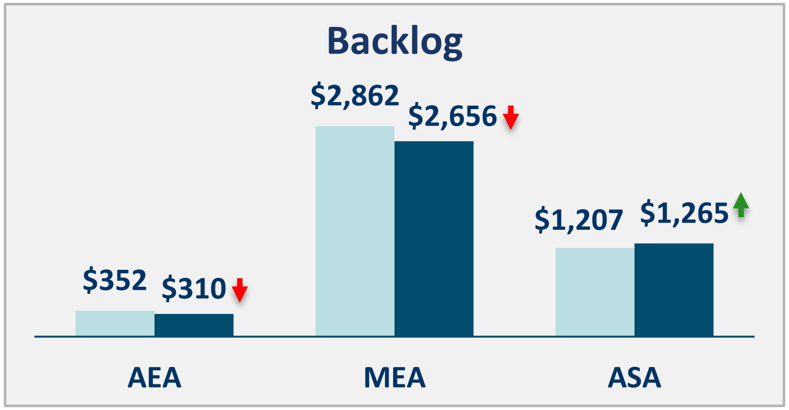
	FY'15	FY'14	Year-over-Year Delta
Orders	$3,701	$1,100	$2,601
Backlog	$4,231	$3,601	$630
Revenue	$3,070	$2,301	$769
Adjusted P&L Metrics[1]			
Gross Profit	$396	$188	$208
Gross Profit Margin	12.9%	8.2%	4.7%
Operating Income (OI)	$175	$24	$151
OI Margin Percentage	5.7%	1.0%	4.7%
Net Income / (Loss)	$66	($61)	$127
Diluted EPS	$0.23	($0.26)	$0.49
EBITDA	$286	$133	$153
Capex	$103	$321	($218)
Cash	$782	$853	($71)
Covenant EBITDA – TTM[2]	$338	$143	$195

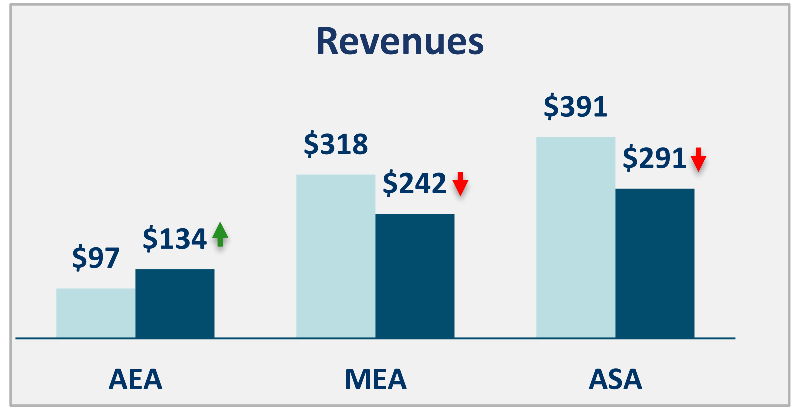
- High level of order intake led to largest increase in backlog since 2012
- 2015 Revenue driven primarily by Ichthys of $1.1B
- 2014 Adjusted Operating Income included gains on sale of assets of $46.2
- $189M of Capex related to DLV2000 deferred from 2015 to 2016
- Adequate coverage on Covenant EBITDA

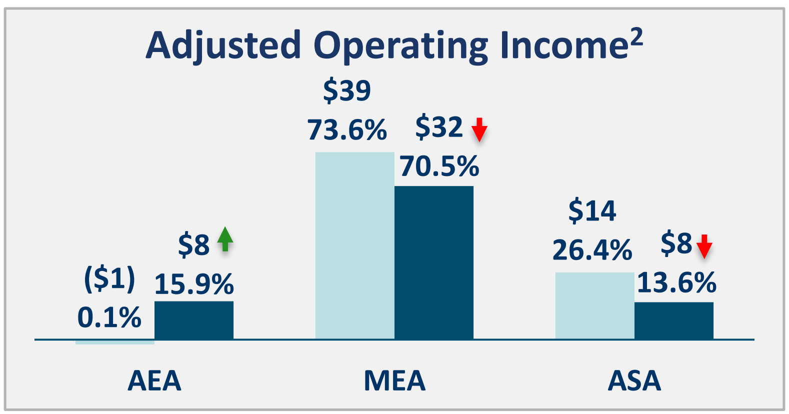
1) *Gross Profit (and margins), Operating Income (and margins), Net Income, Diluted EPS and EBITDA have been adjusted to exclude restructuring charges, mark-to-market pensions adjustments in the fourth quarter of 2014 and 2015 and charges associated with a legal settlement in the third quarter of 2015. The reconciliation of adjusted measures to the nearest GAAP measure are provided in the pages titled "Additional Disclosures". Also, the number of shares utilized in determining earnings per share outstanding varies based on whether the Company has a Net Income or a Net loss. The appropriate number of shares outstanding is also listed in the pages titled, "Additional Disclosures".*
2) *Covenant EBITDA is a Non-GAAP measure and the GAAP reconciliation is provided in the pages titled "Additional Disclosures".*

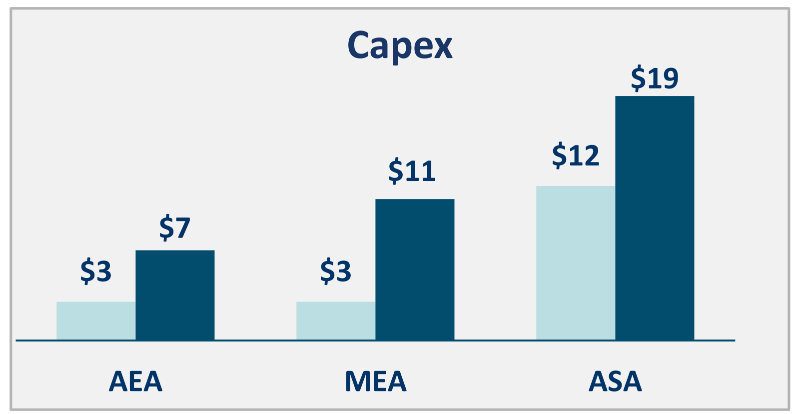
4Q 2015 Area Segment Reporting[1]

$ in millions









3Q'15
4Q'15

- Backlog reduction due to book-to-bill of less than 1.0x in 4Q 2015
- Decrease in revenues due to current portfolio life cycle as well as seasonality
- All areas were profitable in 4Q 2015 after one-time adjustments

1) *Areas include the Americas, Europe and Africa ("AEA"), Middle East ("MEA") and Asia ("ASA")*
2) *Operating income has been adjusted to exclude a legal settlement in the third quarter, restructuring charges in the third and fourth quarters, and year-end mark-to-market pension charges in the fourth quarter. The reconciliation of adjusted measures to the nearest GAAP measure are provided in the pages titled "Additional Disclosures".*

4Q 2015 Summary Cash Flow

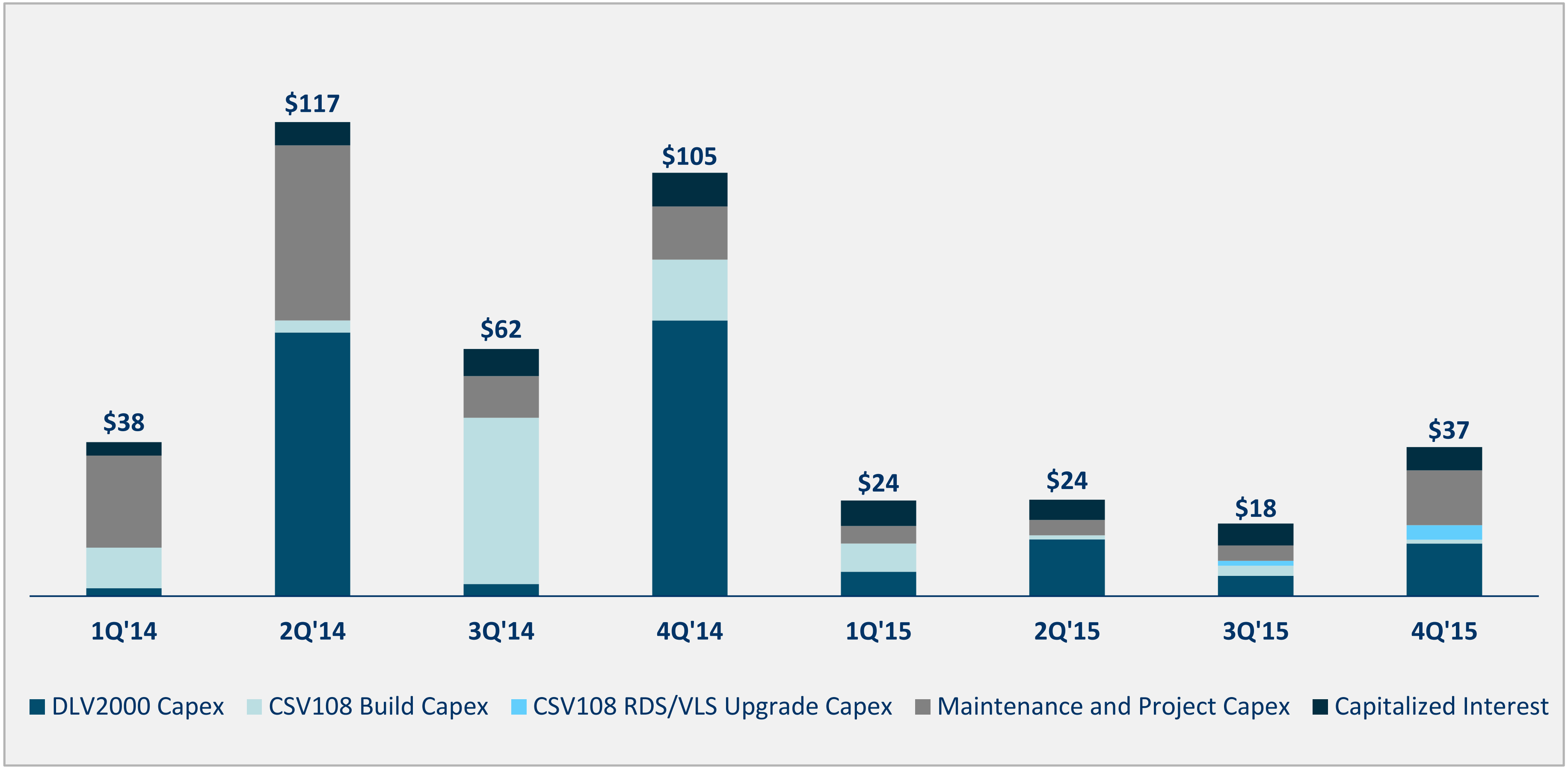
$ in millions

Cash and Restricted Cash as of 3Q 2015	**$767**
Cash Provided by Operating Activities	$61
Cash used in Capex	($37)
Cash from Other Investing Activities & FX	-
Cash used in Financing Activities	($9)
Net Increase in Cash	**$15**
Cash and Restricted Cash as of 4Q 2015	**$782**

- Continuing to generate cash from operating activities
- Managing capex given uncertain macro environment
- Maintaining cash to provide balance sheet flexibility

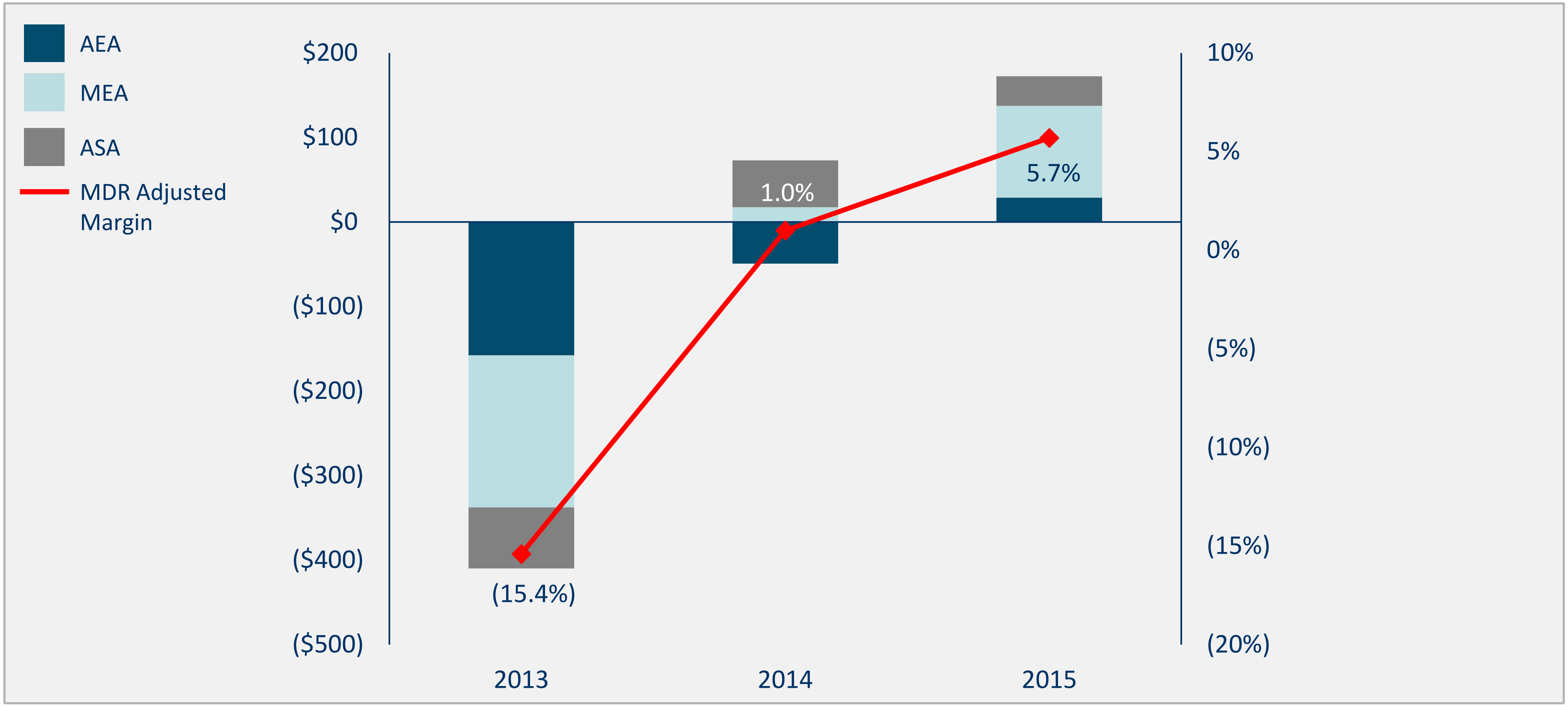
Capex Summary

$ in millions



- $243 million spent on DLV2000 as of December 31, 2015 with the remaining $189 million of spend deferred from 2015 into 2016

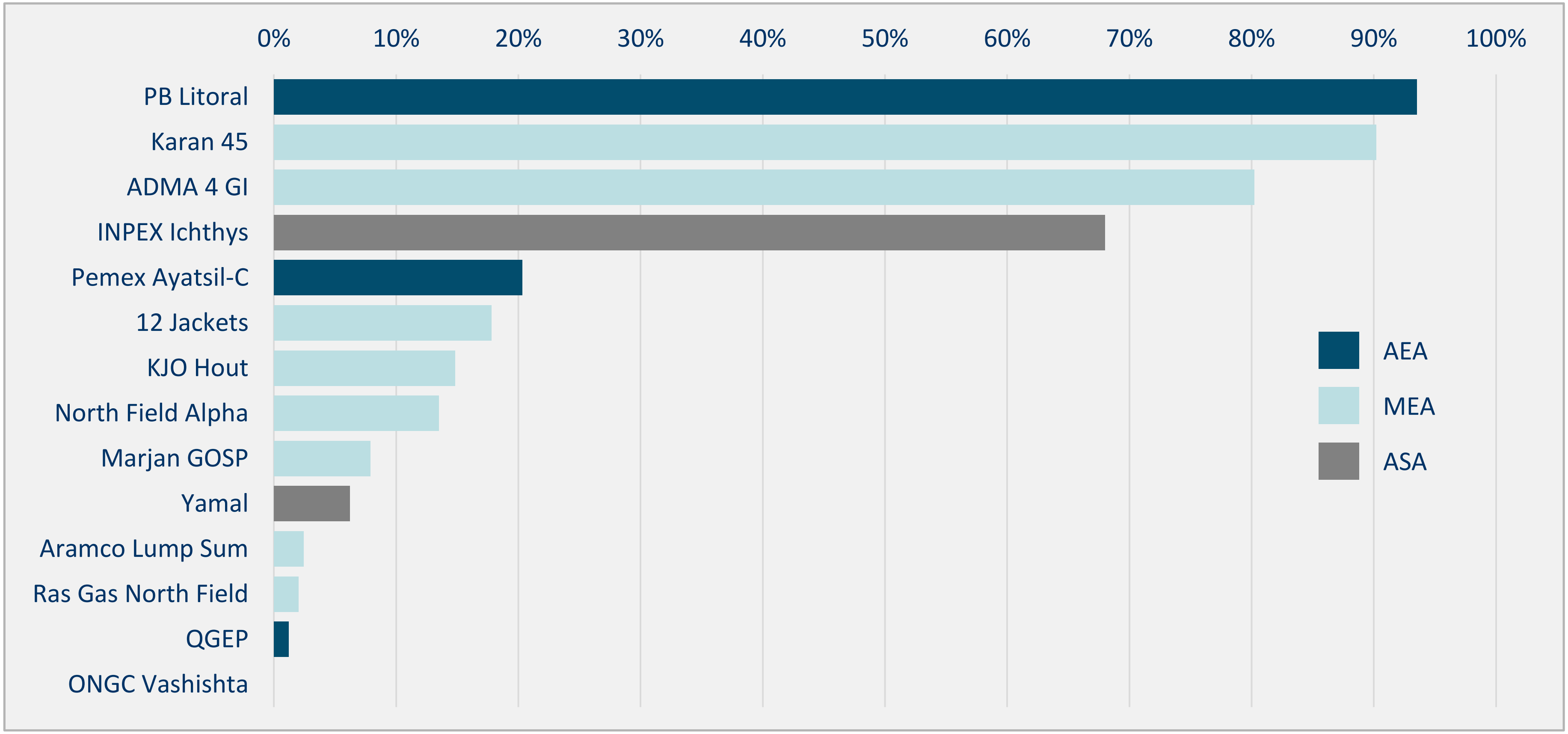
Historical Adjusted Operating Income Margin[1]



- Increase in profitability driven by continued focus on customer relationships, project execution and cost management

1) *Operating Income (and margins) for 2014 and 2015 have been adjusted to exclude restructuring charges, mark-to-market pensions adjustments in the fourth quarter of each year and charges associated with a legal settlement in the third quarter of 2015. No adjustments were made to operating income or margin in 2013. The reconciliation of adjusted measures to the nearest GAAP measure are provided in the pages titled "Additional Disclosures".*

Projects >$50M – percent of completion (POC)[1]



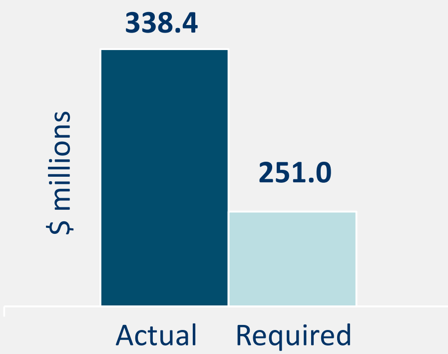
- Portfolio transitioning from mature projects to ramp up of new awards
- ~70% of the backlog projects are in the early stages (less than 25% complete)
- Substantial amount of backlog coverage in the Middle East

1) *The sample of projects is as of December 31, 2015*
2) *Excludes projects that are substantially complete (>95%) and charters*

EBITDA and Collateral Covenant Compliance[1]

Compliance calculations as of December 31, 2015

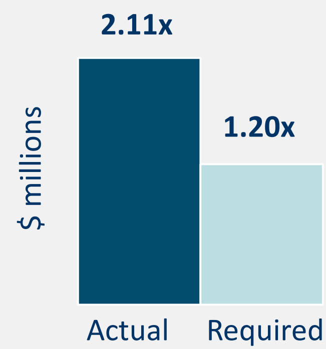
LC Facility
Covenant EBITDA



Tested Quarterly

May be amended by
Requisite LC Lenders

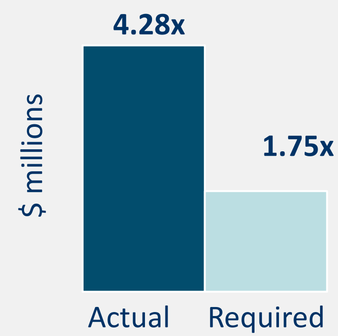
LC Facility
Collateral Coverage Ratio



Tested Quarterly
Appraised Annually

May be amended by
Requisite LC Lenders

Term Loan
Collateral Coverage Ratio



Tested Quarterly
Appraised Annually

May be amended by
Requisite Term Loan Lenders

- In compliance with EBITDA and collateral coverage covenants with adequate cushion

1) *Calculation for Covenant EBITDA is provided in the pages titled "Additional Disclosures".*

Asset Utilization Summary

Offshore fleet utilized 95% of standard in 4Q 2015 primarily due to DB50 and DB27 working above standard

Subsea fleet utilized 58% of standard due to NO105 being under-utilized

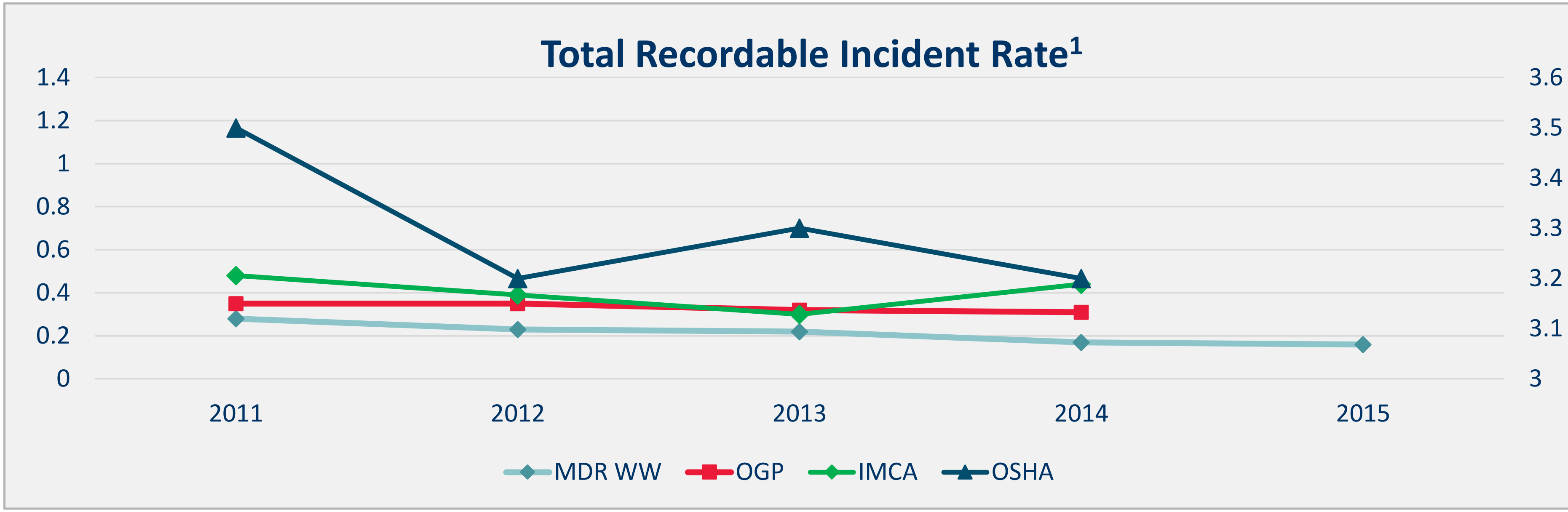
	Q1'15A	Q2'15A	Q3'15A	Q4'15A	TY'15	TY'14
Fabrication (Mhrs 000s)						
Actual	2,987	2,312	2,013	1,760	9,071	13,457
Standard	4,387	4,388	4,387	4,388	17,550	16,800
% of Standard	**68%**	**53%**	**46%**	**40%**	**52%**	**80%**
Offshore Vessels (Days)						
Actual	208	392	369	300	1,268	1,269
Standard	308	312	315	315	1,250	1,480
% of Standard	**67%**	**126%**	**117%**	**95%**	**101%**	**86%**
Subsea Vessels (Days)						
Actual	293	273	276	209	1,051	841
Standard	355	359	363	363	1,440	1,120
% of Standard	**83%**	**76%**	**76%**	**58%**	**73%**	**75%**

"Actual" is the real activity level of vessels (denoted in days) and fabrication yards (denoted in man-hours) over a given period of time

"Standard" is the assumed activity level of vessels (denoted in days) and fabrication yards (denoted in man-hours) over a given period of time in which to allocate all direct operating expenses across projects

"Percent of Standard" is expressed as actual number of days or man-hours utilized as a percentage of our standard days or man-hours

QHSES Update



- Leading performance in comparison to peers, based upon published industry group metrics
- McDermott has achieved over a year without a lost time incident; 35M man-hours
- No adverse business impacting security incidents across the company – people, assets or data
- Lowest ever recordable injury rate in history of the company
- A number of area safety awards across the company – industry, regulatory and client

1) 2015 Data is not yet available for IMCA, OGP and OSHA.

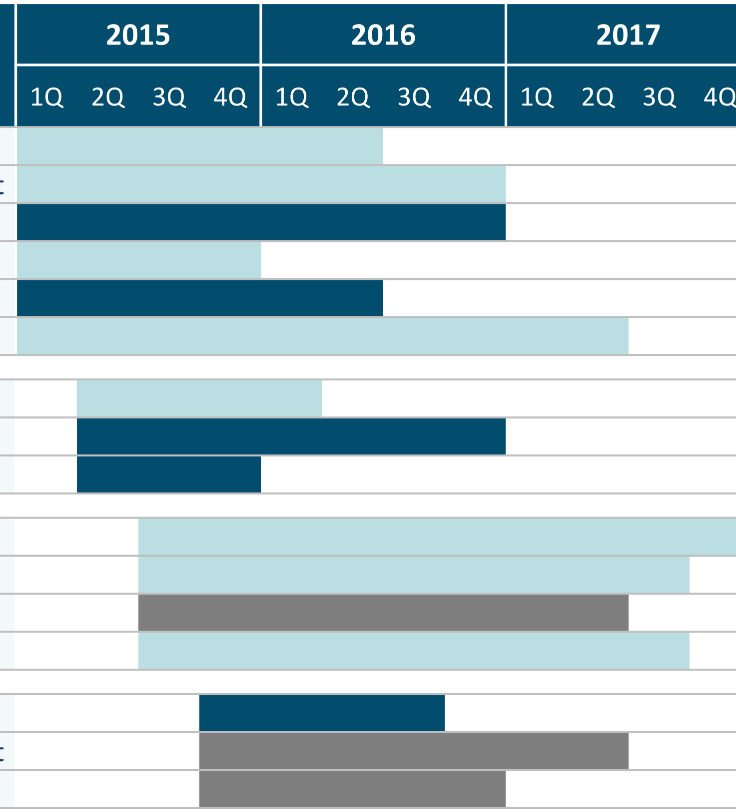
Order Intake, Backlog and Bid Pipeline

Key Project Awards – YTD[1]

AEA MEA ASA

Timeline - Award Date to Expected Completion

	Client	Field or Project	Work Type	Contract scope	Project Size
1Q	**Qatar Petroleum**	N. Field Alpha	BF	EPCI	Large
	Saudi Aramco	Marjan Field	BF	EPCI	Significant
	Chevron USA	Jack & St. Malo	BF	T&I	Sizeable
	RasGas	Ras Laffan Field	BF	EPCI	Sizeable
	QGEP	Santos Basin	GF	EPCI	Large
	Al-Khafji Joint Ops	Hout Field	BF	EPCI	Large
2Q	**Saudi Aramco**	12 Jackets	BF	EPCI	Large
	PEMEX	Ayatsil Field	BF	EPCI	Large
	LLOG Exploration	Otis Field	BF	EPCI	Sizeable
3Q	**Saudi Aramco**	Lump Sum	BF	EPCI	Mega
	Qatar Petroleum	Bul-Hanine	BF	EPCI	Sizeable
	Yamal LNG	LNG Modules	BF	C	Large
	RasGas	North Field	BF	EPCI	Large
4Q	**Trinidad T&I**	Offshore Trinidad	GF	T&I	Sizeable
	ONGC	Vashishta	GF	EPCI	Significant
	Anadarko	Caesar Tonga Phase II	BF	T&I	Sizeable

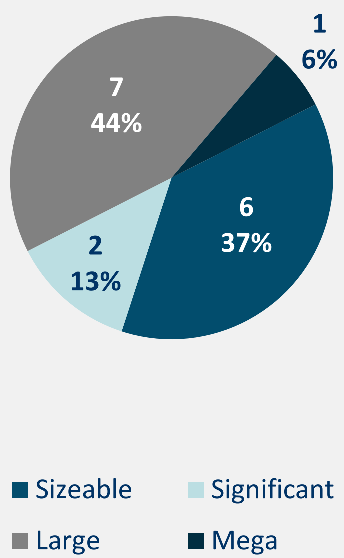


- ONGC Vashishta shows re-entry into subsea market and India
- Current backlog represents >80% of 2016 expected revenue
- Majority of awards full EPCI projects

1) *Work Type is Brownfield ("BF") or Greenfield ("GF") and Work Scope is Engineering, Procurement, Construction and Installation ("EPCI"), Transportation and Installation ("T&I") or Construction ("C")*
2) *Project sizes are as follows: Sizeable (>$1M and <$50M), Large ($50M – $250M), Significant ($250M – $750M), Major ($750M – $1,500M), and Mega (>$1,500M)*

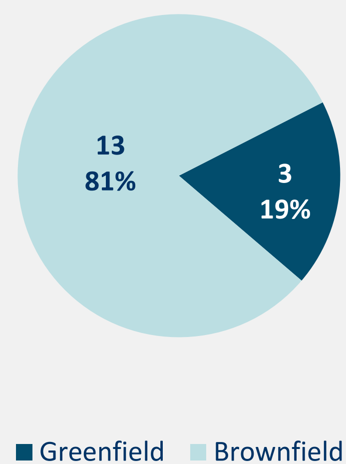
Key Project Awards - YTD

Project Size

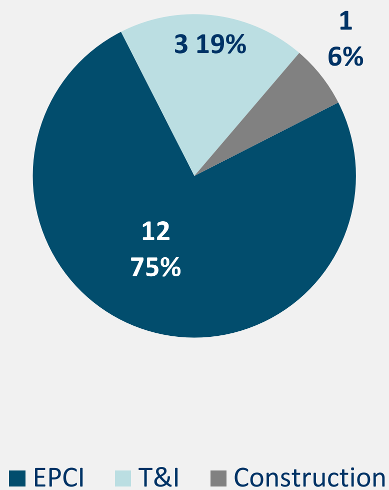


Description	Range
Sizeable	<$50
Large	$50-250
Significant	$250-750
Major	$750-1,500
Mega	>$1,500

Work Type



Contract Scope



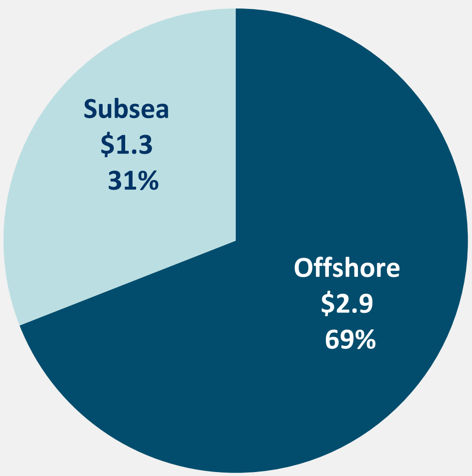
- Recent awards balancing geographic portfolio and leading to shift towards more sizeable awards
- Focus on Brownfield to maintain award potential and capitalize on our operational strength
- Construction contracts represent onshore LNG module fabrication

4Q 2015 Backlog and Roll-off

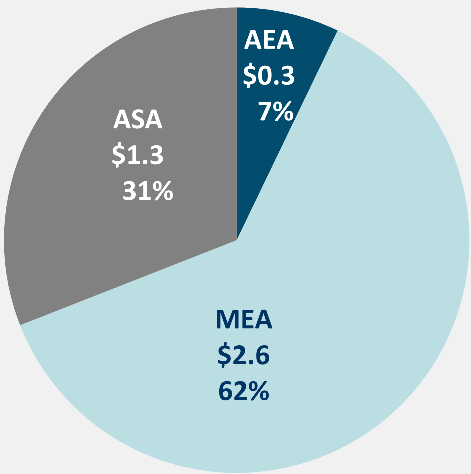
$ in billions

Details of $4.2BN Backlog as of December 31, 2015

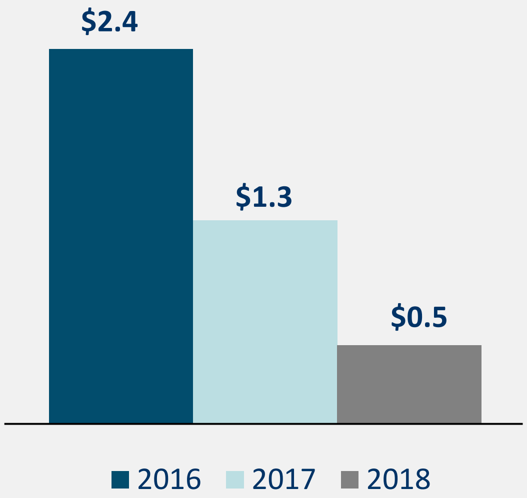
Backlog by Business Line



Backlog by Segment



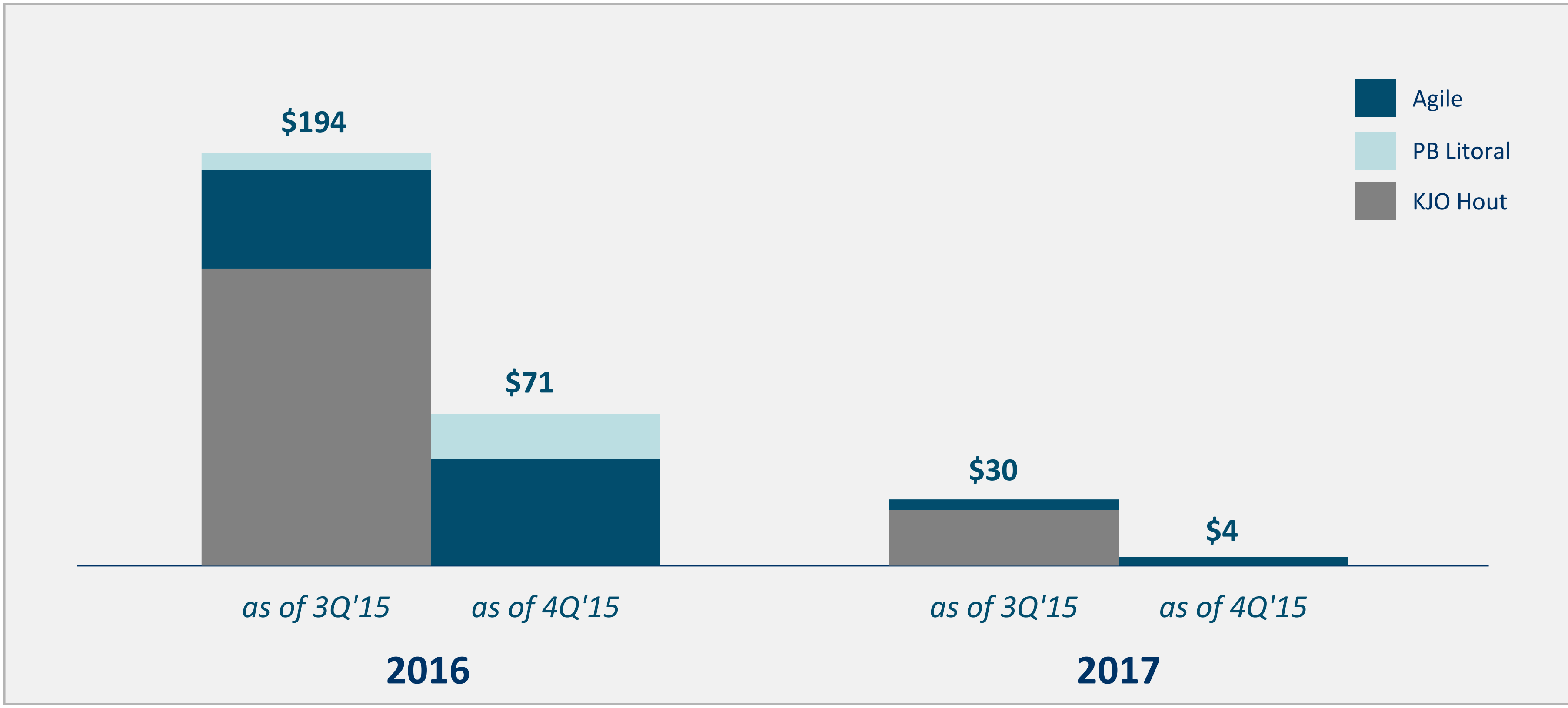
Backlog Roll-Off by Year



- Middle East primary driver of backlog coverage in 2016 and 2017
- Backlog roll-off includes ~$800M from Ichthys in 2016
- Focused on obtaining awards to provide additional coverage in 2017 and beyond

Backlog Roll-off of Legacy Loss Projects

$ in millions



- 67% decrease in legacy loss-making backlog driven by KJO Hout no longer being in a loss position
- Continuing to de-risk the portfolio
- Roll-off of all legacy loss-making projects expected by first quarter of 2017

4Q 2015 Revenue Pipeline by Project Size

Estimated Total Contract Value

As of December 31, 2015, contract value in millions

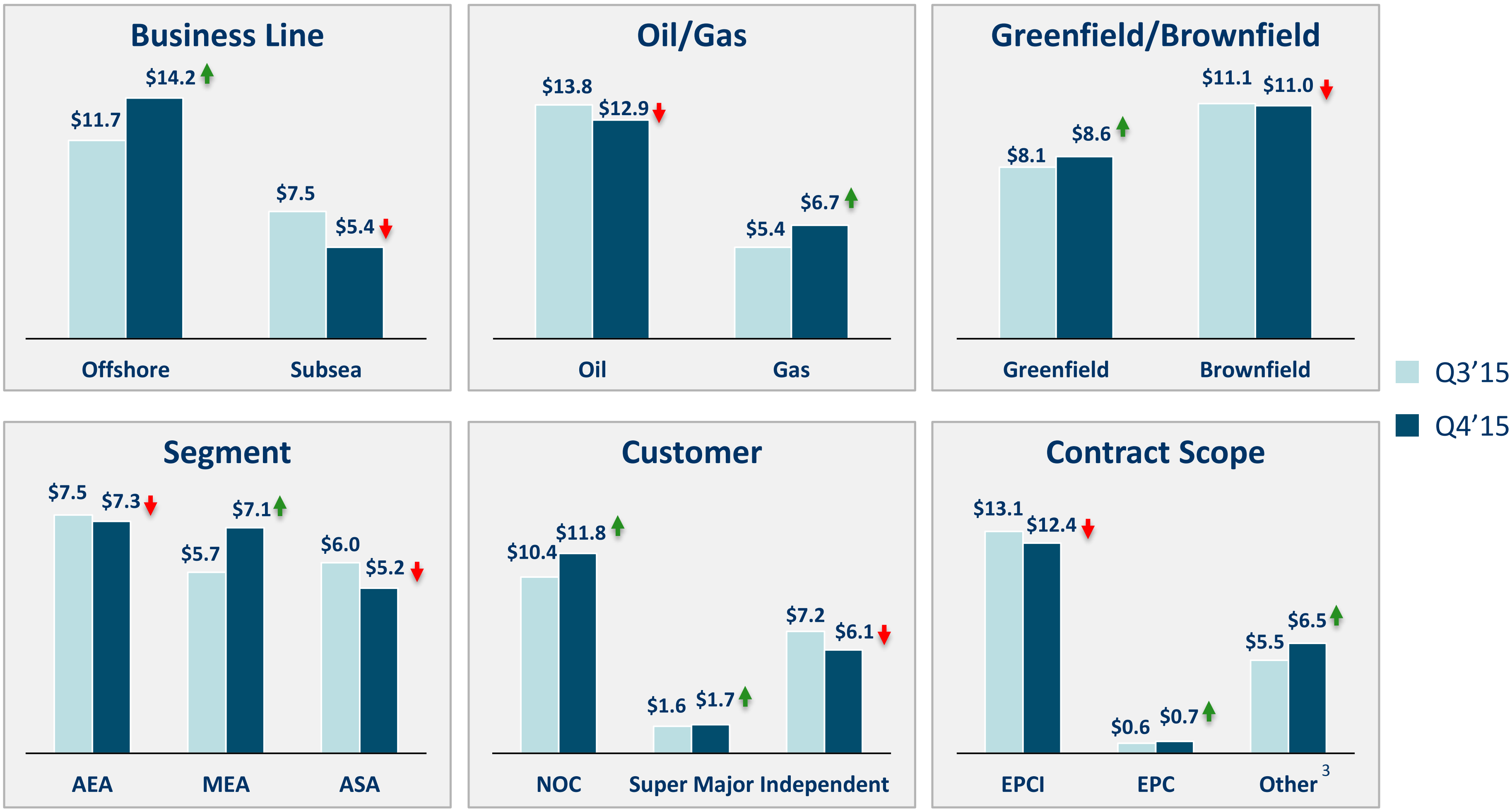
4Q'15 Pipeline					Delta from Prior Quarter Supplemental Data		
Description	Range	Backlog[1]	Bids Outstanding[2,3]	Target Projects[2,3,4]	Backlog[1]	Bids Outstanding[2,3]	Target Projects[2,3,4]
Sizeable	<$50	26	26	31	8	18	(13)
Large	$50-250	17	11	39	1	3	11
Significant	$250-750	5	2	14	1	(2)	(1)
Major	$750-1,500	2	2	2	-	2	(2)
Mega	>$1,500	2	-	1	-	-	-
		52	**41**	**87**	**10**	**21**	**(5)**

1) *Excludes projects with total contract value less than $1 million. The size of the contracts in backlog reflects the total contract value comprised of revenue previously recognized and anticipated future revenues. Includes change orders signed.*
2) *There is no assurance that bids outstanding or target projects will be awarded to McDermott*
3) *Does not include change orders on existing projects*
4) *Target projects are those that we believe fit McDermott's capabilities and are anticipated to be awarded in the market in the next five quarters*

Bids Outstanding and Target Projects[1]

$ in billions

$19.6 billion as of 4Q 2015 compared to $19.2 billion in 3Q 2015



1) Includes change orders. There is no assurance that bids outstanding or target projects will be awarded to McDermott.
2) Target projects are those that we believe fit McDermott's capabilities and are anticipated to be awarded in the market in the next five quarters.
3) Other includes T&I, Construction and other types of work.

2016 Guidance

2016 Outlook

$ in millions, except per share amounts, or as indicated

Revenues	~$2.9B
Adjusted Operating Income[1]	~$115
Net Interest Expense[2]	~$64
Income Tax Expense	~$55
Adjusted Net Income[1]	~$0
Adjusted Diluted EPS[1]	~$0.00
Adjusted EBITDA[1,3]	~$240

Restructuring Expense	~$10
Cash Interest / DIC Amortization Interest	~$60 / ~$14
Covenant EBITDA – TTM[3,4]	~$285
Capex[2]	~$260
Ending Cash and Restricted Cash	~$580
Ending Gross Debt	~$840
Free Cash Flow[3]	~($160)

1) *Items are adjusted for restructuring costs. All reconciliations to GAAP figures are provided in the pages titled "Additional Disclosures".*
2) *Net Interest Expense has been reduced by ~$10M for capitalized interest included in Capex*
3) *EBITDA, Covenant EBITDA - TTM and Free Cash Flow reconciliations to the nearest GAAP measure are provided in the pages titled "Additional Disclosures".*
4) *The Company has a minimum required Covenant EBITDA – TTM of $251 million, before use of available add back of $28 million.*

Frequently Asked Questions

Frequently Asked Questions

Question	Response
1) What is the effect of the low oil price on McDermott?	We believe McDermott has less exposure due to its diversification of client mix with NOC's, geographic focus in the Middle East and expertise in brownfield projects. In addition, as part of our new cost culture, we proactively seek ways to improve our cost structure & manage our cost base.
2) Do you have access to amounts classified as restricted cash?	The majority of restricted cash is related to collateral for Letters of Credit (LCs) used to support our project bids, for which we have the ability at any time to move to our Credit Facility and release the cash collateral.
3) Do you expect to maintain your ability to meet financial covenants in 2016?	Our current guidance indicates that we expect to exceed covenant EBITDA requirements for 2016.
4) What contributed to turning one of your loss projects to profit?	Our MPI cost initiative contributed to reduced costs allocated to the KJO Hout project, thus turning the previously loss-making project into profit in the second half of 2015.

Frequently Asked Questions

Question	Response
5) What are the risks of contract cancellations?	We believe our projects generally have a low risk of cancellation due to the nature of our work being immediately before production and after Final Investment Decision taken by the end client.
6) What are your near-term debt maturities?	$25 million on the amortizing loan for the TEUs maturing in 2017. $296 million Term Loan B maturing in 2019. $41 million for the NO105 vessel maturing in 2020. $500 million of 2nd Lien Bonds maturing in 2021.
7) Why was your effective tax rate so high in 2015?	The 2015 effective tax rate was high due to unbenefited losses in certain jurisdictions in which we operate (primarily U.S.) and other discrete taxes assessed on a basis other than income (withholding taxes, deemed profit taxes and taxes associated with uncertain tax positions). These items contributed to the effective high tax rate in 2015.
8) How did McDermott bid and win the Vashishta award at amounts less than your competitors?	The Company won the award due to a strong consortium focused on delivering the best in-market solution for ONGC. The combination of our best-in-class assets and capabilities create a compelling value proposition and maximized the amount of work that will be undertaken in India.
9) How important are relationships in building your company strategy?	Building strong customer relationships has become a core focus within McDermott's company strategy. The success of strong relationships as a key competency is illustrated in McDermott's 2015 operational results and $3.7B in new bookings during 2015.
10) Why is 2016 revenue expected to stay flat despite increased bidding activities?	Bidding activity remains high, specifically in the Middle East, but suppressed commodity pricing throughout the year could cause the award of projects to be delayed; we have taken this into account in our 2016 Guidance.

Frequently Asked Questions

Question	Response
11) What additional measures would be available to you to increase profitability in 2016 with continued commodity price pressure?	The AOR program initiated in the fourth quarter 2015 is expected to increase 2016 profitability.
12) With the delivery of the DLV in 2016, have you been bidding the DLV into projects?	After sea trials the DLV2000 is expected to participate in the 2016 marine campaign at the INPEX Ichthys project. The vessel is expected to then be deployed to the recently awarded Woodside Greater Western Flank project. In addition, we continue to bid the vessel on suitable projects in the $19.6B of bids outstanding & target projects.
13) Can you explain why Moody's downgraded McDermott to B1 Stable from Ba3 Negative outlook?	The primary reasons mentioned by Moody's for the downgrade were related to the macro-environment. The Moody's rating is now in line with the equivalent S&P rating of B+.

Appendix

Additional Disclosures[1]

US GAAP Reconciliation of Covenant EBITDA to Net Income

	Quarter ended December 31, 2015	Quarter ended September 30, 2015	Quarter ended June 30, 2015	Quarter ended March 31, 2015	Quarter ended December 31, 2014
			(In millions)		
Net Income (loss) attributable to McDermott International, Inc.	$ (18.7)	$ 3.7	$ 11.5	$ (14.5)	$ 8.2
Adjustments:					
Interest Expense (including interest capitalized)	17.9	18.6	18.4	18.7	18.9
Tax expense (benefit)	21.5	9.1	16.5	4.9	10.3
Depreciation, drydock and amortization (excluding attributable to Nonguarantors)	27.3	27.8	27.7	31.1	26.1
Other items:					
Equity (income) loss	2.7	4.5	7.5	6.7	2.2
(Gain) loss on assets disposal	-	(0.1)	1.9	(0.4)	0.1
Impairment loss	-	-	6.8	-	-
Restructuring - asset impairment and disposal	-	-	3.3	4.2	-
Restructuring - other expense	8.7	6.3	12.1	6.2	6.0
Pension expense	24.5	(1.6)	(1.2)	(1.5)	(3.3)
Others	4.8	6.0	9.5	6.0	4.4
Total adjustments	**$ 107.4**	**$ 70.6**	**$ 102.5**	**$ 75.9**	**$ 64.7**
Calculated Covenant EBITDA attributable to McDermott International, Inc.	**88.7**	**74.3**	**114.0**	**61.4**	**72.9**
Calculated Covenant EBITDA attributable to McDermott International, Inc. - Cumulative/TTM	**338.4**	**322.6**	**272.8**	**198.8**	**130.9**

[1] Covenant EBITDA is presented for the purpose of disclosing our compliance with the covenants in our Credit Agreement. Covenant EBITDA is not a substitute for or superior to other measures of financial performance prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Covenant EBITDA may differ in the method of calculation from similarly titled measures used by other companies. For additional information, please refer to McDermott's annual report on Form 10-K filed with SEC on February 22, 2016 and subsequent reports.

Additional Disclosures[1]

Reconciliation of US GAAP to Non-GAAP Financial Measures

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
(In thousands, except share and per share amounts)				
GAAP Net Income (Loss) Attributable to the Company	**$ (18,668)**	**$ 8,175**	**$ (17,983)**	**$ (75,994)**
Less: Adjustments				
Restructuring charges[2]	8,693	6,001	40,819	18,113
Non-cash actuarial loss (gain) on benefit plans[3]	26,013	(2,938)	26,013	(2,938)
Legal settlement[4]	-	-	16,682	-
Total Non-GAAP Adjustments	34,706	3,063	83,514	15,175
Non-GAAP Adjusted Net Income (Loss) Attributable to the Company	**$ 16,038**	**$ 11,238**	**$ 65,531**	**$ (60,819)**
GAAP Operating Income	**$ 13,539**	**$ 25,949**	**$ 91,196**	**$ 8,554**
Non-GAAP Adjustments	34,706	3,063	83,514	15,175
Non-GAAP Adjusted Operating Income	**$ 48,245**	**$ 29,012**	**$ 174,710**	**$ 23,729**
	7.2%	**3.6%**	**5.7%**	**1.0%**
GAAP Diluted EPS	**$ (0.08)**	**$ 0.03**	**$ (0.08)**	**$ (0.32)**
Non-GAAP Adjustments	0.14	0.01	0.31	0.06
Non-GAAP Diluted EPS	**$ 0.06**	**$ 0.04**	**$ 0.23**	**$ (0.26)**
Shares used in computation of loss per share:				
Basic	238,670,881	237,130,209	238,240,763	237,229,086
Diluted	282,701,538	284,141,453	281,531,013	237,229,086
Cash flows from operating activities	**$ 60,618**	**$ 119,258**	**$ 55,272**	**$ 6,960**
Capital expenditures	(36,733)	(104,661)	(102,851)	(321,187)
Free cash flow	**$ 23,885**	**$ 14,597**	**$ (47,579)**	**$ (314,227)**
GAAP Revenue	**$ 667,418**	**$ 806,400**	**$ 3,070,275**	**$ 2,300,889**
GAAP Cost of Operations	569,342	718,951	2,691,284	2,113,013
Less: Adjustment for Legal Settlement[3]	-	-	16,682	-
Non-GAAP Adjusted Cost of Operations	569,342	718,951	2,674,602	2,113,013
Gross profit	98,076	87,449	395,673	187,876
Non-GAAP Adjusted Gross Profit	14.7%	10.8%	12.9%	8.2%

[1]Non-GAAP measures are comprised of the total and diluted per share amounts of adjusted net income (loss) attributable to the Company, adjusted operating income, adjusted diluted earnings per share, free cash flow, adjusted cost of operations and adjusted gross margin, in each case excluding the impact of certain identified items. We believe that these measures are useful measures for investors to review because they provide a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses these measures as measures of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, net income or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

[2]Restructuring charges are primarily associated with workforce reductions, facility closures, consultant fee, contract terminations and asset impairments.

[3]Non-cash actuarial loss (gain) on benefit plans represents mark-to-market adjustment recorded in the fourth quarter of each respective year.

[4]Costs related to a legal settlement of $16.7 million were recorded during the third quarter of 2015.

Additional Disclosures[1]

Reconciliation of US GAAP to Non-GAAP Financial Measures

	Three Months Ended December 31,			Year Ended December 31,	
	December 31, 2015	September 30, 2015	December 31, 2014	2015	2014
Net income (loss) attributable to McDermott International, Inc.	$ (18,668)	$ 3,666	$ 8,175	$ (17,983)	$ (75,994)
Add:					
Interest expense, net	11,879	13,015	10,346	50,058	60,877
Depreciation & amortization expense	28,389	28,863	28,682	118,281	112,904
Provision for income taxes	21,459	9,094	10,332	51,963	20,073
EBITDA	**$ 43,059**	**$ 54,638**	**$ 57,535**	**$ 202,319**	**$ 117,860**
EBITDA	**$ 43,059**	**$ 54,638**	**$ 57,535**	**$ 202,319**	**$ 117,860**
Non-GAAP Adjustments	34,706	23,028	3,063	83,514	15,175
Adjusted EBITDA	**$ 77,765**	**$ 77,666**	**$ 60,598**	**$ 285,833**	**$ 133,035**

[1]Non-GAAP measures are comprised of EBITDA and Adjusted EBITDA, in each case excluding the impact of certain identified items. We believe that these measures are useful measure for investors to review because they provide a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses these measures as measures of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, net income or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

Additional Disclosures[1]

Reconciliation of US GAAP to Non-GAAP Financial Measures

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Revenues:			
AEA	479	568	537
MEA	1,134	796	1,168
ASA	1,457	937	954
Total revenues:	**3,070**	**2,301**	**2,659**
Operating income (loss):			
AEA	(20)	(49)	(216)
MEA	108	11	(169)
ASA	16	56	(72)
Corporate	(13)	(9)	0
Total operating income (loss)	**91**	**9**	**(457)**
GAAP Operating Margin:			
AEA	-4.2%	-8.6%	-40.2%
MEA	9.5%	1.4%	-14.5%
ASA	1.1%	6.0%	-7.5%
Total Operating Margin	**3.0%**	**0.4%**	**-17.2%**
Adjustments:			
AEA	53	0	56
MEA	0	6	(11)
ASA	20	0	0
Corporate	11	9	2
Total Adjustments	**84**	**15**	**47**
Adjusted Operating income (loss):			
AEA	33	(49)	(160)
MEA	108	17	(180)
ASA	36	56	(72)
Corporate	(2)	0	2
Total operating income (loss)	**175**	**24**	**(410)**
Adjusted Operating Margin:			
AEA	6.9%	-8.6%	-29.8%
MEA	9.5%	2.1%	-15.4%
ASA	2.5%	6.0%	-7.5%
Total Operating Margin	**5.7%**	**1.0%**	**-15.4%**

[1]Non-GAAP measures are comprised of adjusted operating income and adjusted operating income margin, in each case excluding the impact of certain identified items. We believe that these measures are useful measures for investors to review because they provide a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses these measures as measures of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

Additional Disclosures[1]

Reconciliation of US GAAP to Non-GAAP Financial Measures

	Three Months Ended	
(In thousands, except share and per share amounts)	December 31, 2015	September 30, 2015
GAAP Net (Loss) Income Attributable to the Company	**$ (18,668)**	**$ 3,666**
Less: Adjustments		
Restructuring charges[1]	8,693	6,346
Non-cash actuarial loss (gain) on benefit plans[2]	26,013	-
Legal settlement[3]	-	16,682
Total Non-GAAP Adjustments	34,706	23,028
Non-GAAP Adjusted Net Income (Loss) Attributable to the Company	**$ 16,038**	**$ 26,694**
GAAP Operating (Loss) Income	**$ 13,539**	**$ 29,460**
Non-GAAP Adjustments	34,706	23,028
Non-GAAP Adjusted Operating Income	**$ 48,245**	**$ 52,488**
	7.2%	**6.5%**
GAAP Diluted EPS	**$ (0.08)**	**$ 0.01**
Non-GAAP Adjustments	0.14	0.09
Non-GAAP Diluted EPS	**$ 0.06**	**$ 0.10**
Shares used in computation of loss per share:		
Basic	238,670,881	238,594,178
Diluted	282,701,538	280,797,155
GAAP Revenue	**$ 667,418**	**$ 805,857**
GAAP Cost of Operations	569,342	**720,961**
Less: Adjustment for Legal Settlement[3]	0	(16,682)
Non-GAAP Adjusted Cost of Operations	569,342	704,279
Non-GAAP Adjusted Gross Profit	98,076	101,578
	14.7%	12.6%
EBITDA	**$ 43,059**	**$ 54,638**
Non-GAAP Adjustments	34,706	23,028
Adjusted EBITDA	**$ 77,765**	**$ 77,666**

[1]Non-GAAP measures are comprised of the total and diluted per share amounts of adjusted net income (loss) attributable to the Company, adjusted operating income, adjusted diluted earnings per share, free cash flow, adjusted cost of operations and adjusted gross margin, in each case excluding the impact of certain identified items. We believe that these measures are useful measures for investors to review because they provide a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses these measures as measures of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, net income or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

[2]Restructuring charges are primarily associated with workforce reductions, facility closures, consultant fee, contract terminations and asset impairments.

[3]Non-cash actuarial loss (gain) on benefit plans represents mark-to-market adjustment recorded in the fourth quarter of each respective year.

[4]Costs related to a legal settlement of $16.7 million were recorded during the third quarter of 2015.

Additional Disclosures[1]

Reconciliation of Forecast US GAAP Financials to Non-GAAP Financial Measures

(In thousands, except share and per share amounts)		Year Ended December 31, 2016
GAAP Net Income (Loss) Attributable to the Company	**$**	**(10,000)**
Less: Adjustments		
Restructuring charges		10,000
Total Non-GAAP Adjustments		10,000
Non-GAAP Adjusted Net Income Attributable to the Company	**$**	**-**
GAAP Operating Income	**$**	**105,000**
Non-GAAP Adjustments		10,000
Non-GAAP Adjusted Operating Income	**$**	**115,000**
GAAP EPS Diluted EPS	**$**	**(0.04)**
Non-GAAP Adjustments		0.04
Non-GAAP Diluted EPS	**$**	**-**
Cash flows from operating activities	**$**	**100,000**
Capital expenditures		(260,000)
Free cash flow	**$**	**(160,000)**
GAAP Net Income (Loss) Attributable to the Company	**$**	**(10,000)**
Add:		
Total Adjustments		240,000
EBITDA	**$**	**230,000**
EBITDA		**230,000**
Non-GAAP Adjustments		10,000
Adjusted EBITDA	**$**	**240,000**

[1]Non-GAAP measures are comprised of the total and diluted per share amounts of adjusted net income (loss) attributable to the Company adjusted operating income, free cash flow, EBITDA, and Adjusted EBITDA, in each case excluding the impact of certain identified items. We believe that these measures are useful measures for investors to review because they provide a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses these measures as measures of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, net income or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

Additional Disclosures[1]

US GAAP Reconciliation of Forecast Covenant EBITDA to Forecast Net Income

(In thousands, except share and per share amounts)		Twelve Months Ended December 31, 2016
GAAP Net Income (Loss) Attributable to the Company	**$**	**(10,000)**
Total Adjustments		295,000
Calculated Covenant EBITDA attributable to McDermott International, Inc.	**$**	**285,000**
Calculated Covenant EBITDA attributable to McDermott International, Inc./TTM	**$**	**285,000**

TTM Starts January 2016

[1]Non-GAAP measures are comprised of Covenant EBITDA excluding the impact of certain identified items. We believe that Covenant EBITDA is a useful measure for investors to review because it provides a consistent measure of the underlying results of our ongoing business. Furthermore, our management uses Covenant EBITDA as a measure of the performance of our operations. However, Non-GAAP measures should not considered as substitutes for operating income, net income or other data prepared and reported in accordance with GAAP and should be viewed in addition to the Company's reported results prepared in accordance with GAAP.