

Effective August 4, 2004

McDERMOTT INTERNATIONAL, INC.

Governance Committee Charter

Purpose

The Governance Committee (the “Committee”), in its capacity as a committee of the Board of Directors (the “Board”) of McDermott International, Inc. (the “Company”), shall (1) assist the Board by identifying individuals qualified to become Board members, and recommend to the Board each year the director nominees for the next annual meeting of shareholders; (2) develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company; (3) lead the Board in its annual review of the Board’s performance; (4) recommend to the Board the directors to serve on each committee; and (5) serve as the primary committee overseeing the Company’s Compliance and Ethics Program, excluding certain oversight responsibilities assigned to the Audit Committee. It is the intent of the Committee to satisfy the purposes and responsibilities of a nominating/corporate governance committee required by the New York Stock Exchange.

Committee Membership

The Committee shall consist of no fewer than three members, each of whom shall meet the independence requirements of the New York Stock Exchange.

Committee members shall be selected on the basis of their overall business knowledge, experience and understanding of corporate board governance, and demonstrated ability to add substance to key deliberations. The Chairman of the Committee shall be designated by the Board. The Board shall have the authority at any time to remove individuals from the Committee. The members of the Committee shall be appointed annually by the independent directors of the Board.

Subcommittees of the Committee may be formed when necessary to address specific issues identified by the Committee. The Committee and any such Subcommittees collectively are referred to below as the “Governance Committee”.

Oversight Areas

- Nomination and screening of Board member candidates.
- Evaluation of the performance of the Board and its members.
- Termination of membership of individual directors in accordance with corporate policy, for cause or other appropriate reasons.
- Assignment of committee membership.
- Compensation levels for the Company’s non-management directors.
- Training and orientation of directors.
- In conjunction with the Compensation Committee of the Board, oversee the evaluation of the Company’s management.
- Other areas as identified or as set forth below and in the Company’s Corporate Governance Guidelines.

- Oversight of the Company's Compliance and Ethics Program, except those functions that are assigned to the Audit Committee under applicable statutes, rules or regulations.

Agenda Items

The Governance Committee should meet at least two times a year. The activities of the Governance Committee shall be developed from year to year by the Committee Chairman in consultation with management and input from other committee members.

Committee Authority and Responsibilities

1. The Governance Committee shall actively seek individuals qualified to become board members and present specific recommended candidates to the Board. All candidates must meet the criteria for new directors as defined in the Company's Corporate Governance Guidelines.
2. The Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Governance 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.
3. The Governance Committee shall identify and recommend to the Board members of the Board to serve on the various committees of the Board.
4. The Governance Committee shall oversee the annual evaluation of the Board (including individual directors) and the Board's committees to determine whether they are functioning effectively.
5. The Governance Committee shall oversee the annual evaluation of the Chief Executive Officer, in conjunction with the Compensation Committee of the Board.
6. The Governance Committee shall consider and recommend if appropriate current directors for re-nomination.
7. The Governance Committee shall annually review and make recommendations to the Board with respect to the compensation of the Company's non-management directors.
8. The Governance Committee shall review and reassess the adequacy of the Corporate Governance Guidelines of the Company at least annually and recommend any proposed changes to the Board for approval.
9. The Governance Committee shall, on behalf of the Board, review and discuss with management any significant communication from shareholders and others concerning the Company's annual general meeting and governance process and make recommendations to the Board in respect thereof if necessary.
10. The Governance Committee may form and delegate authority to subcommittees when appropriate.

11. The Governance Committee shall make regular reports to the Board, including its annual assessment of the performance of the Board, its committees and individual directors.
12. The Governance Committee shall annually evaluate its own performance.
13. The Governance Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
14. The Governance Committee may carry out such other duties and responsibilities as may be assigned to the Committee by the Board.
15. The Governance Committee shall have primary oversight responsibility for the Company's Compliance and Ethics Program, except those functions that are assigned to the Audit Committee under applicable statutes, rules or regulations.