



Customer Letter

As one of our valued customers, I wanted to share some very important news about significant steps we are announcing today to position McDermott for our continued long-term growth.

This morning we announced that McDermott has received the support of more than two-thirds of all our funded debt creditors for a restructuring transaction to rehabilitate our balance sheet, which will result in McDermott having much less debt, much more liquidity and significant financing to execute on projects in our backlog. In short, the restructuring will completely and definitively remove the uncertainty from our business and place McDermott on a firm financial foundation.

To implement the restructuring with our lenders, later today McDermott will voluntarily commence a prepackaged Chapter 11 filing in the U.S. Bankruptcy Court. A prepackaged Chapter 11 filing expedites the time to completion. We expect to emerge a stronger, more competitive company with a capital structure that matches and supports the strength of our operating business.

You can find the press release and infographic regarding the announcement, McDermott's balance sheet and what this means for you at: <http://www.mcdermott-investors.com/news/default.aspx>

Chapter 11 is a tool commonly used by companies with global operations to rehabilitate their balance sheets by allowing them to restructure and reduce debt and position themselves for the future while continuing normal operations. It is an orderly process that protects a company's ability to uphold its commitments to customers, employees and our partners. Many prominent global companies have similarly used Chapter 11 to successfully emerge as stronger competitors in their respective industries.

After many months of hard work with our advisors and lenders, and careful consideration of a variety of alternatives, we have identified that this is the best path forward for our business. Throughout this process, we will have the legal and financial ability to continue delivering the quality products and solutions you expect from us. We will maintain our laser focus on taking care of our customers and look forward to doing business with you, as we have in the past. To that end, we would like to share with you a few important points:

- **Normal Business Operations at McDermott:** The restructuring process is expected to have little impact on our operations. All projects will continue on a global basis, and we are continuing to pursue and win business development opportunities, as well as develop joint strategies with our customers.
- **Robust Funding for Ongoing Operations:** We have secured a commitment for \$2.8 billion in new debtor-in-possession (DIP) financing from a group of our first lien lenders. Upon expected Court approval, we expect the DIP financing, combined with cash generated by the Company, to provide ample funding to support ongoing operations during the process. The Company also has secured committed exit financing of over \$2.4 billion in letter of credit facility capacity and will emerge from Chapter 11 with approximately \$500 million in funded debt. This is a strong commitment and "vote of confidence" from our lenders, who also share our vision about the strength of McDermott.
- **Payment for Goods and Services:** Importantly, we intend to pay all suppliers in full.

We appreciate your continued support and look forward to continuing and growing our strong relationship.