



## **1. What did McDermott announce today?**

McDermott International, Inc. announced that it has received support from more than two-thirds of all its funded debt creditors for a restructuring transaction to rehabilitate its balance sheet and position the Company for long-term growth.

The restructuring will result in McDermott having much less debt, much more liquidity and significant financing to execute on customer projects in our backlog. In short, the restructuring will completely – and definitively – remove the uncertainty from the business and put McDermott on a firm foundation on which to capitalize on the opportunities ahead.

To implement the restructuring transaction, McDermott voluntarily commenced a prepackaged Chapter 11 filing in the U.S.

## **2. What is Chapter 11?**

Chapter 11 is a tool commonly used by companies with global operations to rehabilitate their balance sheets in an orderly manner while continuing day-to-day operations. It is viewed as an effective strategy to strengthen businesses that are unable to meet their current financial obligations.

Chapter 11 refers to the section of the U.S. Bankruptcy Code that governs court-supervised reorganizations of businesses. A company that files for protection under Chapter 11 is generally allowed to continue normal business operations. Chapter 11 provides the company with breathing room – and protection from its creditors and debtholders – so that it can confirm a plan to reorganize its debt and position itself for the future. This is not a liquidation filing (more commonly referred to as a Chapter 7 filing in the U.S.).

## **3. Why did McDermott file for Chapter 11?**

Fundamentally, McDermott's business is solid. The majority of McDermott's business units are performing well and over 90 percent of budgeted revenue for 2020 has already been booked into backlog – a record for the Company. In addition, the markets McDermott operates in continue to present tremendous long-term opportunities.

Despite this operational success, the “focus projects” (Freeport and Cameron LNG) have significantly strained McDermott's finances, and have made it difficult to maintain a timely balance between cash received from customers and cash spent on projects. To resume growth, McDermott's capital structure must change. Undertaking this financial restructuring, including a prepackaged Chapter 11 filing, enables the Company to remove the uncertainty that has hung over the business to date.

## **4. How will restructuring affect day-to-day operations?**

We will run our day-to-day business as we would normally while we work with our lenders to implement changes to our balance sheet. During this process, we will uphold our commitments to customers, employees and other stakeholders.

## **5. How will the restructuring process affect customer projects?**

All projects will continue uninterrupted on a global basis, including our focus projects, and teams will remain the same on projects, globally. During this process, we will uphold our commitments to customers and suppliers with the same high-quality service and we will have very robust financing to allow us to operate our business normally. This means that,



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worldwide, our operations will continue in normal course, delivering on our projects, selling new work, collaborating with our suppliers and developing joint strategies with our customers.

**6. How does the Chapter 11 filing affect the Company's relationship with suppliers?**

We intend to continue working closely with our suppliers, and we expect that all suppliers will continue to receive payments and be paid in full.

Goods delivered and services rendered after a Chapter 11 filing, called the "post-petition" period, will be paid in the normal course.

**7. What happens to McDermott stock after the Company files for Chapter 11?**

McDermott stock will be delisted from the New York Stock Exchange within 10 days of our filing. Following the delisting, McDermott shares will continue to trade in the immediate term in the over-the-counter marketplace, but they are proposed to be cancelled as part of McDermott's restructuring.

**8. How long will the Company be in Chapter 11?**

As a prepackaged Chapter 11 filing, we plan to move swiftly through the Court approval of the Plan, with confirmation expected within approximately two months of our filing. The closing of the Lummus sale will be the only item remaining due to regulatory review after the Chapter 11 Plan is confirmed.

**9. What will McDermott look like after the restructuring?**

With the majority support of our lenders, we will emerge a stronger, more competitive company with a capital structure that matches and supports the strength of our operating business.