McDermott International, Inc. is an engineering and construction company, with specialty manufacturing and service capabilities, focused on energy infrastructure. Our projects include steam generating and environmental equipment, offshore production facilities and pipelines, and liquefied natural gas facilities. McDermott’s customers include the leading participants in the power and energy industries, including the U.S. Department of Energy.

2007 BACKLOG

<table>
<thead>
<tr>
<th>BACKLOG TOTALS</th>
<th>Dollars in Millions</th>
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</thead>
<tbody>
<tr>
<td>07</td>
<td>05</td>
</tr>
<tr>
<td>06</td>
<td>05</td>
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<tr>
<td>Power Generation Systems</td>
<td>$5,813.7*</td>
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<tr>
<td>Offshore Oil &amp; Gas Construction</td>
<td>$3,823.0</td>
</tr>
<tr>
<td>Government Operations</td>
<td>$3,813.5</td>
</tr>
</tbody>
</table>

($000, except per share amounts) 2007 2006 2005*

- Revenues $ 5,631,610 $ 4,120,141 $ 1,839,840
- Operating Income $ 716,197 $ 391,341 $ 231,720
- Net Income $ 607,828 $ 330,515 $ 205,687
- Earnings Per Diluted Share $ 2.66 $ 1.45 $ 0.94
- Total Stockholders’ Equity $ 1,167,005 $ 443,101 $ (16,793)
- Total Assets $ 4,411,486 $ 3,633,762 $ 1,709,962

* The principal subsidiaries of the Power Generation Systems segment were not consolidated during the year 2005.

2007 Total Recordable Incident Rate, our best annual safety performance in memory.

INVESTOR CONTACTS

Questions concerning McDermott’s operating and financial performance, or requests for additional information about the Company, should be directed to:

Joy Rouwe or Robert Ballamy
Investor Relations
(281) 870-5011

Copies of the annual report and Form 10-K are available and may be obtained by contacting:

McDermott International, Inc. o/c Investor Relations
777 N. Eldridge Parkway
Houston, Texas 77073-4425

(281) 870-5011 or online at: www.mcdermott.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2007
Deloitte & Touche, LLP
333 Clay Street
Suite 2300
Houston, Texas 77002-4196

ANNUAL MEETING

The 2008 Annual Meeting of Stockholders of McDermott International, Inc., will be held at 157 N. Eldridge Parkway, 14th floor, Houston, Texas 77073, on Friday, May 2, 2008, at 9:30 a.m. local time.

SHAREHOLDER INFORMATION

Shareholder Information

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company, N.A.
P.O. Box 43089
Providence, Rhode Island 02940-3069

CRINTE TRUSTEE AND SERVICE COMPANY
The Bank of New York Trust Company
301 Grant Street
Pittsburgh, Pennsylvania 15219

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The 2007 improvement in the market value of McDermott’s common stock (NYSE: MDR).

McDermott’s position in the largest Design-Build Firms ranking by Engineering News-Record.
am pleased to report that 2007 was an excellent year for McDermott International, Inc. By virtually any measure, McDermott has been building on its prior success. Our Company’s accelerated progress during the year demonstrates that the turnaround program implemented several years ago continues to pay dividends today, and serves as the model for our business activities going forward.

With demand for energy projected to increase worldwide, McDermott is well-positioned in the marketplace as an engineering & construction company, with specialty manufacturing and service capabilities, focused on energy infrastructure.

Operating through our three segments:
• Offshore Oil & Gas Construction,
• Power Generation Systems and
• Government Operations,

McDermott serves the “big three” sources of energy: nuclear, oil & gas and coal. We believe our exclusive focus on energy is truly a differentiating characteristic of our Company.

“Reaching New Heights” is an appropriate description for McDermott in 2007, as it represents the success our Company has achieved. However, I should be clear in advance that from my perspective, McDermott’s journey does not have a pinnacle or an apex. Our goal continually remains to perform better tomorrow than we did today. With that as a backdrop, let me share my summary of the year.

HEIGHTENED FINANCIAL PERFORMANCE
The hallmark of any outstanding year begins with strong financial performance. McDermott’s 2007 results in this regard were truly record-setting in a number of categories for a fiscal year, including consolidated revenues, operating income, net income, bookings and backlog.

While I encourage you to read in full detail our attached Form 10-K, an overview of our financial results for 2007 includes:
• Revenues of $5.6 billion, up approximately 37 percent from a year ago
• Operating Income of $716 million, an increase of $325 million from 2006
• Net Income of $607.8 million, delivering earnings per diluted share of $2.66
• Backlog ended the year at $9.8 billion, an all-time high level for a year end
• Liquidity – defined as cash, restricted cash, investments and equivalents – totaled $1.5 billion

Perhaps the most objective scorecard for a company’s overall performance during a year is the stock market’s judgment. In 2007, McDermott shares appreciated 132 percent, providing a record year-end market capitalization of $13.3 billion. Value creation of this magnitude for our shareholders is gratifying. It also reconfirms the veracity of the direction set by our Board of Directors and executive management to focus on key energy markets. Results ultimately are the product of people, not markets alone. The leadership team we have assembled is delivering these great results.

During the year, McDermott completed a 2-for-1 stock split, which provides additional liquidity in our shares, lowers the entry point for new investors and reflected the Board’s confidence in McDermott’s long-term outlook. Confirming the direction set in 2006, we now primarily provide our management with long-term incentives through performance stock grants as opposed to stock options. This form of equity compensation has a less dilutive effect on earnings, while ensuring management has a stake in our results, and payouts will only occur if predetermined targets are met. The entire management team at McDermott is shareholder focused – recognizing you are the owners of the Company – and I am pleased that McDermott continued to reward your ongoing trust and investment.

REACHING FOR GROWTH
A year ago in my letter to shareholders, I highlighted many of the targets our Board and management team had set to achieve by 2010 as our focus shifted from a turnaround to a growth mode. McDermott is currently very much on- or ahead-of-schedule in reaching these milestones, including some that we have already surpassed. The central theme of these goals, however, remains: the ongoing pursuit of profitable growth. A recap and some of the accomplishments during the year include:

Acquisitions
During 2007, McDermott subsidiaries completed acquisitions for a total cash cost of approximately $335 million. The first company acquired was Marine Mechanical Corporation, which designs, manufactures and supplies electro-mechanical equipment used by the United States Navy. This business is an attractive addition to our Government Operations segment and complements our existing governmental nuclear activities.

In July, we added substantially all of the assets of Secunda International Limited to our Offshore Oil & Gas Construction segment, including Secunda’s 14 harsh-weather, multi-functional vessels, and its...
As McDermott enters 2008 and beyond, we will continue to evaluate accelerated growth opportunities achievable through acquisition or consolidation, in addition to pursuing organic strategies to advance our position in the energy arena of engineering & construction.

Asset enhancements and geographic expansion
McDermott was also very active in investing in organic growth during 2007. The Company spent $233 million in capital expenditures to maintain our assets in top working condition, expand the Company’s overall productive capacity, develop new product offerings and reach new markets.

In our Offshore Oil & Gas Construction segment, we opened a new fabrication facility in Altimira, Mexico, and in December, we received our first award from PEMEX – the state oil company of Mexico. Through the Secunda acquisition, we established a new base of operations in Canada and enhanced our subsea market capabilities. With oil exceeding $90 barrel and demand projected to remain strong, we believe further growth prospects in this segment remain robust.

Our Power Generation Systems and Government Operations segments were also active in pursuing new opportunities. We retrofitted our 30 megawatt (“MW”) Clean Environment Development Facility and began active testing of our oxy-combustion coal firing process – while also evaluating a number of CO₂ scrubbing technologies – to lead the power industry in pursuing methods to reduce this emission from coal-fired electric plants. We believe that CO₂ will likely become a regulated emission in the United States in the future, and our efforts today should better position the Company for this substantial business opportunity.

McDermott was once again an industry leader in key performance metrics in 2007, with 12.7 percent operating margins, and returns on average assets and average shareholders’ equity of over 15 percent and 75 percent, respectively.

Our Government Operations segment is looking at new markets through its endeavor to export its unique site management and operations capabilities to the active United Kingdom nuclear market. Additionally, we were part of the consortia that was awarded new site management contracts in the United States, including the Lawrence Livermore National Laboratory.

Growing presence in commercial nuclear activities
Although it has been over 30 years since a new nuclear power plant commenced construction in the United States, McDermott believes commercial nuclear projects will provide a substantial growth opportunity in the future. However, unlike many in the industry who rely solely on new build activity, our unique skillset and expertise positions the Company for a number of commercial opportunities at this time.

During 2007, we formed the Nuclear Power Generation Group to bring together our specialized engineering, services and manufacturing capabilities within a dedicated organization focused on nuclear utility customers. As we prepare for a nuclear renaissance marked by significant new generation projects, McDermott is achieving success today. During the year, we were awarded new contracts for replacement nuclear steam generators by FirstEnergy Nuclear Operation Company in the U.S. and from Bruce Power in Canada. And, as a result of our extensive experience with the design and cost-effective manufacturing of nuclear components and classified machinery, a McDermott subsidiary was selected to manufacture the components to be used in USEC Inc.’s new American Centrifuge Plant, a uranium enrichment facility.

Going forward, continuing to expand McDermott’s footprint in commercial nuclear projects will remain a priority.

Financial achievements
One of the key financial goals was to double our 2005 preset $300 million operating income level to at least $600 million by 2010, resulting in an average annual growth rate of approximately 15 percent per year. We are pleased that we surpassed this level by delivering $716 million in operating income during 2007 – beating this goal three years early. Several positive developments contributed to this achievement, including non-recurring income related to a canceled project. However, year-over-year operating income growth of 83 percent remains impressive.

The strong results that McDermott delivered in 2007 enabled progress on other financial issues. The Company retired all of its significant long-term debt in April by eliminating $250 million of funded bank loans, and we contributed approximately $135 million to increase funding of our pension plans. Our performance and financial steps were recognized by the major rating agencies with upgrades to McDermott’s credit ratings, which allowed for the renegotiation and reduction in cost of our working capital credit facilities.

McDermott was once again an industry leader in key performance metrics in 2007, with 12.7 percent operating margins, and
returns on average assets and average shareholders’ equity of over 15 percent and 75 percent, respectively.

**AIMING HIGHER: 2008 AND BEYOND**

While I’m quite pleased with our results and accomplishments during the year, what is more relevant to our employees, customers, partners and importantly, our shareholders, are McDermott’s plans for the future. Our management team recognizes that we compete for your investment dollar everyday, and that we must continue to earn your ongoing support and trust.

With the financial disciplines we developed during our turnaround years serving as the foundation, and our 2010 targets being exceeded, we undertook an extensive strategic planning process in 2007. Without being overly granular, some of the key conclusions are:

- We believe energy – inclusive of nuclear, coal, oil & gas and alternatives – continues to be the desirable industry on which to focus our E&C efforts;
- McDermott is a leader within its segment markets, but there is ample room to expand in each;
- Although we are an industry leader in safety metrics, the Company will not be satisfied until we are injury and accident free;
- There are a number of areas within the energy industry where McDermott does not currently participate that may provide compelling future opportunities; and,
- As our customers have become larger and more concentrated, and the magnitude of their projects has grown – characteristics such as size, scale and leadership are of increasing importance to McDermott.

To this point in my letter, the commentary might lead the reader to believe our journey during the year was without hardships or our future is without challenge. However, achieving new heights is never that easy.

During 2007, we had a utility customer terminate one of the largest projects we had ever received. Fortunately, we worked through this event successfully and enhanced our income from this contract. Additionally, in each existing segment and in our targeted growth markets, there is currently strong competition we must outperform or displace. We’ve done well, but the ongoing challenge remains.

As we entered 2008, worldwide concerns regarding a possible recession in the United States and abroad have resulted in extremely volatile financial markets, including for the price of McDermott shares. With our customer base of national and major oil companies, large electric utilities and the U.S. Government, I believe McDermott is operationally insulated from these economic concerns in large measure. However, we will navigate these market gyrations with a long-term focus and heightened caution.

With our new strategic plan complete and strong energy markets as a backdrop, the time is right for the emergence of new leaders to continue McDermott’s ascent. I recently announced my intention to retire as Chairman and CEO of McDermott sometime during 2008, subject to a smooth and seamless transition to my successor. In addition, two of my colleagues – Frank Kalman and Lou Sannino – who were also instrumental in orchestrating McDermott’s turnaround, have retired or announced plans to do so. Finally, our long-serving Board member and lead independent director, Admiral Bruce DeMars, will be stepping down at the upcoming annual shareholders’ meeting due to our mandatory age requirements. While those of us mentioned above were among the key architects of our turnaround years, McDermott is blessed with a strong and deep management team that remains to assist my successor deliver our planned growth.

I have great confidence in this Company’s future. The source of my conviction is my 28,400 co-workers at McDermott and its subsidiaries. I personally thank them all for their daily efforts, which have allowed the Company to prosper. Together, we have reached new heights, and with our ongoing commitment to excellence, McDermott’s trajectory is promising. And, as this is likely my last letter, let me say in conclusion that it has been my great personal honor to be Chairman and Chief Executive of McDermott, and I appreciate the confidence, trust and support shown by all constituency groups during my tenure, including you, my fellow shareholders.

Best regards,

Bruce W. Wilkinson
Chairman & CEO
Driven by growing worldwide demand, historically high oil & natural gas prices and increased capital expenditures by our customers, our Offshore Oil & Gas Construction segment experienced strong growth during the year. Operating in major hydrocarbon basins, including the Americas, Caspian Sea, Middle East and Asia Pacific regions, McDermott’s offshore construction business is one of a few global companies capable of providing a full range of engineering, procurement, construction and installation ("EPCI") services in the major offshore oil & gas producing regions of the world.

Year-end segment backlog was almost $4.8 billion – an increase of approximately 15 percent over 2006. On revenues of $2.4 billion, this segment produced income of over $400 million during 2007, more than doubling 2006 levels.

During the year, we achieved a number of accomplishments. We acquired essentially all the assets of Secunda International Limited, including their 14 multi-purpose, harsh weather vessels and shore-based operations in Canada. In addition, we opened a new facility in Altamira, Mexico, to improve our positioning in the growing deepwater markets.

We also achieved a number of milestones and innovations during the year. To name a few, we built and installed the largest integrated deck (over 18,500 tons) ever constructed at our Asia Pacific facility, fabricated the world’s first modular liquefied natural gas ("LNG") plant and signed the Long-Term Agreement – a multi-year contract – with our customer, Saudi Aramco.

With over 60 years in the offshore construction business, McDermott maintains a rich history, serving all water depths, and remains a leader in innovation and safety for the offshore oil & gas construction industry. With a record backlog, world-class facilities and a dedicated and hard-working team of employees, our Offshore Oil & Gas Construction segment is well-positioned for continued growth.

Rise in segment revenues during 2007 compared to the prior year

<table>
<thead>
<tr>
<th>BACKLOG</th>
<th>Dollars in Millions</th>
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<tbody>
<tr>
<td>05</td>
<td>$1,781.9</td>
</tr>
<tr>
<td>06</td>
<td>$4,138.5</td>
</tr>
<tr>
<td>07</td>
<td>$4,752.8</td>
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</tbody>
</table>

Full-Service Provider
McDermott is one of the few contractors providing the full range of offshore construction services worldwide, including EPCI, pipeline (pictured) and subsea projects.

Worldwide Operations
This segment primarily operates in four major hydrocarbon regions: the Americas, Asia Pacific, Caspian Sea and Middle East. In addition, we operate a fleet of vessels capable of lifting up to 4,400 tons and working in water depths of up to approximately 7,500 feet.
Setting New Records
One of our many 2007 accomplishments included this 18,500-ton topsides platform (pictured), constructed in McDermott’s Indonesia facility and installed using the floatover method in the Gulf of Thailand. The project team recorded over 5.5 million man hours without a lost-time incident.

Leading the Industry
In 2007, McDermott was ranked first in the construction of offshore and underwater facilities, and second in pipelines, by Engineering News-Record.
Power Generation Systems

Increase in combined fossil and nuclear power backlog during 2007, a 47% year-over-year improvement

<table>
<thead>
<tr>
<th>BACKLOG Dollars in Millions</th>
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<td>06</td>
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<tr>
<td>07</td>
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</table>

* The principal subsidiaries of the Power Generation Systems segment were not consolidated during the year 2005.

Providing Clean, Reliable Power…
From small package boilers for commercial applications to 1,300 MW nameplate capacity utility boilers, McDermott has the experience to burn virtually any fuel to produce steam efficiently, safely and reliably. Our nameplate is on more than 35 percent of the coal-fired capacity in the U.S., representing approximately 20 percent of our Nation's current electricity generation.

...& Protecting the Environment
McDermott’s experience in controlling power plant emissions is unmatched in the industry; whatever the pollutant – SO₂, NOX, particulate, mercury – McDermott has the technology and resources to provide the solution.

America’s need for clean, reliable electric power generation continues to increase. With a worldwide installed capacity of more than 300 gigawatts, and including some of the world’s largest and most efficient steam generation systems, McDermott’s Power Generation Systems segment continues to lead the power industry.

Operating through two divisions, the Nuclear Power Generation Group and the Power Generation Group, we design, supply, construct and service the industry’s most advanced products and services for nuclear- and fossil-powered utility customers, and we are actively expanding our alternative energy portfolio, including biomass, waste-to-energy and thermal solar.

During the 2007 year, new awards in the Power Generation Systems segment were $3.5 billion, increasing year-end 2007 segment backlog to approximately $3.3 billion. Segment income was also strong – growing to $234 million – representing an annual improvement exceeding 100 percent.

Our Power Generation Systems segment received major awards in all key business lines – fossil, environmental equipment and nuclear – a reflection of our strong historic reputation and depth of technological expertise. Key awards included replacement nuclear steam generators for FirstEnergy and Bruce Power, numerous scrubber and selective-catalytic reduction awards, and contracts for over 3.1 gigawatts of new, clean, coal-fired power plants.

Continuing our commitment to deliver solutions to address greenhouse gas emissions, we achieved major milestones in developing technologies to reduce carbon dioxide emissions from coal-fired power plants. We also opened a state-of-the-art research center to accommodate our increasing R&D efforts.

This segment has provided innovation to the power industry for more than a century, and we expect to continue this leadership for nuclear, clean coal and environmental technologies in the years ahead.
Diverse Power Operations
In 2007, McDermott was ranked second overall in construction of power plants, including first in fossil fuel plants, first in cogeneration plants, and fifth in nuclear plants, by Engineering News-Record.
McDermott’s Government Operations segment is a leading provider of nuclear components and technical services for defense applications. Using components supplied by our Nuclear Operations Group, the U.S. Government – its primary customer – has safely steamed approximately 136 million miles across the world’s waterways. Through its participation in the management and operation of 12 Government-owned facilities, our Technical Services Group continues to focus on advanced nuclear R&D, major nuclear facility operations, and deactivation and decommissioning activities.

With almost $700 million in revenues, Government Operations delivered approximately $123 million in segment income in 2007, a 10 percent, year-over-year improvement. After negotiating a $1.7 billion multi-award agreement, we booked over $800 million during 2007 for the manufacture of nuclear components, to bring year-end backlog to approximately $1.8 billion.

In May 2007, we completed the acquisition of Marine Mechanical Corporation, which expanded our specialized engineering and manufacturing capabilities, and enhanced our highly skilled employee base.

Our unique experience in the design and cost-effective manufacturing of nuclear components and classified machinery extended to the private sector when we were awarded a contract to manufacture components for a new uranium enrichment facility.

We also increased our presence in the nation’s nuclear weapons laboratories when the team we are part of was awarded the management and operation contract for the Lawrence Livermore National Laboratory.

Going forward, opportunities exist for our component manufacturing operations, as well as in managing and operating other U.S. Government facilities. While the U.S. Government remains this segment’s primary focus, we consider activities in the United Kingdom nuclear market as a promising international opportunity. The outlook for this specialized, nuclear-focused operating segment continues to be bright.
Rich History and Tradition
For more than five decades, McDermott has provided the design and manufacturing of components with unquestionable reliability for the U.S. Navy. In addition, we are one of only two U.S. facilities licensed to possess and process high-enriched uranium.
Board of Directors

Bruce W. Wilkinson
Chairman of the Board and
Chief Executive Officer of
McDermott International, Inc.

John F. Bookout, III
Former Director,
McKinsey & Company

Roger A. Brown
Former President, Smith Technologies
Smith International, Inc.

Ronald C. Cambre
Former Chairman of the Board and
Chief Executive Officer,
Newmont Mining Corporation

Bruce DeMars
Partner, RSD, LLC;
Admiral, United States Navy (Retired)

Robert W. Goldman
Former Senior Vice President and
Chief Financial Officer,
Conoco Inc.

Robert L. Howard
Former Vice President,
Shell Oil Company

Oliver D. Kingsley, Jr.
Former President and
Chief Operating Officer,
Exelon Corporation

D. Bradley McWilliams
Former Senior Vice President and
Chief Financial Officer,
Cooper Industries Ltd.

Thomas C. Scheveleben
Former President,
Northrop Grumman Newport News

1 Audit Committee
2 Compensation Committee
3 Governance Committee
4 Finance Committee
5 Lead Director

Officers of McDermott International, Inc. and Subsidiaries

CORPORATE STAFF
Bruce W. Wilkinson
Chairman of the Board and
Chief Executive Officer

John T. Nesser, III
Executive Vice President,
Chief Administrative and Legal Officer

Louis J. Sannino
Executive Vice President, Human Resources

Michael S. Taff
Senior Vice President and
Chief Financial Officer

Dennis S. Baldwin
Vice President and Chief Accounting Officer

James R. Easter
Vice President, Corporate Development
and Strategic Planning

Paul M. Garner
Vice President and Chief Information Officer

Thomas A. Henzler
Vice President and
Corporate Compliance Officer

Liane K. Hinrichs
Vice President, General Counsel
and Corporate Secretary

James C. Lewis
Vice President and Treasurer

John E. Roueche, III
Vice President, Investor Relations
and Corporate Communications

J. Timothy Woodard
Vice President, Chief Risk Officer

THE BABCOCK & WILCOX COMPANY

John A. Fees
Chief Executive Officer

Brandon C. Bethards
President, Babcock & Wilcox
Power Generation Group, Inc.

S. Robert Cochran
President, Babcock & Wilcox
Technical Services Group, Inc.

Eileen M. Competti
President, Diamond Power International, Inc.

Winfred D. Nash
President, Babcock & Wilcox
Nuclear Operations Group, Inc.

Richard E. Reimels
President, Babcock & Wilcox
Nuclear Power Generation Group, Inc.

David S. Black
Vice President and Controller

Michael J. Grady
Vice President and Associate General
Counsel and Assistant Secretary

Richard L. Killion
Vice President and General Manager,
Fossil Power Division

James S. Kulig
Vice President and General Manager,
B&W Service Company

Peter W. Waanders
Vice President and General Manager,
Babcock & Wilcox Construction Co., Inc.

J. RAY MCDERMOTT, S.A.

Robert A. Deason
Chief Executive Officer

Hafez K. Aghili
Senior Vice President, Global Operations

John T. McCormack
Senior Vice President,
Global Services/Engineering/Americas

William R. Robinson
Senior Vice President,
Sales/Marketing/Strategy

Louis W. Burkart
Vice President and Controller

Dan M. Houser
Vice President and General Manager,
Caspian

Peter A. Marler
Vice President and General Manager,
Business Development Southern Europe,
Africa, Middle East

Steven W. Roll
Vice President, Global Sales

Bruce W. Schoolfield, Jr.
Vice President, Assistant General Counsel
and Assistant Secretary

William L. Soester
Vice President, Engineering
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Dollars in Millions

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<tr>
<th>2007</th>
<th>2006</th>
<th>2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$5,631,610</td>
<td>$4,120,141</td>
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<tr>
<td>Operating Income</td>
<td>$716,197</td>
<td>$391,341</td>
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<tr>
<td>Net Income</td>
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<td>Earnings Per Diluted Share</td>
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<td>Net Cash Provided By Operating Activities</td>
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<td>Total Debt</td>
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<tr>
<td>Total Stockholders’ Equity</td>
<td>$1,167,005</td>
<td>$443,101</td>
</tr>
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McDermott’s position in the largest Design-Build Firms ranking by Engineering News-Record.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, Rhode Island 02940-3609

TRUSTEE AND AGENT

The Bank of New York Trust Company
301 Grant Street
Suite 1100
Pittsburgh, Pennsylvania 15222

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2007

Deloitte & Touche, LLP
333 Clay Street
Suite 2300
Houston, Texas 77024-4196

(713) 982-2000

ANNUAL MEETING

The 2008 Annual Meeting of Stockholders of McDermott International, Inc., will be held at 157 N. Eldridge Parkway, 14th floor, Houston, Texas 77079, on Friday, May 9, 2008, at 9:30 a.m. local time.

2007 BACKLOG Percent

<table>
<thead>
<tr>
<th>Segment</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Generation Systems</td>
<td>33%</td>
</tr>
<tr>
<td>Offshore Oil &amp; Gas Construction</td>
<td>49%</td>
</tr>
<tr>
<td>Government Operations</td>
<td>18%</td>
</tr>
</tbody>
</table>

Shareholder Information

INVESTOR CONTACTS

Questions concerning McDermott’s operating and financial performance, or requests for additional information about the Company, should be directed to:

Joy Rouche or Bobby Ballamy
Investor Relations
(281) 870-5011

Copies of the annual report and Form 10-K are available and may be obtained by contacting:

McDermott International, Inc.
600 Rogers Street
Houston, Texas 77098-4425

(281) 972-3000

WEB SITE

www.mcdermott.com

STOCKHOLDER INQUIRIES

Inquiries regarding stockholder account matters should be addressed to:

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, Rhode Island 02940-3609

(877) 282-1168

STOCK EXCHANGE

The Company’s common stock is listed on the New York Stock Exchange. Symbol: MDR

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, Rhode Island 02940-3609

Investor Relations
(281) 972-3000

FORM 10-K

Copies of the annual report (other than the Form 10-K) of the term McDermott International and its significant subsidiaries, the SEC registration statement on Form 10, and McDermott’s 2007 10-K report are available in print to any stockholder who requests a copy in writing to McDermott International, Inc., Corporate Secretary’s Office, 777 N. Eldridge Parkway, Houston, Texas 77079. Information on how stockholders or other interested parties can contact McDermott’s non-management line are available in the annual report on Form 10-K for the year ended December 31, 2007.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This document includes certain “forward-looking statements”, which the meaning of the Private Securities Litigation Reform Act of 1995. McDermott cautions that statements on this document which are forward-looking and which provide other than historical information, including statements relating to our backlog, key trends and factors which affect our backlog, our record of creating value for our shareholders and our ability to execute our strategic opportunities, involve uncertainties and risks, including, but not limited to, reductions in the capital expenditures of utility and oil companies and other adverse changes in the industries in which we operate, our inability to execute our strategic plan, our inability to compete in engineering and construction opportunities involving carbon dioxide emission regulation or other changes; and our focus and strategies, including our priority for expanding McDermott’s operations in commercial nuclear industries, our focus on safety, health and/or our focus on acquisitions and organic growth opportunities, our ability to capitalize on the current business cycle or anticipate future challenges. These forward-looking statements apply only as of the date of this document and we do not undertake any obligation to publicly update any forward-looking statements to reflect future events or circumstances.

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Although McDermott’s management believes that the forward-looking statements made in this document are reasonable, those statements are subject to numerous uncertainties and risks, including, but not limited to, reductions in the capital expenditures of utility and oil companies and other adverse changes in the industries in which we operate, our inability to execute our strategic plan, our inability to compete in engineering and construction opportunities involving carbon dioxide emission regulation or other changes; and our focus and strategies, including our priority for expanding McDermott’s operations in commercial nuclear industries, our focus on safety, health and/or our focus on acquisitions and organic growth opportunities, our ability to capitalize on the current business cycle or anticipate future challenges. These forward-looking statements apply only as of the date of this document and we do not undertake any obligation to publicly update any forward-looking statements to reflect future events or circumstances.

McDermott’s and our segments’ future, including statements relating to our backlog, key trends and factors which affect our backlog, our record of creating value for our shareholders and our ability to execute our strategic opportunities, involve uncertainties and risks, including, but not limited to, reductions in the capital expenditures of utility and oil companies and other adverse changes in the industries in which we operate, our inability to execute our strategic plan, our inability to compete in engineering and construction opportunities involving carbon dioxide emission regulation or other changes; and our focus and strategies, including our priority for expanding McDermott’s operations in commercial nuclear industries, our focus on safety, health and/or our focus on acquisitions and organic growth opportunities, our ability to capitalize on the current business cycle or anticipate future challenges. These forward-looking statements apply only as of the date of this document and we do not undertake any obligation to publicly update any forward-looking statements to reflect future events or circumstances.

Our ability to execute on our strategic plan, or our ability to compete in engineering and construction opportunities involving carbon dioxide emission regulation or other changes; and our focus and strategies, including our priority for expanding McDermott’s operations in commercial nuclear industries, our focus on safety, health and/or our focus on acquisitions and organic growth opportunities, our ability to capitalize on the current business cycle or anticipate future challenges. These forward-looking statements apply only as of the date of this document and we do not undertake any obligation to publicly update any forward-looking statements to reflect future events or circumstances.

As a result of these and other risks, our actual results may differ materially from those expressed or implied by the forward-looking statements contained in this document. Readers are urged to review in detail the risks and other factors discussed in McDermott’s periodic reports filed with the Securities and Exchange Commission.

CORPORATE GOVERNANCE

Copies of McDermott’s Corporate Governance Guidelines, Code of Business Conduct, and our corporate governance materials are available on our website, www.mcdermott.com, in “Corporate Governance” and are available in print to any stockholder who requests a copy in writing to McDermott International, Inc., Corporate Secretary’s Office, 777 N. Eldridge Parkway, Houston, Texas 77079. Information on how stockholders or other interested parties can contact McDermott’s non-management line are available in our annual report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

SHAREHOLDER INFORMATION

Unless the context otherwise requires, the use in this report (other than the Form 10-K) of the term McDermott International or its significant subsidiaries, the SEC registration statement on Form 10, and McDermott’s 2007 10-K report are available in print to any stockholder who requests a copy in writing to McDermott International, Inc., Corporate Secretary’s Office, 777 N. Eldridge Parkway, Houston, Texas 77079. Information on how stockholders or other interested parties can contact McDermott’s non-management line are available in our annual report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.