

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☒ the final return/report;	
	☐ an amended return/report;	☒ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☒		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED	1b Three-digit plan number (PN) ►	001	
	1c Effective date of plan	04/01/1962	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) MCDERMOTT INCORPORATED 777 N ELDRIDGE PKWY HOUSTON, TX 77079-4425	2b Employer Identification Number (EIN) 74-1032246	2c Sponsor's telephone number 281-870-5574	2d Business code (see instructions) 237990

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	03/15/2011	ROCHELLE WALD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	03/15/2011	ROCHELLE WALD
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") RETIREMENT COMMITTEE - MCDERMOTT INCORPORATED 777 N ELDRIDGE PKWY HOUSTON, TX 77079-4425	3b Administrator's EIN 72-0797125 3c Administrator's telephone number 281-870-5574
---	---

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
---	-----------------------------------

5 Total number of participants at the beginning of the plan year	5	4147
---	----------	------

6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1B 1G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☐ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>MCDERMOTT INCORPORATED</u>	D Employer Identification Number (EIN) <u>74-1032246</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information	
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>		
2 Assets:		
a Market value	2a <u>214341696</u>	
b Actuarial value	2b <u>234596460</u>	
3 Funding target/participant count breakdown		
	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>2675</u>	<u>221303960</u>
b For terminated vested participants	3b <u>1326</u>	<u>43295441</u>
c For active participants:		
(1) Non-vested benefits	3c(1)	<u>392336</u>
(2) Vested benefits	3c(2)	<u>26043171</u>
(3) Total active	3c(3) <u>186</u>	<u>26435507</u>
d Total	3d <u>4187</u>	<u>291034908</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐	
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5 <u>6.60</u> %	
6 Target normal cost	6 <u>1008560</u>	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>03/10/2011</u>
Signature of actuary	Date
<u>ANTHONY M. ABBAZIA, F.S.A.</u>	<u>08-04898</u>
Type or print name of actuary	Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>	<u>203-975-0260</u>
Firm name	Telephone number (including area code)
<u>281 TRESSER BOULEVARD, 6TH FLOOR</u> <u>STAMFORD, CT 06901-3246</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	922351	2843191
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	922351	2843191
9	Amount remaining (Item 7 minus item 8).....	0	0
10	Interest on item 9 using prior year's actual return of <u>9.51</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>8.28</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	80.60 %
15	Adjusted funding target attainment percentage.....	15	80.60 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	92.53 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls						
18 Contributions made to the plan for the plan year by employer(s) and employees:							
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees		
04/14/2010	1200972						
06/15/2010	1202845						
02/10/2011	3155990						
			Totals ►	18(b)	5559807	18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:			
a	Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b	Contributions made to avoid restrictions adjusted to valuation date	19b	0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	5288021
20 Quarterly contributions and liquidity shortfalls:			
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No			
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No			
c If 20a is "Yes," see instructions and complete the following table as applicable:			
Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 58
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	1008560
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	56438448	4279461
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	5288021
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	5288021
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	5288021
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010					
A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 MCDERMOTT INCORPORATED				D Employer Identification Number (EIN) 74-1032246	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: MCDERMOTT INCORPORATED MASTER TRUST					
b Name of sponsor of entity listed in (a): MCDERMOTT INCORPORATED					
c EIN-PN 74-1032246-006		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010		
A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MCDERMOTT INCORPORATED	D Employer Identification Number (EIN) 74-1032246	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2191529	
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	212558830	0
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	214750359	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	381783	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	381783	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	214368576	0
---	-----------	-----------	---

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	5559807	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5559807
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		18878442
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		24438249

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	9915991	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		9915991
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		9915991

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		14522258
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		228890834

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: L.J. MOSBY P.C.

(2) EIN: 84-1656069

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	X		7283
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount: 0

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
RETIREMENT PLAN FOR EMPLOYEES OF BABCOCK & WILCOX GOVERNMENTAL OPERATIONS	74-1032246	004
RETIREMENT PLAN FOR EMPLOYEES OF J. RAY MCDERMOTT HOLDINGS, INC	72-1280625	003

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010		
A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 MCDERMOTT INCORPORATED		D Employer Identification Number (EIN) 74-1032246
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3 4
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2010 v.092308.1		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 43% Investment-Grade Debt: 41% High-Yield Debt: 1% Real Estate: 4% Other: 11%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☒ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED
MAY 31, 2010 AND DECEMBER 31, 2009**

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED
FINANCIAL STATEMENTS
MAY 31, 2010 AND DECEMBER 31, 2009**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>Report of Independent Auditors</u>	1
<u>Financial Statements</u>	
Statements of Net Assets Available for Benefits at May 31, 2010 and December 31, 2009	2
Statements of Changes in Net Assets Available for Benefits for the five month period ended May 31, 2010 and the year ended December 31, 2009	3
Notes to Financial Statements	4 – 14
Supplemental Schedule:	
Schedule of Assets (Held at End of Period), May 31, 2010	15
Schedule of Reportable Transactions for the five month period ended May 31, 2010	16
*Other supplemental schedules have been omitted as they are not applicable.	

Report of Independent Auditors

To the Participants and Plan Committee of the
Retirement Plan for Employees of McDermott Incorporated

We were engaged to audit the accompanying financial statements and supplemental schedule of the Retirement Plan for Employees of McDermott Incorporated (the "Plan") as of May 31, 2010 (the date of Plan merger) and December 31, 2009, and for the five months ended May 31, 2010 and for the year ended December 31, 2009, as listed in the accompanying index. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by The Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of May 31, 2010 and December 31, 2009, and for the five months ended May 31, 2010 and the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

As discussed in Note 1, the Plan merged with an affiliated plan in 2010 and no longer conducts separate operations. All Plan assets and obligations have been transferred to the successor plan.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Houston, Texas
March 11, 2011

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	<u>May 31, 2010</u>	<u>December 31, 2009</u>
Assets:		
Investments, at fair value (Notes 1, 3, 7 and 8):		
Plan's interest in net assets of the McDermott Incorporated Master Trust.....	\$ -	\$ 212,558,830
Receivables:		
Employer contributions	-	2,191,529
Transfers due from affiliated plans.....	<u>-</u>	<u>-</u>
Total receivables	<u>-</u>	<u>2,191,529</u>
Total assets.....	-	214,750,359
Liabilities:		
Transfer due to affiliated plan	<u>-</u>	<u>(381,783)</u>
Net assets available for benefits.....	<u>\$ -</u>	<u>\$ 214,368,576</u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the five months ended May 31, 2010	For the year ended December 31, 2009
Investment income (Notes 1, 3, 7 and 8):		
Plan's interest in investment income (loss) of the McDermott Incorporated Master Trust.....	\$ 18,878,442	\$ 20,629,655
Employer contributions	5,559,807	2,191,529
Benefits paid directly to participants.....	<u>(9,915,991)</u>	<u>(23,760,530)</u>
Net increase (decrease)	14,522,258	(939,346)
Transfers:		
Retirement Plan for Employees of J. Ray Holdings, Inc. ..	(213,551,951)	-
Retirement Plan for Employees of Babcock & Wilcox Commercial Operations.....	-	(381,783)
Retirement Plan for Employees of Babcock & Wilcox Governmental Operations	<u>(15,338,883)</u>	<u>-</u>
Net transfers (out) in	<u>(228,890,834)</u>	<u>(381,783)</u>
Net increase (decrease)	<u>(214,368,576)</u>	<u>(1,321,129)</u>
Net assets available for benefits:		
Beginning of year	214,368,576	215,689,705
End of year	<u>\$ -</u>	<u>\$ 214,368,576</u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

NOTE 1 – BASIS OF FINANCIAL STATEMENTS

McDermott Incorporated (the Company) is a subsidiary of McDermott International, Inc. (MII). The Retirement Plan for Employees of McDermott Incorporated (the Plan) participates with certain other retirement plans of affiliates of MII in the McDermott Incorporated Master Trust (the Trust), a trust maintained by The Bank of New York Mellon (the Trustee).

In connection with the July 30, 2010 spin-off by MII of its wholly owned subsidiary The Babcock & Wilcox Company (“B&W”) into an independent, publicly traded company, effective April 30, 2010 approximately 7% of the pension liability and corresponding assets of this Plan were transferred to a non-contributory defined benefit plan sponsored by a wholly owned subsidiary of B&W. Effective May 31, 2010 the Plan was merged into a non-contributory defined benefit plan sponsored by another wholly owned subsidiary of MII (the “Successor Plan”). These financial statements reflect the transfer of all of the Plan’s remaining assets and liabilities to the Successor Plan on May 31, 2010. The assets of the Plan that were transferred to the Successor Plan have been invested in accordance with the investment policy of the Successor Plan in an investment pool consisting primarily of high quality fixed income securities the duration of which matches the duration of the Successor Plan’s liabilities.

All contributions made to the Plan are invested in the Trust. Trust investment transactions are directed by the Investment Committee, a committee appointed by the Board of Directors of McDermott Incorporated. The Investment Committee may delegate authority to investment managers as to the management and control of assets. The Plan’s interest in the net assets of the Trust is based on the Plan’s beginning share plus employer contributions and allocated investment income and expenses, less benefits paid directly to participants. Investment income of the Trust is allocated by the Trustee among the participating retirement plans, relative to the fair values of each plan’s interest in each investment pool of the Trust.

In order to allow each participating plan the flexibility to customize its asset allocation policy, the Trust is structured so that it is comprised of six pools of funds, each representing a distinct asset class. Each participating plan independently determines the amount it chooses to invest in each pool.

During 1987, the Trust purchased a non-participating single premium annuity contract from Metropolitan Life Insurance Company (Metropolitan) covering substantially all pre-January 1, 1987 retirees, including retirees of certain predecessor plans. Under the contract, Metropolitan is obligated to pay the pension benefits to said retirees or their beneficiaries. The contract with Metropolitan is excluded from Plan assets, and benefits to be provided by the contract are excluded from the actuarial data provided in these financial statements.

NOTE 2 – DESCRIPTION OF PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the summary plan description for more detailed information or to the official plan documents for complete information.

General

The Plan is a non-contributory defined benefit plan administered by the Retirement Committee (the “Committee”) of the Company. The Plan covered all employees of the Company and certain of its

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

subsidiaries and affiliates that were employed prior to April 1, 2006, except non-resident alien employees who do not earn income in the United States, employees under certain collective bargaining agreements, and leased employees. Eligible employees became participants when they attained age 21 and completed one year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Pension Benefits and Vesting

An employee who has participated in the Plan for five years (including participation in a former plan) becomes fully vested in the Plan and is entitled to receive pension benefits at their normal retirement age, but based on age and years of service, a participant may elect early retirement. Benefits are also payable upon the death or disability of a participant. Benefits under the Plan are based on years of service and a flat benefit rate for substantially all hourly employees and on years of service and the highest consecutive five-year average of compensation during the last ten years of service for all other employees. Supplemental payments are also made to certain participants affected by changes in other postretirement benefit plans.

Effective April 1, 2006, the Plan was closed to new participants and was amended for salaried employees hired on or since April 1, 2001. For these employees, benefits accrued as of March 31, 2006 became fully vested and future benefit accruals ceased, other than certain increases related to the consumer price index. Any pension benefits earned to that date will remain payable pursuant to the Plan upon retirement.

Effective April 1, 2007, the Plan was amended for salaried employees with five to ten years of service as of January 1, 2007. These employees were offered a one-time option of continuing to earn benefits under the Plan or receiving a service-based cash contribution to the Thrift Plan for Employees of McDermott Incorporated and participating subsidiary and affiliated companies (the "Thrift Plan"). A portion of this group of employees elected to begin receiving service-based cash contributions to the Thrift Plan. Effective May 31, 2010, all benefit accrual under the plan was frozen and all unvested accrued benefits became fully vested.

The Plan provides that, subject to certain limitations any excess assets in the Plan would be used to increase pension benefits if certain events occurred within a sixty-month period following a defined change in control of MII.

Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 16, 2008, that the Plan and the related Trust are designed in accordance with the applicable sections of the Internal Revenue Code.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Among the most significant estimates in the financial statements are the fair value of certain investments without actively quoted market prices and the assumptions underlying the actuarial present value of accumulated plan benefits. Actual results could differ from those estimates and these differences could be material.

Investments of the Trust

Investments in securities are valued at fair value. Fair value determinations are made by reference to available quoted market prices on national exchanges when available, by reference to quoted prices for similar securities when available, or by using a range of techniques appropriate to the nature of the investment. See Note 8 for further discussion of valuation methodologies used with respect to the investments of the Trust.

Purchases and sales of investments are recorded on the trade dates. Interest income is accrued as earned; dividends are recorded as income on the ex-dividend date.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Contributions Receivable

Contributions receivable at December 31, 2009 are comprised of contributions funded during 2010 which have been designated as being attributable to the 2009 plan year. The Plan's financial statements for 2010 include \$4,451,336 of contributions attributable to the Plan for 2010 which were received by the Successor Plan subsequent to the date of the Plan merger (see Note 1)

Transfers With Affiliated Plans

Transfers to or from an affiliated plan may be recognized from time to time to move actuarial equivalent asset values associated with participants who may transfer between affiliated retirement plans as a result of a transfer between business units of the Company or an affiliated company.

Administrative Expenses

Administrative expenses, including Trustee fees, are paid from Plan assets.. These fees amounted to

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

\$592,570 and \$1,419,000 for the five months ended May 31, 2010 and the year ended December 31, 2009, respectively.

Subsequent Events Updating

The Plan Administrators have reviewed and evaluated events subsequent to May 31, 2010 through March 11, 2011, the date the financial statements were available to be issued, for their impact on amounts recorded and related disclosures, in these financial statements, and incorporated the related effects as appropriate.

NOTE 4 – FUNDING POLICY

The Plan is funded based on actuarial recommendations and to meet the minimum funding requirements of ERISA. During the 2010 and 2009 Plan years, the Plan met these minimum funding requirements.

NOTE 5 – PLAN TERMINATION

In the event of Plan termination, benefits accrued under the Plan would become nonforfeitable to the extent then funded and the net assets of the Plan would be allocated as prescribed by ERISA and its related regulations. The Committee would determine the date and method of distribution of the net assets and would distribute such assets in accordance with the provisions of the Plan.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. governmental agency) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

Although it has not expressed any intention to do so, the Company has the right to terminate the Plan, subject to the provisions set forth in ERISA. The May 31, 2010 merger of the Plan is not a termination of the Plan.

NOTE 6 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits, as calculated by the Plan's actuary, is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

The significant actuarial assumptions used in the January 1, 2010 and 2009 valuations were (a) life expectancy of participants (the 1994 Group Annuity Mortality Table projected forward), (b) life expectancy of disabled participants (the 1994 Group Annuity Mortality Table projected forward), (c) retirement age (age 65), and (d) expected rate of return on plan assets was 8.50% at January 1, 2010 and 2009, respectively. The discount rate used in the valuations was 6.0% and 6.25% at January 1, 2010 and 2009, respectively. The actuarial cost method used is the Projected Unit Credit Method.

The actuarial present value of accumulated plan benefits was as follows:

	January 1,	
	2010	2009
Vested and nonvested benefits:		
Participants currently receiving payments	\$ 233,822,766	\$ 232,792,148
Other participants	75,655,186	74,825,174
Total vested	309,477,952	307,617,322
Nonvested benefits	418,684	361,392
	<u>\$ 309,896,636</u>	<u>\$ 307,978,714</u>

The changes in the actuarial present value of accumulated plan benefits that occurred during the years ended January 1, 2010 and 2009 were as follows:

	January 1,	
	2010	2009
Increase (decrease) during the year attributable to:		
Benefits accumulated	\$ 184,737	\$ 3,089,533
Increase due to passage of time	18,528,305	18,635,499
Changes in assumptions	6,611,265	-
Benefits paid	(23,406,385)	(23,472,858)
Net decrease	1,917,922	(1,747,826)
Actuarial present value of accumulated plan benefits:		
Beginning of period	307,978,714	309,726,540
End of period	<u>\$ 309,896,636</u>	<u>\$ 307,978,714</u>

The increase in the 2010 actuarial present value due to changes in assumptions was primarily due to a decrease from 2009 in the discount rate used to determine the present value of the obligations and a 0.25% decrease in the salary increase and the social security annual wage base increase rates.

The Plan's pension liabilities were transferred to the Successor Plan effective May 31, 2010.

NOTE 7 – FINANCIAL INFORMATION OF THE TRUST (Certified by Trustee) (Unaudited)

Pursuant to the provisions of 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan's independent auditors did not perform any auditing procedures with respect to the information certified by the Trustee, except for comparing such information to the related financial statements. All financial data included in the financial statements and their accompanying notes relating to investments, income (loss) from investments, and net appreciation (depreciation) in fair value of investments was obtained from the information certified by the Trustee. The Trustee has certified the Plan's interest in net assets of the McDermott Master Trust of \$210,781,229 just prior to the transfer of assets to the Successor Plan at May 31, 2010 and \$212,558,830 at December 31, 2009, respectively, and the Plan's interest in investment income of the McDermott Incorporated

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

Master Trust of \$18,878,442 for the five month period ended May 31, 2010 and \$18,629,655 for the year ended December 31, 2009. Just prior to the Plan merger at May 31, 2010, the Plan had a proportionate undivided interest in the net assets held by the Trust of 13%, exclusive of a specific pool of \$216,818,713 of fixed income securities related to an affiliated plan. At December 31, 2009, the Plan had a proportionate undivided interest in the net assets held by the Trust of 14%, exclusive of a specific pool of \$203,666,106 of fixed income securities related to an affiliated plan. The investment in the Master Trust is the only investment held by the Plan.

The following is a summary of the Master Trust's financial information and data certified by the Trustee as complete and accurate in accordance with 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

**NET ASSETS OF THE MCDERMOTT INCORPORATED MASTER TRUST
(CERTIFIED BY TRUSTEE)**

	December 31,	
	2010	2009
Securities:		
Common stocks	\$ 244,241,839	\$ 424,009,454
Preferred stocks.....	3,641,043	3,240,370
Fixed income securities and corporate bonds	533,819,430	592,130,276
U.S. Government securities.....	426,169,599	221,213,003
Futures contracts.....	(770,352)	(2,356,344)
	<u>1,207,101,559</u>	<u>1,238,236,759</u>
Interest-bearing cash	89,288,818	41,246,730
Commingled trust funds	303,102,332	208,899,087
Partnerships with security holdings	180,016,096	177,040,172
Real estate	68,366,150	70,047,788
Total Investments	<u>1,847,874,955</u>	<u>1,735,470,536</u>
Other investment related net assets (liabilities).....	(189,540)	247,852
Net Assets.....	<u>\$ 1,847,685,415</u>	<u>\$ 1,735,718,388</u>

Individual investments held by the Master Trust which exceeded 5% of net assets held for Plan benefits as of May 31, 2010 or December 31, 2009 are as follows:

	May 31, 2010
SSGA S&P 500 Index	\$ 135,267,493

	December 31, 2009
GMO ERISA Pool	\$ 93,910,295
Russell 1000 Value Index Fund B.....	91,651,167

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

**INVESTMENT INCOME (LOSS)
OF THE MCDERMOTT INCORPORATED MASTER TRUST
(CERTIFIED BY TRUSTEE)**

	For the year ended December 31,	
	2010	2009
Net realized and unrealized appreciation/ (depreciation) in fair value of investments:		
Common stock.....	\$ (3,293,836)	\$ 93,628,672
Fixed income securities and corporate bonds.	13,638,227	57,549,314
Mutual funds	-	7,420,927
U.S. Government securities	29,917,442	(57,817,310)
Partnerships with security holdings	5,296,939	(23,889,219)
Real estate	(926,541)	(25,760,919)
Commingled trust funds.....	(14,449,952)	40,840,145
Futures contracts	5,169,236	(16,856,418)
Other investments	1,271,087	447,887
	<u>36,622,602</u>	<u>76,078,540</u>
Interest income	16,657,708	38,027,278
Dividend income	2,558,700	7,308,440
Other investment expenses	<u>(2,628,850)</u>	<u>(8,838,105)</u>
Total Investment Income (Loss)	<u>\$ 53,210,160</u>	<u>\$ 112,576,153</u>

A significant portion of the Trust's investments were denominated in U.S. dollars at May 31, 2010 and December 31, 2009. As a result of having various investments denominated in foreign currencies, the Trust is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of the investment income of its foreign investments. The Trust has purchased foreign currency forward contracts (net notional value of \$24,042,000 at December 31, 2009) to minimize the effect of fluctuating foreign currencies on investment income. The forward contracts are valued at current forward foreign exchange rates with changes in forward rates reflected directly in investment income as a component of net realized and unrealized appreciation (depreciation) in fair value of investments.

The Master Trust participates in a securities lending program with the Trustee, authorizing the trustee to lend securities held in the Master Trust account to third parties. The Trustee must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities. The cash received as collateral for the securities lent to third parties is invested in units of a fund managed by the Trustee ("the "Collateral Fund") for the benefit of various trusts participating in a similar program. The fair value of securities loaned by the Master Trust is \$216,359,526 at May 31, 2010. The Master Trust, the borrowers and the Trustee each receive a percentage of the net income derived from securities lending activities. Income earned during the 2010 and 2009 periods was approximately \$91,000 and \$686,000, respectively, net of bank fees.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Plan adopted FASB topic *Fair Value Measurements and Disclosures* on January 1, 2008. This topic

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The topic also expands the disclosure requirements around fair value and establishes a hierarchy for valuation inputs that emphasizes the use of observable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Categorization of instruments within the fair value level hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy under this topic are described below:

- | | |
|----------|---|
| Level 1- | Inputs are based on unadjusted quoted prices for identical instruments traded in active markets. |
| Level 2- | Inputs are based on unadjusted quoted prices for similar instruments in active markets or identical instruments in inactive markets and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability. |
| Level 3- | Inputs are generally unobservable and typically reflect estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are usually determined using model-based techniques that include option pricing models, discounted cash flow models and similar valuation techniques. |

Following is a description of the primary measurements used to measure the fair value of each class of Plan assets:

Common stocks: Valued at the quoted market price of shares held as evidenced on listing trading exchanges.

Preferred stocks: Valued at the quoted market price of shares held as evidenced on listing trading exchanges when available, or by comparison of the security to the quoted market price of similar securities and of similar credit ratings.

Convertible securities: Valued based on comparison of the security to similar securities and of similar credit ratings.

Fixed income securities: Valued based on comparisons with the quoted market price of similar securities with similar credit ratings or by performing discounted cash flow analysis considering market conditions, credit terms and comparative credit ratings of the issuers. Observable inputs include interest rates on securities and credit ratings of various issuers.

U. S. Government securities: Valued using quoted market prices of the securities held as evidenced on listed trading exchanges.

Mutual funds: Valued at the net asset value of shares held as evidenced on listed trading exchanges.

Futures contracts: Valued using quoted market prices of the securities held as evidenced on listed trading exchanges.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

Cash and cash equivalents: Valued at the notional monetary amount, adjusted for currency exchange rates when applicable.

Commingled trust funds: Valued by the trust manager at redemption prices established by the trustee based on the value of the underlying securities held in trust, which include securities having quoted market prices, securities similar to securities having quoted market prices and securities for which discounted cash flow analysis and other subjective factors are necessary for valuation.

Partnerships with security holdings: Valued by the manager of the partnership or investment entity based upon the value of the underlying securities held, including those having a quoted market price and those valued in comparison to similar securities having a quoted market price. Other investments valued using a number of subjective factors regarding market and economic conditions, business performance expectations and formal appraisals.

Real estate: Valued using the value of the underlying interest in the properties held by the investment manager using independent appraisals or internally by portfolio managers using subjective techniques by comparison with similar investments, discounted cash flows and expected market conditions. Valued at cost if believed to be the only indicator of value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of May 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 243,291,933	\$ -	\$ 185,021	\$ 243,476,954
Preferred stocks	3,640,308	-	-	3,640,308
Fixed income securities and corporate bonds:	-	-	-	-
Financials	-	119,702,648	-	119,702,648
Private placements	-	62,902,933	-	62,902,933
CMOs and Asset backed securities	-	56,767,712	-	56,767,712
Industrials	-	51,518,865	-	51,518,865
Utilities	-	47,824,085	-	47,824,085
Municipalities	-	32,536,795	-	32,536,795
Other	1,396,452	159,922,139	-	161,318,591
U. S. Government securities	423,326,514	-	-	423,326,514
Futures contracts	(770,352)	-	-	(770,352)
Cash and cash equivalents	67,369,438	274	94,622	67,464,334
Commingled trust funds	-	-	303,102,332	303,102,332
Partnerships with security holdings	-	-	180,016,096	180,016,096
Real estate	-	-	68,366,150	68,366,150
Total	\$ 738,254,293	\$ 531,175,451	\$ 551,764,221	\$1,821,193,965

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 423,883,248	\$ -	\$ 208,327	\$ 424,091,575
Preferred stocks	3,238,021	-	-	3,238,021
Fixed income securities and				
corporate bonds	-	-	-	-
Financials	-	114,327,328	-	114,327,328
Private placements	-	71,419,373	-	71,419,373
CMOs and Asset backed securities	-	55,943,609	-	55,943,609
Industrials	-	71,678,902	-	71,678,902
Utilities	-	58,954,108	-	58,954,108
Municipalities	-	34,332,014	-	34,332,014
Other	-	178,557,581	155,030	178,712,611
U. S. Government securities	219,242,716	-	-	219,242,716
Futures contracts	(2,356,344)	-	-	(2,356,344)
Cash and cash equivalents	38,440,538	493,269	94,621	39,028,428
Commingled trust funds	-	-	208,899,087	208,899,087
Partnerships with security holdings	-	-	177,040,172	177,040,172
Real estate	-	-	70,047,788	70,047,788
Total	\$ 682,448,179	\$ 585,706,184	\$ 456,445,025	\$1,724,599,388

Change in Level 3 Investments

The following table sets forth a summary of changes in the Level 3 investments of the Master Trust for the five months ended May 31, 2010 and the year ended December 31, 2009:

	For the five months ended May 31, 2010	For the year ended December 31, 2009
Balance at beginning of period	\$ 456,445,025	\$ 483,152,859
Issuances and acquisitions	167,196,979	29,758,274
Dispositions	(61,784,095)	(64,123,530)
Realized gain (loss)	4,415,779	(2,348,299)
Unrealized gain (loss)	(14,509,467)	10,005,721
Balance at end of period	\$ 551,764,221	\$ 456,445,025

All realized and unrealized gains and losses are included in the Plan's interest in investment income of the Master Trust in the accompanying Statement of Changes in Net Assets.

**RETIREMENT PLAN FOR EMPLOYEES
OF
MCDERMOTT INCORPORATED**

NOTE 9 – RELATED PARTIES

The Company, the Trustee and the affiliates of both are parties-in-interest to the Plan. The Company provides administrative services to and on behalf of the Plan with no compensation or reimbursement from the Plan. Fees paid by the Master Trust to the Trustee for custodial and recordkeeping services for all plans invested in the Master Trust totaled \$157,000 for the five months ended May 31, 2010 and \$684,000 for the year ended December 31, 2009. The Trustee also received fees totaling \$16,000 for the year ended December 31, 2009, related to its services provided to all plans invested in the Master Trust pursuant to the Master Trust's securities lending activities.

Retirement Plan for Employees of McDermott Incorporated
Supplemental Schedule
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
EIN 74 - 1032246, Plan No.: 001
May 31, 2010

Identity of issue	Description	Units or number of shares	Cost	Current value at May 31, 2010
-------------------	-------------	---------------------------------	------	-------------------------------------

No investments were held at the end of the Plan year.

* Party-in-interest

The information shown on this schedule has been summarized from information provided by the trustee,
which the trustee has certified as being complete and accurate.

Retirement Plan for Employees of McDermott Incorporated**Supplemental Schedule****Schedule H, Line 4j - Schedule of Reportable Transactions****EIN 74 - 1032246, Plan No.: 001****For the Five Months Ended May 31, 2010**

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset	(h)	(i)
					Current value of asset on transaction date	Net gain or loss
Individual transactions						
Sales						
McDermott Incorporated						
* Master Trust	Master Trust Investment Units		\$ 14,040,051	\$ 14,040,051	\$14,040,051	\$0

* Party-in-interest

The information shown on this schedule has been summarized from information provided by the trustee,
which the trustee has certified as being complete and accurate.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 05/31/2010

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.**A** Name of plan

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORP

B Three-digit
plan number (PN) ▶

001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

McDermott Incorporated

D Employer Identification Number (EIN)

74-1032246

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2010**2** Assets:

	2a	2b
a Market value.....	214,341,696	
b Actuarial value.....		234,596,460

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 2,675	221,303,960
b For terminated vested participants.....	3b 1,326	43,295,441
c For active participants:		
(1) Non-vested benefits.....	3c(1)	392,336
(2) Vested benefits.....	3c(2)	26,043,171
(3) Total active.....	3c(3) 186	26,435,507
d Total.....	3d 4,187	291,034,908

4 If the plan is at-risk, check the box and complete items (a) and (b) ☐

a Funding target disregarding prescribed at-risk assumptions.....	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b

5 Effective interest rate..... **5** 6.60 %**6** Target normal cost..... **6** 1,008,560**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**Anthony M. Abbazia AMB
Signature of actuaryMarch 10, 2011
Date

Anthony M. Abbazia, F.S.A.

08-04898

Type or print name of actuary

Most recent enrollment number

Buck Consultants, LLC

(203) 975-0260

281 Tresser Boulevard, 6th floor

Telephone number (including area code)

Stamford CT 06901-3246

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	922,351	2,843,191
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	922,351	2,843,191
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>9.51</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>8.28</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	80.60 %
15 Adjusted funding target attainment percentage	15	80.60 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	92.53 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/14/2010	1,200,972				
06/15/2010	1,202,845				
02/10/2011	3,155,990				
Totals ▶			18(b)	5,559,807	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	5,288,021

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:**a** Segment rates:1st segment:
5.03 %2nd segment:
6.73 %3rd segment:
6.82 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

58

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute**Part VI Miscellaneous items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**27** If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment. **27****Part VII Reconciliation of unpaid minimum required contributions for prior years****28** Unpaid minimum required contribution for all prior years**28**

0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)**29**

0

30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)**30**

0

Part VIII Minimum required contribution for current year**31** Target normal cost, adjusted, if applicable (see instructions)**31**

1,008,560

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

56,438,448

4,279,461

b Waiver amortization installment**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount**33****34** Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)**34**

5,288,021

Carryover balance

Prefunding balance

Total balance

35 Balances used to offset funding requirement

0

0

0

36 Additional cash requirement (item 34 minus item 35)**36**

5,288,021

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)**37**

5,288,021

38 Interest-adjusted excess contributions for current year (see instructions)**38**

0

39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)**39**

0

40 Unpaid minimum required contribution for all years**40**

0

Retirement Plan for Employees of McDermott Incorporated

EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Line 22 - Description of Weighted Average Retirement Age

Retirement Hourly and Salary Rates Pre 4/98

<u>Age</u>	<u>(1)</u> <u>q*r</u> <u>Retirement</u> <u>Rate</u>	<u>(2)</u> <u>1-q*T</u> <u>Employment</u> <u>Rate</u>	<u>(3)</u> <u>tpx</u> <u>Cumulative</u> <u>Employment</u>	<u>(4)</u> <u>tpx*qx*Age</u> <u>Age</u> <u>Weighting</u>	<u>(5)</u> <u>tpx*qx</u> <u>Cumulative</u> <u>Decrements</u>	<u>(6)</u> <u>Weighted</u> <u>RA = Sum</u> <u>(4) / (5)</u>
50	0.2000	0.8000	1.0000	10.1000	0.2000	
51	0.0500	0.9500	0.8000	2.0600	0.0400	
52	0.0500	0.9500	0.7600	1.9950	0.0380	
53	0.0500	0.9500	0.7220	1.9314	0.0361	
54	0.0500	0.9500	0.6859	1.8691	0.0343	
55	0.0500	0.9500	0.6516	1.8082	0.0326	
56	0.0800	0.9200	0.6190	2.7980	0.0495	
57	0.0800	0.9200	0.5695	2.6197	0.0456	
58	0.0800	0.9200	0.5239	2.4521	0.0419	
59	0.0800	0.9200	0.4820	2.2945	0.0386	
60	0.1200	0.8800	0.4435	3.2196	0.0532	
61	0.1500	0.8500	0.3903	3.6001	0.0585	
62	0.2000	0.8000	0.3317	4.1464	0.0663	
63	0.2000	0.8000	0.2654	3.3702	0.0531	
64	0.2000	0.8000	0.2123	2.7386	0.0425	
65	1.0000	0.0000	0.1698	11.1243	0.1698	

58.1272 1.0000

Weighted Average Retirement Age:

58

Retirement Hourly and Salary Rates Post 4/98

<u>Age</u>	<u>(1)</u> <u>q*r</u> <u>Retirement</u> <u>Rate</u>	<u>(2)</u> <u>1-q*T</u> <u>Employment</u> <u>Rate</u>	<u>(3)</u> <u>tpx</u> <u>Cumulative</u> <u>Employment</u>	<u>(4)</u> <u>tpx*qx*Age</u> <u>Age</u> <u>Weighting</u>	<u>(5)</u> <u>tpx*qx</u> <u>Cumulative</u> <u>Decrements</u>	<u>(6)</u> <u>Weighted</u> <u>RA = Sum</u> <u>(5) / (6)</u>
50	0.0000	1.0000	1.0000	0.0000	0.0000	
51	0.0000	1.0000	1.0000	0.0000	0.0000	
52	0.0000	1.0000	1.0000	0.0000	0.0000	
53	0.0000	1.0000	1.0000	0.0000	0.0000	
54	0.0000	1.0000	1.0000	0.0000	0.0000	
55	0.0500	0.9500	1.0000	2.7750	0.0500	
56	0.0800	0.9200	0.9500	4.2940	0.0760	
57	0.0800	0.9200	0.8740	4.0204	0.0699	
58	0.0800	0.9200	0.8041	3.7631	0.0643	
59	0.0800	0.9200	0.7398	3.5212	0.0592	
60	0.1200	0.8800	0.6806	4.9410	0.0817	
61	0.1500	0.8500	0.5989	5.5249	0.0898	
62	0.2000	0.8000	0.5091	6.3634	0.1018	
63	0.2000	0.8000	0.4073	5.1721	0.0815	
64	0.2000	0.8000	0.3258	4.2029	0.0652	
65	1.0000	0.0000	0.2606	17.0721	0.2606	

61.6501 1.0000

Weighted Average Retirement Age:

62

The weighted average retirement age is computed as the sum, over all ages, of the expected retirement rate multiplied by the probability of remaining in service to each age multiplied by the age divided by the sum of the expected retirement rate multiplied by the probability of remaining in service to each age.

Number of Active Participants

<u>Pre 4/98</u>	<u>Post 4/98</u>	<u>Total</u>	<u>Pre 4/98</u>	<u>Post 4/98</u>	<u>Retirement Age</u>
168	18	186	90.32%	9.68%	58

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V – Statement of Actuarial Assumptions and Methods

Prescribed Funding/PBGC Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with four-month lookback:	
	First Segment Rate	5.03%
	Second Segment Rate	6.73%
	Third Segment Rate	6.82%
	Effective Interest Rate	6.60%
Prior Year:	Corporate Bond Yield Curve with two-month lookback:	
	Effective Interest Rate	8.28%

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

Actuarial cost method

Unit Credit Method. The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected expenses to be paid from plan assets during the year.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Representative values of the assumed rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase
25	.08355
30	.06812
35	.05897
40	.05066
45	.04579
50	.04329
55	.04118
60	.03906
64	.03815

Social Security

Based on the Social Security Act in effect on the valuation date with assumed increases of 5.00% per annum in both the Social Security wage index and taxable wage base, and with an assumed increase of 4.50% per annum in the Consumer Price Index.

Expenses

Expected expenses of \$477,189 were added to the Target Normal Cost.

Frequency of optional payment forms

Due to the Plan's actuarial reduction factors for optional forms of payment, the benefits are deemed actuarially equivalent. Because of this, all future retirees are assumed to elect the normal form of payment.

Marital percentage

90% of male and 50% of female active participants are assumed to be married at death. Husbands are assumed to be two years older than their wives.

Mortality table

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

Cost of living increases

For participants whose accrued benefits were frozen as of March 31, 2006 or March 31, 2007, the assumed annual future cost of living increase is 4.50%..

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Representative values of the assumed annual rates of withdrawal, vesting, early retirement, disability and death are as follows:

Age	Withdrawal	Annual Rate of		Disability	Death ¹	
		Early Retirement (Pre 4/1/98 Hires)	Early Retirement (Post 4/1/98 Hires)		Male	Female
25	.07875			.001	.000292	.000146
30	.05888			.001	.000392	.000205
35	.04372			.001	.000682	.000360
40	.03397			.002	.000883	.000484
45	.02633			.002	.001087	.000751
50	.01980	.20		.003	.001358	.001092
51	.01875	.05		.004	.001416	.001212
52	.01792	.05		.005	.001477	.001383
53	.01710	.05		.005	.001582	.001579
54	.01643	.05		.006	.001697	.001805
55	.01575	.05	.05	.007	.001875	.002066
56	.01538	.08	.08	.008	.002099	.002371
57	.01538	.08	.08	.009	.002363	.002655
58	.01560	.08	.08	.010	.002671	.002903
59	.01575	.08	.08	.011	.002949	.003175
60	.01635	.12	.12	.013	.003259	.003468
61	.01643	.15	.15	.016	.003688	.003780
62	.01770	.20	.20		.004056	.004108
63	.01905	.20	.20		.004549	.004446
64	.02025	.20	.20		.004940	.004790
65	0.0000	1.00	1.00		.005323	.005135

¹ Pre-commencement rates.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Asset valuation method

The Valuation Assets are determined using a method that spreads asset gains/(losses) over 2 years. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. The discounted value of accrued contributions, if any, is included in the Valuation Assets.

The expected return on plan assets is 8.50% per annum, limited by PPA to the applicable Third Segment Rate as follows:

2009 measurement period:	6.69%
2008 measurement period:	6.43%

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES

Eligibility

Completion of one year of service.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

Greatest of the following:

1. PIA Offset Formula

1-2/3% of final average monthly compensation times credited service up to 40 years, minus 1.00% of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect at retirement times credited service up to 40 years, minus the monthly profit sharing and stock bonus retirement plan offset.

2. Minimum Formula

The greater of \$125.00 or \$12.00 times credited service.

3. Frozen Grandfathered Formula

For participants in the plan on December 31, 1975, a percentage of final average monthly compensation based on credited service as of February 28, 1994 minus the same percentage of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect on July 1, 1968 minus the monthly profit sharing and stock bonus retirement offset plus the benefit determined under the above PIA offset formula for service after February 28, 1994.

Early retirement

Eligibility

Later of age 50 and completion of 10 years of service.

Benefit

Accrued pension reduced by 0.6% for each month that early retirement date precedes age 60, but not less than \$12 per month for each year of credited service. If participant completed at least 6 months service in hardship area, one month is subtracted from age 60 for each month of hardship service (maximum 10 years) to determine reductions.

Deferred vested retirement

Eligibility

Completion of 5 years of service.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES
(continued)

Benefit

Accrued pension deferred to Normal Termination Benefit Commencement Date (normal retirement date, or if participant completed 6 months service in hardship area, date determined by subtracting number of months hardship service (maximum 120) from normal retirement date.) The accrued pension is 1-2/3% of final average monthly compensation at Date of Termination, times credited service at Date of Termination up to 40 years, minus 1.00% of the participant's age 65 (age 62 for pilots) monthly Primary Insurance Amount under the Social Security Law in effect at retirement, times credited service at normal retirement up to 40 years, multiplied by a fraction whose numerator is the credited service at termination and whose denominator is the credited service at normal retirement, minus the monthly profit sharing and stock bonus retirement plan offset. Subject to the minimum benefits described under Normal Retirement determined based on service at date of termination.

Disability retirement

Eligibility

Completion of 15 years of service and total and permanent disability prior to normal retirement date.

Benefit

Accrued pension (including minimum).

Death benefit

Eligibility

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Normal form of benefit

Single

Life annuity.

Married

50% joint and last survivor annuity (actuarial equivalent of life annuity).

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR MCDERMOTT – PRE APRIL 1, 1998 HIRES
(continued)

Optional forms

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Additional benefits

Early deferred participants, retired participants, and beneficiaries in receipt as of April 1, 1998.

An additional monthly amount determined by the participant's postretirement medical election and life insurance coverage:

Coverage Type	Additional Monthly Benefit
Single with Life Insurance	\$ 123
Dependent with Life Insurance	\$ 229
Family with Life Insurance	\$ 335
Life Insurance Only	\$ 17

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998 HIRES

Eligibility

Attainment of age 21 and completion of 1 year of service.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

1.25% of average annual compensation for the 5 highest paid years during the last 10 years of credited service multiplied by years of credited service.

If member has 15 or more years of service, minimum benefit is \$1,500. Proportionately less for less service.

For members affected by the \$150,000 pay limit, the fresh-start formula with extended wear away applies to the December 31, 1993 frozen accrued benefit.

Early retirement

Eligibility

Later of age 50 with completion of 15 years of service.

Benefit

Accrued pension (excluding minimum) if age plus service equals 75; otherwise reduced by 4% times the difference between 75 and the member's age plus service.

Disability retirement

Eligibility

Completion of 15 years of service and permanently and totally disabled.

Benefit

Accrued pension (including minimum).

Deferred vested retirement

Eligibility

Completion of 5 years of service.

Benefit

Accrued pension deferred to age 65 or actuarially reduced pension payable at age 50 or later if member had 15 years of service.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

***SUMMARY OF MAIN PLAN PROVISIONS FOR BABCOCK & WILCOX– PRE APRIL 1, 1998
HIRES (continued)***

Death benefit

Eligibility

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Normal form of benefit

Single

Life annuity.

Married

50% joint and last survivor annuity (actuarial equivalent of life annuity).

Optional forms

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Additional benefits

As of April 1, 1998 for early deferred participants, retired participants, and beneficiaries in receipt at Salaried locations:

Coverage Type	Additional Monthly Benefit
Single with Life Insurance	\$ 123.00
Dependent with Life Insurance	\$ 229.00
Family with Life Insurance	\$ 335.00
Life Insurance Only	\$ 17.00

Contributions

All contributions to support the Plan are paid by the Company.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR ALL POST APRIL 1, 1998 HIRES

Eligibility

One year of service. As of April 1, 2006, no new salaried employees are eligible to enter the plan.

Normal retirement

Eligibility

Later of age 65 and completion of 5 years of service.

Benefit

1.2% of final average monthly compensation up to the Social Security limit times credited service up to 35 years plus 1.65% of final average monthly compensation in excess of the Social Security Limit times credited service up to 35 years.

For salaried employees hired on or after April 1, 2001 with one year of service and are participants in the plan: Benefit is accrued benefit as of March 31, 2006, increased each year in the same percentage as increases in the Consumer Price Index, up to a maximum of 8% a year for each year they remain in the employ of the company. The increase in accrued benefit from January 1, 2008 to December 31, 2008 was 4.94%.

For employees who elected to stop accruals in the plan as of April 1, 2007: Benefit is accrued benefit as of March 31, 2007 increased each year in the same percentage as increases in the Consumer Price Index, up to a maximum of 8% a year for each year they remain in the employ of the company. The increase in accrued benefit from January 1, 2008 to December 31, 2008 was 4.94%.

Early retirement

Eligibility

Later of age 55 and completion of 15 years of service.

Benefit

Accrued pension reduced by 0.4% for each month that early retirement date precedes age 62.

Deferred vested retirement

Eligibility

Completion of 5 years of service. For salaried employees with a frozen accrued benefit as of March 31, 2006, vesting is 100% regardless of years of service.

Benefit

Accrued pension deferred to Normal Termination Benefit Commencement Date (normal retirement date) based on final average monthly compensation and credited service as of date of termination.

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Part V - Summary of Plan Provisions

SUMMARY OF MAIN PLAN PROVISIONS FOR ALL POST APRIL 1, 1998 HIRES
(continued)

Disability retirement

Eligibility

Completion of 15 years of service and total and permanent disability prior to normal retirement date.

Benefit

Accrued pension.

Death benefit

Eligibility

Death in active service after completion of 5 years of service.

Death prior to Normal Retirement Date while receiving a disability pension.

Death after terminating employment with eligibility for a vested, early or normal retirement pension and prior to commencing receipt of benefits.

Benefit

The amount that would have been payable to the spouse had the member terminated from service on the date of death (if termination had not already occurred), survived to age 65, begun to receive benefits under a 50% joint and survivor annuity, and then died. The benefit to the spouse shall begin on what would have been the member's normal retirement date. However, the spouse may elect to begin receiving reduced benefits as early as the date which would have been the member's early retirement date.

Normal form of benefit

Single

Life annuity.

Married

50% joint and last survivor annuity (actuarial equivalent of life annuity).

Optional forms

Ten year certain and life annuity.

Reduced 66 2/3% joint and last survivor annuity.

100% joint and survivor annuity.

75% joint and survivor annuity.

Contributions

All contributions to support the Plan are paid by the Company

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED
EIN/PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Line 25- Change in Method

- The interest rate for computing funding liabilities has been changed from the applicable yield curve with a two-month lookback to segment rates with a four-month lookback.

Retirement Plan for Employees of McDermott Incorporated
EIN / PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment
Line 26 - Schedule of Active Participant Data

AGE	Under 1	1-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	4	0	0	0	0	0	0	0	4
35 - 39	0	0	7	0	0	0	0	0	0	0	7
40 - 44	0	0	2	0	5	1	0	0	0	0	8
45 - 49	0	0	2	5	7	7	4	0	0	0	25
50 - 54	0	0	2	4	5	9	15	15	1	0	51
55 - 59	0	0	1	2	8	9	10	16	5	0	51
60 - 64	0	0	2	3	3	2	5	10	3	2	30
65 - 69	0	0	0	1	0	1	1	1	3	1	8
70+	0	0	0	0	0	0	0	1	1	0	2
Total	0	0	20	15	28	29	35	43	13	3	186

RETIREMENT PLAN FOR EMPLOYEES OF MCDERMOTT INCORPORATED

EIN / PN: 74-1032246 / 001

Form 5500 Schedule SB Attachment

Line 32 - Schedule of Amortization Bases

Date Established	Type of Base	Initial Amount	Remaining Installments	Annual Shortfall Amortization Installment	Amortization Installment Recognized for Short Plan Year	Present Value of Remaining Installments as of January 1, 2010
January 1, 2008	Shortfall	\$ 23,307,643	5	\$ 3,851,284	\$ 1,581,947	\$ 17,498,235
January 1, 2009	Shortfall	684,456	6	121,456	49,889	639,530
January 1, 2010	Shortfall	38,300,683	7	<u>6,445,700</u>	<u>2,647,625</u>	<u>38,300,683</u>
Total charge				\$ 10,418,440	\$ 4,279,461	\$ 56,438,448

Retirement Plan for Employees of McDermott Incorporated
Supplemental Schedule
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
EIN 74 - 1032246, Plan No.: 001
May 31, 2010

Identity of issue	Description	Units or number of shares	Cost	Current value at May 31, 2010
-------------------	-------------	---------------------------------	------	-------------------------------------

No investments were held at the end of the Plan year.

* Party-in-interest

The information shown on this schedule has been summarized from information provided by the trustee,
which the trustee has certified as being complete and accurate.