

MCDERMOTT INTERNATIONAL INC

Form 424B3

March 31, 2014

Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-194926

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion, Dated March 31, 2014

Preliminary Prospectus Supplement to Prospectus dated March 31, 2014

10,000,000 Units
McDermott International, Inc.
% Tangible Equity Units

This is an offering of tangible equity units, or Units, of McDermott International, Inc. Each Unit has a stated amount of \$25.00.

Each Unit is comprised of a prepaid stock purchase contract and a senior amortizing note due 2017 issued by McDermott International, Inc., which has an initial principal amount of \$ per amortizing note and a final installment payment date of April 1, 2017.

Unless previously settled early at your or our election, for each purchase contract we will deliver to you on the third business day immediately following the last trading day of the observation period a number of shares of our common stock determined as described herein (a mandatory settlement). The observation period will be the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding April 1, 2017 (the mandatory settlement date). The number of shares of our common stock issuable upon mandatory settlement of each purchase contract (the settlement amount) will be equal to the sum of the daily settlement amounts (as defined below) for each of the 20 consecutive trading days during the relevant observation period. The daily settlement amount for each purchase contract and for each of the 20 consecutive trading days during the observation period will consist of:

if the daily VWAP is equal to or greater than \$ per share, subject to adjustment, a number of shares of our common stock equal to (1) shares of common stock, subject to adjustment, *divided by* (2) 20;

if the daily VWAP is less than \$ _____ per share, subject to adjustment, but greater than \$ _____ per share, subject to adjustment, a number of shares of our common stock equal to \$1.25, which is 1/20 of the \$25.00 stated amount of each Unit, *divided by* the daily VWAP; and

if the daily VWAP of our common stock is less than or equal to \$ _____ per share, subject to adjustment, a number of shares of our common stock equal to (1) _____ shares of common stock, subject to adjustment, *divided by* (2) 20.

At any time prior to the third business day immediately preceding April 1, 2017, you may settle your purchase contract early, and we will deliver _____ shares of our common stock, subject to adjustment. In addition, if a fundamental change (as defined herein) occurs and you elect to settle your purchase contracts early in connection with such fundamental change, you will receive a number of shares of our common stock based on the fundamental change early settlement rate, as described herein. In addition, we may elect to settle all outstanding purchase contracts prior to April 1, 2017 at the early mandatory settlement rate (as defined herein), upon a date fixed by us upon not less than 20 business days' notice. Except in the limited circumstances described herein, the purchase contract holders will not receive any cash distributions under the purchase contracts.

The amortizing notes will pay you equal quarterly installments of \$ _____ per amortizing note (or, in the case of the installment payment due on July 1, 2014, \$ _____ per amortizing note), which in the aggregate will be equivalent to a _____ % cash payment per year with respect to each \$25.00 stated amount of Units. The amortizing notes will be our senior unsecured obligations, will rank equally with all of our other unsecured, unsubordinated senior indebtedness and will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. If we elect to settle the purchase contracts early, you will have the right to require us to repurchase your amortizing notes.

Each Unit may be separated into its constituent purchase contract and amortizing note after the initial issuance date of the Units, and the separate components may be combined to create a Unit.

We do not intend to apply for a listing of the Units, the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system. Prior to this offering there has been no public market for the Units. Our common stock is listed on the NYSE under the symbol MDR. The closing price for our common stock on the NYSE on March 28, 2014 was \$7.73 per share.

The Units, the separate purchase contracts and the separate amortizing notes have not been, and will not be, registered with the Superintendency of Securities Market of Panama. Accordingly, (1) the Units, the separate purchase contracts and the separate amortizing notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian securities laws, (2) the Superintendency of Securities Market of Panama has not reviewed the information contained in this prospectus supplement, (3) the Units, the separate purchase contracts and the separate amortizing notes and this offering are not subject to the supervision of the Superintendency of Securities Market of Panama, and (4) the Units, the separate purchase contracts and the separate amortizing notes do not benefit from the tax incentives provided by the Panamanian securities laws and regulations.

The underwriter has the option to purchase, within 13 days beginning on, and including, the date of initial issuance of the Units, up to an additional 1,500,000 Units from us at the same price as sold to the public less the underwriting discounts and commissions.

Investing in the Units involves risk. Before buying any Units, you should consider the risks that we have described in Risk Factors beginning on page S-15 of this prospectus supplement, as well as those described in our other filings under the Securities Exchange Act of 1934, as amended (the Exchange Act).

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to McDermott International, Inc.
Per Unit	\$ 25.00	\$	\$
Total	\$ 250,000,000	\$	\$

The underwriter expects to deliver the Units to purchasers on or about April , 2014 through the book-entry facilities of The Depository Trust Company.

Sole Book-Running Manager

Goldman, Sachs & Co.

The date of this prospectus supplement is April , 2014.

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>AVAILABLE INFORMATION AND INCORPORATION BY REFERENCE</u>	S-iii
<u>TRADEMARKS AND SERVICE MARKS</u>	S-iv
<u>INDUSTRY AND MARKET DATA</u>	S-iv
<u>FORWARD-LOOKING STATEMENTS</u>	S-v
<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-15
<u>USE OF PROCEEDS</u>	S-43
<u>CAPITALIZATION</u>	S-44
<u>PRICE RANGE OF COMMON STOCK; DIVIDEND POLICY</u>	S-46
<u>DESCRIPTION OF MATERIAL INDEBTEDNESS</u>	S-47
<u>DESCRIPTION OF THE UNITS</u>	S-50
<u>DESCRIPTION OF THE PURCHASE CONTRACTS</u>	S-54
<u>DESCRIPTION OF THE AMORTIZING NOTES</u>	S-75
<u>BOOK-ENTRY PROCEDURES AND SETTLEMENT</u>	S-87
<u>U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-90
<u>PANAMANIAN INCOME TAX CONSIDERATIONS</u>	S-98
<u>CERTAIN ERISA CONSIDERATIONS</u>	S-100
<u>UNDERWRITING</u>	S-102
<u>LEGAL MATTERS</u>	S-107
<u>EXPERTS</u>	S-107
<u>ENFORCEABILITY OF CIVIL LIABILITIES</u>	S-108

ACCOMPANYING PROSPECTUS

ABOUT THIS PROSPECTUS	1
THE COMPANY	1
RISK FACTORS	1
WHERE YOU CAN FIND MORE INFORMATION	1
ENFORCEABILITY OF CIVIL LIABILITIES	3
FORWARD-LOOKING STATEMENTS	4
USE OF PROCEEDS	7
RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	7
DESCRIPTION OF DEBT SECURITIES	8
DESCRIPTION OF CAPITAL STOCK	16
DESCRIPTION OF WARRANTS	22
DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS	24
PLAN OF DISTRIBUTION	25

LEGAL MATTERS
EXPERTS

27
28

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the securities we may offer from time to time. This prospectus supplement describes the specific details regarding this offering. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any related free writing prospectus filed by us with the Securities and Exchange Commission, or the SEC. We have not, and the underwriter has not, authorized anyone else to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer and sale thereof is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus, any related free writing prospectus or any document incorporated by reference herein or therein is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of our securities.

Table of Contents

AVAILABLE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy these materials at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains information we have filed electronically with the SEC, which you can access over the Internet at <http://www.sec.gov>. You can also obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus supplement is part of a registration statement we have filed with the SEC relating to the securities we may offer. As permitted by SEC rules, this prospectus supplement does not contain all the information we have included in the registration statement and the accompanying exhibits and schedules we have filed with the SEC. You may refer to the registration statement, exhibits and schedules for more information about us and the securities. The registration statement, exhibits and schedules are available at the SEC's public reference room or through its Internet site.

The SEC allows us to incorporate by reference the information we have filed with it, which means that we can disclose important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus supplement, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than information furnished and not filed with the SEC, unless we specifically provide that such furnished information is to be incorporated by reference) after the date of this prospectus supplement and until the termination of this offering. The documents we incorporate by reference are:

our Annual Report on Form 10-K for the year ended December 31, 2013;

our proxy statement relating to our 2014 annual meeting of stockholders filed on March 24, 2014;

our Current Reports on Form 8-K filed on January 27, 2014, February 24, 2014, March 7, 2014 and March 31, 2014; and

the description of our common stock contained in our registration statement on Form 8-A/A filed with the SEC on December 7, 1982, as amended by our Form 8-A/A filed with the SEC on December 11, 2001.

You may request a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into the filing, at no cost, by writing to or telephoning us at:

McDermott International, Inc.

757 N. Eldridge Parkway

Houston, Texas 77079

Attention: Investor Relations

Telephone: (281) 870-5000

S-iii

Table of Contents

TRADEMARKS AND SERVICE MARKS

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the trademarks that we own or have rights to use that appear in this prospectus supplement or the accompanying prospectus include the McDermott trademark, which is registered in the United States and various other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this prospectus supplement or the accompanying prospectus is owned by such company.

INDUSTRY AND MARKET DATA

This prospectus supplement includes or incorporates by reference estimates of industry data and forecasts that we have obtained from industry publications and surveys or our internal sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Neither we nor the underwriter has independently verified any of the data from third-party sources, nor have we or the underwriter ascertained the underlying economic assumptions relied upon therein. Our internal research is based on our understanding of industry conditions, and such information has not been verified by any independent sources.

S-iv

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement, including the documents incorporated by reference in this prospectus supplement, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may include projections and estimates concerning the scope, execution, timing and success of specific projects and our future backlog, revenues, income and capital spending. Forward-looking statements are generally accompanied by words such as estimate, project, predict, forecast, believe, expect, anticipate, goal, could, may, or should or other words that convey the uncertainty of future events or outcomes. In particular, these forward-looking statements include, but are not limited to, statements that relate to, or statements that are subject to risks, contingencies or uncertainties that relate to:

future levels of revenues, operating margins, income from operations, net income or earnings per share;

outcome of project awards and scope, execution and timing of specific projects, including timing to complete and cost to complete these projects;

future project activities, including the commencement and subsequent timing of marine or installation campaigns on specific projects;

estimates of percentage of completion and contract profits or losses;

anticipated levels of demand for our products and services;

global demand for oil and gas and fundamentals of the oil and gas industry;

expectations regarding trends towards offshore development of oil and gas;

market outlook for the engineering, procurement, construction and installation market, including subsea;

expectations regarding backlog;

future levels of capital, environmental or maintenance expenditures;

the success or timing of completion of ongoing or anticipated capital or maintenance projects;

the adequacy of our sources of liquidity and capital resources;

potential financing arrangements, including, without limitation, statements relating to the timing or consummation of the concurrent private placement of second-lien notes referred to herein, if at all;

the effectiveness of our derivative contracts in mitigating foreign currency risk;

results of our capital investment program;

expectations regarding the acquisition or divestiture of assets;

the ability to dispose of assets held for sale in a timely manner or for a price at or above net realizable value;

the restructuring of our Atlantic operations, including the expected range of costs and timing of cost recognition;

the potential effects of judicial or other proceedings on our business, financial condition, results of operations and cash flows; and

the anticipated effects of actions of third parties such as competitors, or federal, foreign, state or local regulatory authorities, or plaintiffs in litigation.

S-v

Table of Contents

These forward-looking statements speak only as of the date of this prospectus supplement; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

general economic and business conditions and industry trends;

general developments in the industries in which we are involved;

decisions about offshore developments to be made by oil and gas companies;

the highly competitive nature of our industry;

our ability to appropriately bid, estimate and effectively perform projects on time, in accordance with the schedules established by the applicable contracts with customers;

changes in project design or schedule;

changes in scope or timing of work to be completed under contracts;

cancellations of contracts, change orders and other modifications and related adjustments to backlog and the resulting impact from using backlog as an indicator of future revenues or earnings;

the collectability of amounts reflected in change orders and claims relating to work previously performed on contracts;

the capital investment required to maintain and/or upgrade our fleet of vessels;

the ability of our suppliers and subcontractors to deliver raw materials in sufficient quantities and/or perform in a timely manner;

volatility and uncertainty of the credit markets;

our ability to comply with covenants in our credit agreements and other debt instruments and availability, terms and deployment of capital;

the unfunded liabilities of our pension plans may negatively impact our liquidity and, depending upon future operations, may impact our ability to fund our pension obligations;

the continued availability of qualified personnel;

the operating risks normally incident to our lines of business, including the potential impact of liquidated damages;

natural or man-caused disruptive events that could damage our facilities, equipment or our work-in-progress and cause us to incur losses and/or liabilities;

equipment failure;

changes in, or our failure or inability to comply with, government regulations;

adverse outcomes from legal and regulatory proceedings;

impact of potential regional, national and/or global requirements to significantly limit or reduce greenhouse gas and other emissions in the future;

changes in, and liabilities relating to, existing or future environmental regulatory matters;

changes in tax laws;

rapid technological changes;

Table of Contents

the consequences of significant changes in interest rates and currency exchange rates;

difficulties we may encounter in obtaining regulatory or other necessary approvals of any strategic transactions;

the risks associated with integrating acquired businesses;

the risk we may not be successful in updating and replacing current key information technology;

social, political and economic situations in countries where we do business;

the risks associated with our international operations, including local content requirements;

interference from adverse weather or sea conditions;

the possibilities of war, other armed conflicts or terrorist attacks;

the effects of asserted and unasserted claims and the extent of available insurance coverages;

our ability to obtain surety bonds, letters of credit and financing;

our ability to maintain builder's risk, liability, property and other insurance in amounts and on terms we consider adequate and at rates that we consider economical;

the aggregated risks retained in our captive insurance subsidiary; and

the impact of the loss of insurance rights as part of the Chapter 11 Bankruptcy settlement concluded in 2006 involving several of our former subsidiaries.

We believe the items we have outlined above are important factors that could cause estimates in our financial statements to differ materially from actual results and those expressed in a forward-looking statement made in this prospectus supplement, the documents incorporated herein by reference or elsewhere by us or on our behalf. We have discussed many of these factors in more detail elsewhere in this prospectus supplement, including those mentioned under the caption "Risk Factors" in this prospectus supplement and in our public filings with the SEC that are incorporated by reference in this prospectus supplement. These factors are not necessarily all the factors that could affect us. Unpredictable or unanticipated factors we have not discussed in this prospectus supplement could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not

intend to update our description of important factors each time a potential important factor arises, except as required by applicable securities laws and regulations. We advise investors that they should (1) be aware that factors not referred to above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.

S-vii

Table of Contents

SUMMARY

The Company

McDermott is a leading engineering, procurement, construction and installation (EPCI) company focused on designing and executing complex offshore oil and gas projects worldwide. We are one of the largest U.S.-based engineering and construction companies principally focused on the upstream offshore oil and gas sector. Providing fully integrated EPCI services, we deliver fixed and floating production facilities, pipeline installations and subsea systems from concept to commissioning. Operating in approximately 20 countries across the Atlantic, Middle East and Asia Pacific, our integrated resources include approximately 14,000 employees and a diversified fleet of marine vessels, fabrication facilities and engineering offices. We support our activities with comprehensive project management and procurement services, while utilizing our fully integrated capabilities in both shallow water and deepwater construction. We believe we are among the few offshore construction contractors globally capable of providing this wide range of services in many of the larger offshore oil and gas producing regions in the world. We execute our contracts through a variety of methods, principally fixed-price, but also including cost reimbursable, cost-plus, day-rate and unit-rate basis or some combination of those methods.

In this prospectus supplement, unless otherwise stated or the context otherwise indicates, McDermott, we, us and our mean McDermott International, Inc. and its consolidated subsidiaries.

Operational Update

Through working capital management, we maintained our previously reported liquidity and leverage position at the end of March 2014 compared to amounts previously reported at the end of February 2014. Specifically, as of March 31, 2014, we had approximately \$320 million of total cash, cash equivalents, restricted cash and investments and \$307 million of total funded debt, including \$250 million of borrowings under our credit facility and \$57 million of separate vessel financing.

We recently achieved significant operational milestones on several key projects, including:

Malaysia (Siakap) Project We completed installing pipe and subsea structures. The customer received first oil in February 2014, and our vessel *North Ocean 105* has demobilized from the field. We expect mechanical completion in early April 2014. Although this project resulted in financial losses recorded in 2013, it was a major technical achievement of complex pipe-in-pipe and subsea structure installation in over 5,000 feet of water.

Brazil (Papa Terra) Project We completed the installation of the extended tension leg platform in March 2014 and our vessel *DB 50* has demobilized from the field. This facility is a significant operational achievement because it includes the first dry tree in deepwater Brazil.

Azerbaijan (COP) Project We progressed the work as expected and continue to expect to complete the limited remaining offshore work by mid-May 2014.

Australia (Ichthys) Project We remain on schedule for fabrication operations in our Batam, Indonesia fabrication yard and anticipate commencing offshore installation operations in the third quarter of 2014. Our work has resulted in the customer recognizing us as a leader among the program contractors, and we expect our work on this project will be a major subsea achievement.

In addition, we continue to make progress with our customers related to commercial matters and, although we can provide no assurance, there remains opportunity to improve the financial outcome from each of the above-mentioned projects.

S-1

Table of Contents

We continue to expect the operating profit margins of projects in backlog to be in the low single digits, which does not cover our restructuring costs or a portion of fixed costs for direct operating expenses and general and administrative expenses. We review all our ongoing contracts and unresolved change orders at the end of each quarter to assess performance, progress and likelihood of successful resolution and determine if there is any need for adjustments to our estimates. While this review for the first quarter of 2014 will be conducted over the next few weeks, we are not aware, as a preliminary matter, of any issues that we believe would give rise to additional material losses on contracts, due to write-downs of change orders or otherwise, that, after taking into account offsetting positive developments, would materially and adversely impact our expectations regarding the first quarter of 2014. Our preliminary estimates are based on various assumptions and on our review of preliminary financial results for only two months of the quarter, and the full quarterly results will be based, in substantial part, on estimates and assumptions as of (and, in some cases, particularly with respect to contracts in a loss position, subsequent to) March 31, 2014. Accordingly, it is possible that actual first quarter 2014 results will differ substantially from our current expectation. In addition, our preliminary estimates relating to the first quarter of 2014 and the related assumptions do not give effect to our financial closing procedures. We expect to complete our financial closing procedures for the quarter ended March 31, 2014 in May 2014, and those procedures may also result in actual first quarter 2014 results differing substantially from our current expectations. Accordingly, you should not place undue reliance on our preliminary statements relative to the first quarter of 2014.

We completed the sale of the *DLB KPI* in March 2014 for a gain of over \$5 million.

We booked approximately \$149 million of new orders in the first quarter of 2014, which includes a marine installation charter contract for our vessel *North Ocean 105* for Petrobras in Brazil.

We are implementing our previously announced plan to improve our internal processes and risk management by increasing our operational efficiency through a new organizational design aimed at delivering improved and more predictable performance. The new organizational design orients our management around our offshore and subsea operations, with highly experienced business leaders who have responsibility for strategic direction of the business lines and for aligning our operations with customer needs. These business leaders will also provide oversight and project execution support for our regional operations and will have responsibility for efficiently allocating assets among the regional operations. Many of these leaders have been hired from outside McDermott and bring significant experience in the offshore industry. We have recently hired approximately 150 new people with extensive experience in subsea projects. These new additions to our team bring expertise in determining bid levels for new projects and executing complex subsea work. We expect to continue adding subsea leadership at the executive level and within our global, regional and local operations.

Atlantic and Corporate Restructuring

We commenced a restructuring of our Atlantic operations during the quarter ended June 30, 2013, which involves our Morgan City, Louisiana, Houston, Texas, New Orleans, Louisiana and Brazil locations. Our Morgan City, Louisiana location was one of our principal fabrication facilities prior to the restructuring. The restructuring involves, among other things, reductions of management, administrative, fabrication and engineering personnel, and a plan to discontinue utilization of the Morgan City facility (after the completion of existing backlog projects, which are currently forecasted to be completed in the third quarter of 2014). Future fabrication operations in the Atlantic segment are expected to be executed using the Altamira, Mexico facility for the foreseeable future. In addition, we have reached an agreement to exit our joint venture operation in Brazil. Costs associated with our Atlantic segment restructuring activities primarily include severance and other personnel-related costs,

S-2

Table of Contents

costs associated with exiting the joint venture in Brazil, asset impairment and relocation costs, environmental reserves and future unutilized lease costs. The total costs are expected to range between \$55 million to \$60 million in the aggregate. Of the total anticipated costs, we incurred approximately \$14.6 million during the quarter ended December 31, 2013 and had incurred an aggregate of \$34.1 million as of December 31, 2013.

In October 2013, we announced certain executive management changes that became effective during the fourth quarter of 2013. We also expect to implement changes to our organizational structure during the first half of 2014. These structure-related changes are expected to orient our company around offshore and subsea business lines supported by four geographic regions. We are also reevaluating and deferring capital expenditures, reducing our fixed-cost structure and seeking to divest certain non-core assets. Costs associated with our corporate reorganization activities will primarily include severance, relocation and other personnel-related costs and costs for advisors. The total of these costs is expected to range between \$35 million to \$40 million and to be incurred during 2014 and early 2015. Of the total anticipated costs, we incurred approximately \$1.6 million during the quarter ended December 31, 2013.

Refinancing Transactions

We plan to refinance our existing revolving credit facility using the proceeds from new financings, which may include a \$400 million first-lien, first-out letter of credit facility, a \$300 million funded first-lien term loan facility and, as described below under Concurrent Private Placement of Second-Lien Notes, \$500 million of second-lien secured notes.

The offering of the Units is not conditioned upon the successful closing of the other refinancing transactions. Because the offering of the Units is not conditioned upon the successful closing of these other refinancing transactions, the offering of the Units may close even though the other refinancing transactions never close. If the other refinancing transactions do not close, our principal source of debt capital in the near term may be a funded first-lien bridge loan in the aggregate principal amount of \$950 million pursuant to a financing commitment we have obtained from an affiliate of Goldman, Sachs & Co., which bridge facility and financing commitment are subject to customary conditions. See Description of Material Indebtedness for a more detailed description of the bridge facility.

You will face additional risks as a holder of Units if the other refinancing transactions do not close and we must rely on the bridge facility. For example, the bridge facility would not provide us with as much potential liquidity as the other refinancing transactions, may mature prior to one or more of the other refinancing transactions and would bear interest at a cost that is materially higher than both our historical debt servicing cost and the borrowing cost that would be associated with the other refinancing transactions. For a more detailed description of the risks you will face as a holder of Units if the other refinancing transactions do not close and we must rely on the bridge facility, see Risk Factors. Because the offering of the Units is not conditioned upon the successful closing of the other refinancing transactions, the offering of the Units may occur even though the other refinancing transactions never close. If the other refinancing transactions do not close, our principal source of debt capital in the near term may be a funded bridge loan that will not provide us with as much potential liquidity as the other refinancing transactions and would bear interest at a cost that is materially higher than both our historical debt servicing cost and the cost that would be associated with the other refinancing transactions.

We may not be able to complete the other refinancing transactions, and even if we complete the other refinancing transactions, we can provide no assurance as to what the final terms of those transactions will be. In particular, the sizes of the components of the other refinancing transactions may

S-3

Table of Contents

change from those described above. The foregoing description and any other information regarding the other refinancing transactions are included in this prospectus supplement solely for informational purposes and are not complete.

Concurrent Private Placement of Second-Lien Notes

On March 28, 2014, we announced that we were commencing a private placement of second-lien notes, in an aggregate principal amount currently contemplated to be \$500 million. If we complete that private placement, the proceeds will be used to refinance indebtedness under our existing revolving credit facility and for other general corporate purposes, including the funding of working capital requirements and capital expenditures.

We can provide no assurance that we will complete the second-lien notes private placement, and even if we complete the second-lien notes private placement, we can provide no assurance as to what the final terms will be. In particular, the aggregate principal amount of second-lien notes may change from the \$500 million currently contemplated. Completion of this offering is not contingent on the completion of the second-lien notes private placement, and completion of the second-lien notes private placement is not contingent on the completion of this offering. **The foregoing description and any other information regarding the second-lien notes is included herein solely for informational purposes and is not complete. The concurrent private placement of second-lien notes is being made by a separate offering circular and is not part of the offering to which this prospectus supplement relates. The private placement of the second-lien notes have not been registered under the Securities Act of 1933, as amended (the Securities Act), and may not be offered or sold absent registration in the United States or an applicable exemption from the registration requirements. The second-lien notes will be offered only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any second-lien notes.**

Table of Contents**The Offering**

The following summary of the offering contains basic information about the offering and the Units and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Units, please refer to the section of this prospectus entitled "Description of the Units."

The Units

Issuer	McDermott International, Inc.
Number of Units offered	10,000,000 Units
Option to purchase additional Units	Up to 1,500,000 additional Units
Stated amount and initial offering price of each Unit	\$25.00 for each Unit
Components of each Unit	<p>Each Unit is comprised of two parts:</p> <ul style="list-style-type: none"> a prepaid stock purchase contract (a "purchase contract"); and a senior amortizing note issued by us (an "amortizing note"). <p>Unless settled earlier at the holder's option or our election, each purchase contract will automatically settle on April 1, 2017 (the "mandatory settlement date") (subject to postponement in certain limited circumstances), and we will deliver not more than _____ shares and not less than _____ shares of our common stock per purchase contract, each subject to adjustment, based upon the applicable fixed settlement rates, the reference price, the threshold appreciation price and daily VWAP of our common stock, all as described below under "Description of the Purchase Contracts" Delivery of Common Stock.</p>

Each amortizing note will have an initial principal amount of \$, will bear interest at the rate of % per annum and will have a final installment payment date of April 1, 2017. On each April 1, July 1, October 1 and January 1, commencing on July 1, 2014, we will pay equal quarterly cash installments of \$ per amortizing note (except for the July 1, 2014 installment payment, which will be \$ per amortizing note), which cash payment in the aggregate per year will be equivalent to a % cash payment per year with respect to each \$25.00 stated amount of Units. Each installment will constitute a payment of interest and a partial repayment of principal,

S-5

Table of Contents

allocated as set forth on the amortization schedule set forth under Description of the Amortizing Notes Amortization Schedule.

The return to an investor on a Unit will depend upon the return provided by each component. The overall return will consist of the value of the shares of our common stock delivered upon settlement of the purchase contracts and the cash installments paid on the amortizing notes.

Each Unit may be separated into its components

Each Unit may be separated by a holder into its constituent purchase contract and amortizing note on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third business day immediately preceding the mandatory settlement date or any early mandatory settlement date, as defined below. Prior to separation, the purchase contracts and amortizing notes may only be purchased and transferred together as Units. See Description of the Units Separating and Recreating Units.

A Unit may be recreated from its components

If you hold a separate purchase contract and a separate amortizing note, you may combine the two components to recreate a Unit on any business day before the third business day immediately preceding the mandatory settlement date or any early mandatory settlement date. See Description of the Units Separating and Recreating Units.

No listing

We do not intend to apply for a listing of the Units, the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system. Prior to this offering, there has been no public market for the Units.

Our common stock is listed on the NYSE under the symbol MDR.

Use of proceeds

We estimate that the net proceeds of this offering will be approximately \$242 million (or approximately \$279

million if the underwriter exercises its option to purchase additional Units in full), after deducting the underwriter's commissions and estimated offering expenses payable by us. We currently intend to use the net proceeds of this offering for general corporate

S-6

Table of Contents

purposes, including the funding of working capital requirements and capital expenditures. See Use of Proceeds.

U.S. federal income tax considerations

Although there is no authority directly on point and therefore the issue is not free from doubt, each Unit will be treated as an investment unit composed of two separate instruments for U.S. federal income tax purposes, including amortizing notes which will be treated as indebtedness for U.S. federal income tax purposes. Under this treatment, a holder of Units will be treated as if it held each component of the Units for U.S. federal income tax purposes. By acquiring a Unit, you will agree to treat (1) a Unit as an investment unit composed of two separate instruments in accordance with its form and (2) the amortizing notes component as indebtedness for U.S. federal income tax purposes. If, however, the components of a Unit were treated as a single instrument, the U.S. federal income tax consequences could differ from the consequences described herein.

Prospective investors should consult their tax advisors regarding the tax treatment of an investment in Units, whether a purchase of a Unit is advisable in light of the investor's particular tax situation and the tax treatment described under U.S. Federal Income Tax Considerations.

Dividend policy

We currently intend to retain any future earnings to support our business and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, earnings, capital requirements of our business, the terms of any credit agreements, indentures or other debt agreements to which we may be a party at the time, legal requirements, industry practice and other factors that our board of directors deems relevant. The provisions contained in or to be contained in our existing revolving credit facility, the proposed refinancing transactions, and the bridge facility (if drawn) restrict or would restrict our ability to pay dividends on our common stock.

Risk factors

An investment in the Units involves certain risks. You should carefully consider the risks described under Risk Factors beginning on page S-15 of

S-7

Table of Contents

this prospectus supplement, as well as other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our financial statements and the notes thereto, before making an investment decision.

The Purchase Contracts

Mandatory settlement

Unless previously settled early at your or our election, for each purchase contract we will deliver to you on the third business day immediately following the last trading day of the observation period a number of shares of our common stock determined as described herein (a mandatory settlement). The observation period will be the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding April 1, 2017 (the mandatory settlement date). The number of shares of our common stock issuable upon mandatory settlement of each purchase contract (the settlement amount) will be equal to the sum of the daily settlement amounts (as defined below) for each of the 20 consecutive trading days during the relevant observation period.

Daily settlement amount

The daily settlement amount for each purchase contract and for each of the 20 consecutive trading days during the observation period will consist of:

if the daily VWAP is equal to or greater than \$ per share (the threshold appreciation price), subject to adjustment, a number of shares of our common stock equal to (1) shares of common stock, subject to adjustment (the minimum settlement rate) *divided by* (2) 20;

if the daily VWAP is less than \$ per share, subject to adjustment, but greater than \$ per share (the reference price), subject to adjustment, a number of shares of our common stock equal to \$1.25, which is 1/20 of the \$25.00 stated amount of each Unit, *divided by* the daily VWAP; and

if the daily VWAP of our common stock is less than or equal to \$ per share, subject to adjustment, a number of shares of our

S-8

Table of Contents

common stock equal to (1) shares of common stock, subject to adjustment (the maximum settlement rate), *divided by* (2) 20.

The minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price are subject to adjustment as described below under Description of the Purchase Contracts Adjustments to the Fixed Settlement Rates.

The initial threshold appreciation price represents an appreciation of approximately % above the initial reference price of \$ per share.

No fractional shares of our common stock will be issued to holders upon settlement of purchase contracts. In lieu of fractional shares, holders will be entitled to receive a cash payment calculated as described herein. Except in the limited circumstances described herein, the purchase contract holders will not receive any cash distributions under the purchase contracts.

Early settlement at your election

On any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third business day immediately preceding the mandatory settlement date, you may settle any or all of your purchase contracts early, in which case we will deliver a number of shares of our common stock equal to the minimum settlement rate, which is subject to adjustment as described below under Description of the Purchase Contracts Adjustments to the Fixed Settlement Rates. That is, the market value of our common stock on the early settlement date will not affect the early settlement rate.

In addition, if a fundamental change (as defined herein) occurs and you elect to settle your purchase contracts early in connection with such fundamental change, you will receive a number of shares of our common stock based on the fundamental change early settlement rate as described under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

Early settlement at our election

We may elect to settle all outstanding purchase contracts early at the early mandatory settlement rate upon a date fixed by us upon not less than 20 business days notice (the early mandatory settlement date).

S-9

Table of Contents

The early mandatory settlement rate will be the maximum settlement rate.

If we elect to settle all the purchase contracts early, you will have the right to require us to repurchase your amortizing notes on the repurchase date and at the repurchase price as described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder.

Purchase Contract Agent and Trustee
The Amortizing Notes

U.S. Bank National Association

Initial principal amount of each amortizing note

\$

Installment payments

Each installment payment of \$ (or, in the case of the installment payment due on July 1, 2014, \$) per amortizing note will be paid in cash and will constitute a partial repayment of principal and a payment of interest, computed at an annual rate of %. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payments will be applied first to the interest due and payable and then to the reduction of the unpaid principal amount, allocated as set forth on the amortization schedule set forth under Description of the Amortizing Notes Amortization Schedule.

Installment payment dates

Each April 1, July 1, October 1 and January 1, commencing on July 1, 2014, with a final installment payment date of April 1, 2017.

Ranking of the amortizing notes

The amortizing notes will be our senior unsecured obligations. The indebtedness evidenced by the amortizing notes will:

rank senior in right of payment to any of our future subordinated indebtedness;

rank equally in right of payment with all of our existing and future senior indebtedness that is not subordinated;

be effectively subordinated in right of payment to our existing and future secured indebtedness, including borrowings under our existing revolving credit facility, any other secured indebtedness we may issue or incur under the refinancing transactions and any borrowings under the bridge facility (if drawn) to the extent of the value of the assets securing such indebtedness; and

S-10

Table of Contents

be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

As of December 31, 2013, we had approximately \$89.0 million of total consolidated indebtedness, all of which was secured indebtedness, and all of which would have been effectively senior to the amortizing notes. As of March 31, 2014, after giving effect to this offering, we would have had approximately \$350.5 million of total debt outstanding, including approximately \$42.5 million principal amount of the amortizing notes constituting a component of the Units offered hereby (assuming no exercise of the underwriter's option to purchase additional units) and including approximately \$308 million of secured indebtedness. As of December 31, 2013, our consolidated subsidiaries had approximately \$89 million of total debt, all of which would have been structurally senior to the amortizing notes.

Repurchase of amortizing notes at the option of the holder

If we elect to settle the purchase contracts early (as described under "Description of the Purchase Contracts—Early Settlement at Our Election"), then holders will have the right to require us to repurchase some or all of their amortizing notes on the repurchase date for cash at the repurchase price per note to be repurchased, in accordance with and subject to the conditions described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder."

Additional amounts

All payments made by, or on behalf of, us under or with respect to the amortizing notes will be made without withholding or deduction for, or on account of, any taxes imposed or levied by or on behalf of any Panamanian taxing authority or any political subdivision or any authority or agency therein or thereof having power to tax or any other jurisdiction in which we (including, for the purposes of this sentence, any successor entity) are organized, incorporated, engaged in business or are otherwise resident or treated as resident for tax purposes, or any jurisdiction from or through which payment is made (including, without limitation, the jurisdiction of each paying agent), unless required by law or regulation of any such taxing authority. In the event that any

S-11

Table of Contents

such withholding or deduction is so required, we will pay to the holder of each amortizing note such additional amounts as may be necessary to ensure that the net amount received by the holders after such withholding or deduction (and after deducting any taxes on the additional amounts) will equal the amounts that would have been received by such holders had no such withholding or deduction been required, subject to certain exceptions. See Description of the Amortizing Notes Payment of Additional Amounts.

Redemption for changes in tax law

We may redeem the amortizing notes in whole, but not in part, at our option at 100% of principal amount, plus accrued and unpaid interest and additional amounts, if any, if we are required to pay any additional amounts as a result of certain changes in tax laws. See Description of the Amortizing Notes Redemption for Changes in Tax Law.

S-12

Table of Contents**Summary Historical Consolidated Financial Data**

The summary historical consolidated financial data set forth below as of and for each of the three years ended December 31, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements. The summary consolidated financial data are qualified in their entirety by and should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference herein. Historical results are not necessarily indicative of results that may be expected for any future period.

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Statements of Income Data:			
Revenues	\$ 2,658,932	\$ 3,641,624	\$ 3,445,110
Total Costs and Expenses (net of gains and disposals)	3,107,606	3,305,578	3,189,402
Equity in Income (Loss) of Unconsolidated Affiliates	(16,116)	(16,719)	(4,985)
Operating Income (Loss)	(464,790)	319,327	250,723
Total Other Income (Expense)	15,886	23,803	568
Income from Continuing Operations before Provision for Income Taxes, Discontinued Operations and Noncontrolling Interest	(448,904)	343,130	251,291
Provision for Income Taxes	49,051	129,204	87,124
Income (Loss) from Continuing Operations Before Discontinued Operations and Noncontrolling Interest	(497,955)	213,926	164,167
Total Income (Loss) from Discontinued Operations, Net of Tax		3,497	(12,812)
Net Income (Loss)	(497,955)	217,423	151,355
Less: Net Income Attributable to Noncontrolling Interest	18,958	10,770	12,625
Net Income (Loss) Attributable to McDermott International, Inc.	\$ (516,913)	\$ 206,653	\$ 138,730
Statements of Cash Flow Data:			
Net Cash Provided by (Used in) Operating Activities - Continuing Operations	\$ (256,611)	\$ 209,784	\$ 97,446
Net Cash Provided by (Used in) Investing Activities - Continuing Operations	\$ (231,155)	\$ (188,923)	\$ 48,765
Net Cash Provided by (Used in) Financing Activities - Continuing Operations	\$ (33,832)	\$ (13,793)	\$ 21,289
Other Data:			
Backlog	\$ 4,802,223	\$ 5,067,161	\$ 3,881,063
EBITDA(1)	\$ (380,701)	\$ 420,542	\$ 345,056
Ratio of Earnings to Fixed Charges		(2) 12.60x	9.98x
Balance Sheet Data (as of period end):			

Edgar Filing: MCDERMOTT INTERNATIONAL INC - Form 424B3

Total cash, restricted cash and cash equivalents and investments	\$ 155,865	\$ 704,255	\$ 731,822
Total Assets	\$ 2,807,371	\$ 3,333,627	\$ 2,992,814
Total Debt	\$ 88,562	\$ 102,708	\$ 93,735
Total Equity	\$ 1,440,344	\$ 1,952,105	\$ 1,733,712

- (1) EBITDA is a non-GAAP financial measure. See [Non-GAAP Financial Measure and Reconciliation](#) below for a reconciliation of EBITDA to net income for the periods indicated.
- (2) For the year ended December 31, 2013, earnings were insufficient to cover fixed charges by \$452,042, primarily as a result of operating losses during the year.

S-13

Table of Contents***Non-GAAP Financial Measure and Reconciliation***

We define EBITDA as net income before interest expense (net of interest income), income taxes and depreciation and amortization. EBITDA is presented to provide additional information about our operations. This item should be considered in addition to, but not as a substitute for or superior to, operating income, net income, operating cash flow and other measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). The GAAP measure most directly comparable to EBITDA is net income. Management believes that EBITDA provides investors and analysts with useful information with which to analyze and compare our operational performance and ability to service and incur debt with other companies in our industry. EBITDA may differ in the method of calculation from similarly titled measures used by other companies. EBITDA provides another measure of the operations of our business prior to the impact of interest expense (net of interest income), income taxes and depreciation and amortization. Furthermore, EBITDA is a common method of valuing companies such as ours.

The following table presents a reconciliation of EBITDA to the non-GAAP financial measure of net income for the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Net Income	\$ (497,955)	\$ 217,423	\$ 151,355
Less:			
Total Income (Loss) from Discontinued Operations, Net of Tax		3,497	(12,812)
Net Income Attributable to Noncontrolling Interest	18,958	10,770	12,625
Plus:			
Provision for Income Taxes	49,051	129,204	87,124
Depreciation and Amortization	84,580	86,440	82,391
Drydock Amortization	18,467	25,545	24,567
Interest Income	(1,357)	(4,656)	(1,848)
Interest Expense	4		529
Other Income (Expense)	(14,533)	(19,147)	751
EBITDA	\$ (380,701)	\$ 420,542	\$ 345,056

Table of Contents

RISK FACTORS

An investment in the Units involves risk. You should carefully consider the following risk factors, as well as the other information contained in and incorporated by reference into this prospectus supplement, before deciding whether to invest in the Units. Any of the following risks could materially adversely affect our business, financial condition, results of operations and cash flows. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations and cash flows.

Risk Factors Related to Our Business Operations

We derive substantially all of our revenues from companies in the oil and gas exploration and production industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and gas prices.

The demand for our EPCI services has traditionally been cyclical, depending primarily on the capital expenditures of oil and gas companies for construction of development projects. These capital expenditures are influenced by such factors as:

prevailing oil and gas prices;

expectations about future prices;

the cost of exploring for, producing and delivering oil and gas;

the sale and expiration dates of available offshore leases;

the discovery rate of new oil and gas reserves, including in offshore areas;

the rate of decline of existing oil and gas reserves;

laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;

the development and exploitation of alternative fuels or energy sources;

domestic and international political, military, regulatory and economic conditions;

technological advances; and

the ability of oil and gas companies to generate funds for capital expenditures.

Prices for oil and gas have historically been extremely volatile and have reacted to changes in the supply of and demand for oil and natural gas (including changes resulting from the ability of the Organization of Petroleum Exporting Countries to establish and maintain production quotas), domestic and worldwide economic conditions and political instability in oil producing countries. We anticipate oil and natural gas prices will continue to be volatile and affect the demand for and pricing of our EPCI services. A material decline in oil or natural gas prices or activities over a sustained period of time could materially adversely affect the demand for our services and, therefore, our financial condition, results of operations and cash flows.

We are subject to risks associated with contractual pricing in our industry, including the risk that, if our actual costs exceed the costs we estimate on our fixed-price contracts, our profitability will decline, and we may suffer additional losses.

We are engaged in a highly competitive industry, and we have contracted for a substantial number of projects on a fixed-price basis. In many cases, these projects involve complex design and engineering, significant procurement of equipment and supplies and extensive construction

Table of Contents

management and other activities conducted over extended time periods, sometimes in remote locations. Our actual costs related to these projects could exceed our projections. We attempt to cover the increased costs of anticipated changes in labor, material and service costs of long-term contracts, either through estimates of cost increases, which are reflected in the original contract price, or through price escalation clauses. Despite these attempts, however, the cost and gross profit we realize on a fixed-price contract could vary materially from the estimated amounts because of supplier, contractor and subcontractor performance, our own performance, changes in job conditions, unanticipated weather conditions, variations in labor and equipment productivity and increases in the cost of raw materials, particularly steel, over the term of the contract. Several of these factors contributed to the substantial operating losses we incurred in the year ended December 31, 2013. In the future, these factors and other risks generally inherent in the industry in which we operate may result in actual revenues or costs being different from those we originally estimated and may result in reduced profitability or losses on projects. Some of these risks include:

Our engineering, procurement and construction projects may encounter difficulties related to the procurement of materials, or due to schedule disruptions, equipment performance failures or other factors that may result in additional costs to us, reductions in revenue, claims or disputes.

We may not be able to obtain compensation for additional work we perform or expenses we incur as a result of customer change orders or our customers providing deficient design or engineering information or equipment or materials.

We may be required to pay significant amounts of liquidated damages upon our failure to meet schedule or performance requirements of our contracts.

Difficulties in engaging third-party subcontractors, equipment manufacturers or materials suppliers or failures by third-party subcontractors, equipment manufacturers or materials suppliers to perform could result in project delays and cause us to incur additional costs.

Performance problems relating to any significant existing or future contract arising as a result of any of these or other risks could cause our actual results of operations to differ materially from those we anticipate at the time we enter into the contract and could cause us to suffer damage to our reputation within our industry and our customer base.

Our use of percentage-of-completion method of accounting could result in volatility in our results of operations.

We recognize revenues and profits from our long-term contracts using the percentage-of-completion basis of accounting. Accordingly, we review contract price and cost estimates periodically as the work progresses and reflect adjustments proportionate to the percentage of completion in income in the period when we revise those estimates. To the extent these adjustments result in a reduction or an elimination of previously reported profits with respect to a project, we would recognize a charge against current earnings, which could be material. Our current estimates of our contract costs and the profitability of our long-term projects, although reasonably reliable when made, could change as a result of the uncertainties associated with these types of contracts, and if adjustments to overall contract costs are significant, the reductions or reversals of previously recorded revenues and profits could be material in future periods. In addition, change orders, which are a normal and recurring part of our business, can increase (and sometimes substantially) the future scope and cost of a job. Therefore, change order awards (although frequently beneficial in the long term) can have the short-term effect of reducing the job percentage of completion and thus the revenues and

profits that otherwise would be recognized to date. Additionally, to the extent that claims included in backlog, including those which arise from change orders which are under dispute or which have been previously rejected by the customer, are not resolved in our favor, there could be reductions in, or reversals of previously reported amounts of, revenues and profits, and charges against current earnings, which could be material.

S-16

Table of Contents

Our backlog is subject to unexpected adjustments and cancellations.

The revenues projected in our backlog may not be realized or, if realized, may not result in profits. Because of project cancellations or changes in project scope and schedule, we cannot predict with certainty when or if backlog will be performed. In addition, even where a project proceeds as scheduled, it is possible that contracted parties may default and fail to pay amounts owed to us or poor project performance could increase the cost associated with a project. Delays, suspensions, cancellations, payment defaults, scope changes and poor project execution could materially reduce the revenues and reduce or eliminate profits that we actually realize from projects in backlog.

Reductions in our backlog due to cancellation or modification by a customer or for other reasons may adversely affect, potentially to a material extent, the revenues and earnings we actually receive from contracts included in our backlog. Many of the contracts in our backlog provide for cancellation fees in the event customers cancel projects. These cancellation fees usually provide for reimbursement of our out-of-pocket costs, revenues for work performed prior to cancellation and a varying percentage of the profits we would have realized had the contract been completed. However, we typically have no contractual right upon cancellation to the total revenues reflected in our backlog. Projects may remain in our backlog for extended periods of time. If we experience significant project terminations, suspensions or scope adjustments to contracts reflected in our backlog, our financial condition, results of operations and cash flows may be adversely impacted.

We have a substantial investment in our marine fleet. At times, a vessel or several vessels may require increased levels of maintenance and capital expenditures, may be less efficient than competitors' vessels for certain projects, and may experience mechanical failure with the inability to economically return to service. If we are unable to manage our fleet efficiently and find profitable market opportunities for our vessels, our results of operations may deteriorate and our financial position and cash flows could be adversely affected.

We operate a fleet of construction and multi-service vessels of varying ages. Some of our competitors' fleets and competing vessels in those fleets may be substantially newer than ours and more technologically advanced. Our vessels may not be capable of serving all markets and may require additional maintenance and capital expenditures, due to age or other factors, creating periods of downtime. In addition, customer requirements and laws of various jurisdictions may limit the use of older vessels or a foreign-flagged vessel, unless we are able to obtain an exception to such requirements and laws, which may not be available. Our ability to continue to upgrade our fleet depends on our ability to economically commission the construction of new vessels, as well as the availability to purchase in the secondary market newer, more technologically advanced vessels with the capabilities that may be required by our customers. If we are unable to manage our fleet efficiently and find profitable market opportunities for our vessels, our results of operations may deteriorate and our financial position and cash flows could be adversely affected.

Vessel construction, upgrade, refurbishment and repair projects are subject to risks, including delays and cost overruns, which could have an adverse impact on our available cash resources and results of operations.

We expect to make significant new construction and/or upgrade, refurbishment and repair expenditures for our vessel fleet from time to time, particularly in light of the aging nature of our vessels and requests for upgraded equipment from our customers. Some of these expenditures may be unplanned. Vessel construction, upgrade, refurbishment and repair projects may be subject to the risks of delay or cost overruns, including delays or cost overruns resulting from any one or more of the following:

unexpectedly long delivery times for, or shortages of, key equipment, parts or materials;

shortages of skilled labor and other shipyard personnel necessary to perform the work;

S-17

Table of Contents

shipyard delays and performance issues;

failures or delays of third-party equipment vendors or service providers;

unforeseen increases in the cost of equipment, labor and raw materials, particularly steel;

work stoppages and other labor disputes;

unanticipated actual or purported change orders;

disputes with shipyards and suppliers;

design and engineering problems;

latent damages or deterioration to equipment and machinery in excess of engineering estimates and assumptions;

financial or other difficulties at shipyards;

interference from adverse weather conditions;

difficulties in obtaining necessary permits or in meeting permit conditions; and

customer acceptance delays.

Significant cost overruns or delays could materially affect our financial condition and results of operations. Additionally, capital expenditures for vessel upgrade, refurbishment and repair projects could materially exceed our planned capital expenditures. The failure to complete such a project on time, or the inability to complete it in accordance with its design specifications, may, in some circumstances, result in loss of revenues, penalties, or delay, renegotiation or cancellation of a contract. In the event of termination of one of these contracts, we may not be able to secure a replacement contract on as favorable terms. Moreover, our vessels undergoing upgrade, refurbishment and repair activities may not earn revenue during periods when they are out of service.

A change in tax laws could have a material adverse effect on us by substantially increasing our corporate income taxes and, consequently, decreasing our future net income and increasing our future cash outlays for taxes.

As a result of a reorganization completed in 1982, McDermott International, Inc. is a corporation organized under the laws of the Republic of Panama. Tax legislative proposals intending to eliminate some perceived tax advantages of

companies that have legal domiciles outside the U.S. but operate in the U.S. through one or more subsidiaries have been introduced in the U.S. Congress in recent years. Recent examples include, but are not limited to, legislative proposals that would broaden the circumstances in which a non-U.S. company would be considered a U.S. resident for U.S. tax purposes. In addition, Panama enacted a law in 2013 that would have introduced a worldwide income tax on Panamanian tax residents, including us. The law was subsequently repealed with retroactive effect. Nonetheless, Panama could introduce similar legislation in the future. It is possible that, if legislation were to be enacted in these areas, we could be subject to a substantial increase in our corporate income taxes and, consequently, a decrease in our future net income and an increase in our future cash outlays for taxes. We are unable to predict the form in which any proposed legislation might become law or the nature of regulations that may be promulgated under any such future legislative enactments.

Our operations are subject to operating risks and limits on insurance coverage, which could expose us to potentially significant liabilities and costs.

We are subject to a number of risks inherent in our operations, including:

accidents resulting in injury or the loss of life or property;

environmental or toxic tort claims, including delayed manifestation claims for personal injury or loss of life;

S-18

Table of Contents

pollution or other environmental mishaps;

hurricanes, tropical storms and other adverse weather conditions;

mechanical failures;

collisions;

property losses;

business interruption due to political action in foreign countries or other reasons; and

labor stoppages.

We have been, and in the future we may be, named as defendants in lawsuits asserting large claims as a result of litigation arising from events such as these. Insurance against some of the risks inherent in our operations is either unavailable or available only at rates that we consider uneconomical. Also, catastrophic events customarily result in decreased coverage limits, more limited coverage, additional exclusions in coverage, increased premium costs and increased deductibles and self-insured retentions. Risks that we have frequently found difficult to cost-effectively insure against include, but are not limited to, business interruption (including from the loss of or damage to a vessel), property losses from wind, flood and earthquake events, war and confiscation or seizure of property (including by act of piracy), pollution liability, liabilities related to occupational health exposures (including asbestos), professional liability/errors and omissions coverage, coverage for costs incurred for investigations related to breaches of laws or regulations, the failure, misuse or unavailability of our information systems or security measures related to those systems, and liability related to risk of loss of our work in progress and customer-owned materials in our care, custody and control. Depending on competitive conditions and other factors, we endeavor to obtain contractual protection against certain uninsured risks from our customers. When obtained, such contractual indemnification protection may not be as broad as we desire or may not be supported by adequate insurance maintained by the customer. Such insurance or contractual indemnity protection may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. A successful claim for which we are not insured, for which we are underinsured or for which our contractual indemnity is insufficient could have a material adverse effect on us.

We have a captive insurance company subsidiary which provides us with various insurance coverages. Claims could adversely impact the ability of our captive insurance company subsidiary to respond to all claims presented.

Additionally, upon the February 22, 2006 effectiveness of the settlement relating to the Chapter 11 proceedings involving several subsidiaries of our former subsidiary B&W, most of our subsidiaries contributed substantial insurance rights providing coverage for, among other things, asbestos and other personal injury claims, to the asbestos personal injury trust. With the contribution of these insurance rights to the asbestos personal injury trust, we may have underinsured or uninsured exposure for non-derivative asbestos claims or other personal injury or other claims that would have been insured under these coverages had the insurance rights not been contributed to the asbestos personal injury trust.

Our failure to successfully defend against claims made against us by customers, suppliers or subcontractors, or our failure to recover adequately on claims made by us against customers, suppliers or subcontractors, could materially adversely affect our business, financial condition, results of operations and cash flows.

Our projects generally involve complex design and engineering, significant procurement of equipment and supplies and construction management. We may encounter difficulties in design or

S-19

Table of Contents

engineering, equipment or supply delivery, schedule changes and other factors, some of which are beyond our control, that affect our ability to complete projects in accordance with the original delivery schedules or to meet other contractual performance obligations. We occasionally bring claims against customers for additional costs exceeding contract prices or for amounts not included in original contract prices. These types of claims may arise due to matters such as customer-caused delays or changes from the initial project scope, which may result in additional costs, both direct and indirect. From time to time, claims are the subject of lengthy and expensive arbitration or litigation proceedings, and it is often difficult to accurately predict when those claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the claims. In addition, claims may be brought against us by customers in connection with our contracts. Claims brought against us may include back charges for alleged defective or incomplete work, breaches of warranty and/or late completion of the work and claims for cancelled projects. The claims can involve actual damages, as well as contractually agreed-upon liquidated sums. Claims among us and our suppliers and subcontractors include claims similar to those described above. These claims, if not resolved through negotiation, may also become subject to lengthy and expensive arbitration or litigation proceedings. Claims among us, our customers, suppliers and subcontractors could materially adversely affect our business, financial condition, results of operations and cash flows.

We depend on a relatively small number of customers.

We derive a significant amount of our revenues and profits from a relatively small number of customers in a given year. Our inability to continue to perform services for a number of these large existing customers, if not offset by contracts with new or other existing customers, or delays in collecting receivables from these customers, could have a material adverse effect on our business and operations. Our significant customers include major integrated and national oil and gas companies.

We may not be able to compete successfully against current and future competitors.

The industry in which we operate is highly competitive. Some of our competitors or potential competitors have greater financial or other resources than we have. Our operations may be adversely affected if our current competitors or new market entrants introduce new facility designs or improvements to engineering, construction or installation services.

We face risks associated with investing in foreign subsidiaries and joint ventures, including the risks that the joint venture may not be able to effectively or efficiently manage its operations and that we may be restricted in our ability to access the cash flows or assets of these entities.

We conduct some operations through foreign subsidiaries and joint ventures. We do not manage all of our joint ventures. Even in those joint ventures that we manage, we may be required to consider the interests of the other joint venture participants in connection with decisions concerning the operations of the joint ventures, which in our belief may not be as efficient or effective as in our wholly owned subsidiaries. We may experience difficulties relating to the assimilation of personnel, services and systems in the joint venture operations. Any failure to efficiently and effectively operate with our joint venture partners may cause us to fail to realize the anticipated benefits of entering into the joint venture and could adversely affect our operating results for the joint venture. Additionally, our foreign subsidiaries and joint ventures sometimes face governmentally imposed restrictions on their ability to transfer funds to us. As a result, arrangements involving foreign subsidiaries and joint ventures may restrict us from gaining access to the cash flows or assets of these entities.

Table of Contents

Our international operations are subject to political, economic and other uncertainties.

We derive a significant portion of our revenues from international operations. Our international operations are subject to political, economic and other uncertainties. These include:

risks of war, terrorism, piracy and civil unrest;

expropriation, confiscation or nationalization of our assets;

renegotiation or nullification of our existing contracts;

changing political conditions and changing laws and policies affecting trade and investment;

overlap of different tax structures;

risk of changes in currency exchange rates; and

risks associated with the assertion of national sovereignty over areas in which our operations are conducted. We also may be particularly susceptible to regional conditions that may adversely affect our operations. Our major marine construction vessels typically require relatively long periods of time to mobilize over long distances, which could affect our ability to withdraw them from areas of conflict. Additionally, certain of our fabrication facilities are located in regions where conflicts may occur and limit or disrupt our operations. Recent events in the Middle East highlight the risk that conflicts could have a material adverse impact on both the markets we serve and our operating capabilities in this region. Similar or more significant events could also take place in these and other regions in which we operate and could limit or disrupt our markets and operations, including disruption from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Certain of our insurance coverages could also be cancelled by our insurers. The impacts of these risks are very difficult to cost effectively mitigate or insure against and, in the event of a significant event impacting the operations of one or more of our fabrication facilities, we will very likely not be able to timely replicate the fabrication capacity needed to meet existing contractual commitments, given the time and cost involved in doing so. Any failure by us to meet our material contractual commitments could give rise to loss of revenues, claims by customers, loss of future business opportunities and other issues, which could materially adversely affect our financial condition, results of operations and cash flows.

Various foreign jurisdictions have laws limiting the right and ability of foreign subsidiaries and joint ventures to pay dividends and remit earnings to affiliated companies. Our international operations sometimes face the additional risks of fluctuating currency values, hard currency shortages and controls of foreign currency exchange.

Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could weaken our ability to win contracts, lead to the suspension of our operations and result in reduced revenues and profits.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one or more of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with regulations on lobbying or similar activities, regulations pertaining to internal control over financial reporting and various other applicable laws or regulations. The precautions we take to prevent and detect fraud, misconduct or failures to comply with applicable laws and regulations may not be effective. Our failure to comply with applicable laws or regulations or acts of fraud or misconduct could subject us to fines and penalties, lead to the suspension of operations and result in reduced revenues and profits.

S-21

Table of Contents

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, other applicable worldwide anti-corruption laws or our 1976 Consent Decree.

The U.S. Foreign Corrupt Practices Act (FCPA) and other applicable worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. These laws include the U.K. Bribery Act, which is broader in scope than the FCPA, as it contains no facilitating payments exception. Additionally, in 1976 we entered into a consent decree with the SEC which, among other things, forbids us from making payments in the nature of a commercial bribe to any customer or supplier to induce the purchase or sale of goods, services or supplies. We operate in some countries that international corruption monitoring groups have identified as having high levels of corruption. Our activities create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA or other applicable anti-corruption laws. Our training program and policies mandate compliance with applicable anti-corruption laws and the 1976 consent decree. Although we have policies, procedures and internal controls in place to monitor internal and external compliance, we cannot assure that our policies and procedures will protect us from governmental investigations or inquiries surrounding actions of our employees or agents. If we are found to be liable for violations of the FCPA or other applicable anti-corruption laws or of the 1976 consent decree (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Environmental laws and regulations and civil liability for contamination of the environment or related personal injuries may result in increases in our operating costs and capital expenditures and decreases in our earnings and cash flow.

Governmental requirements relating to the protection of the environment, including those requirements relating to solid waste management, air quality, water quality and cleanup of contaminated sites, have had a substantial impact on our operations. These requirements are complex and subject to frequent change as well as new restrictions. For example, because of concerns that carbon dioxide, methane and certain other so-called greenhouse gases in the Earth's atmosphere may produce climate changes that have significant adverse impacts on public health and the environment, various governmental authorities have considered and are continuing to consider the adoption of regulatory strategies and controls designed to reduce the emission of greenhouse gases resulting from regulated activities, which adoption in areas where we conduct business could require us or our customers to incur added costs to comply, may result in delays in pursuit of regulated activities and could adversely affect demand for the oil and natural gas that our customers produce, thereby potentially limiting the demand for our services. Failure to comply with these requirements may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory or remedial obligations or the issuance of orders enjoining performance of some or all of our operations. In some cases, they can impose liability for the entire cost of cleanup on any responsible party without regard to negligence or fault and impose liability on us for the conduct of others or conditions others have caused, or for our acts that complied with all applicable requirements when we performed them. Our compliance with amended, new or more stringent requirements, stricter interpretations of existing requirements or the future discovery of contamination may require us to make material expenditures or subject us to liabilities that we currently do not anticipate. Such expenditures and liabilities may adversely affect our business, financial condition, results of operations and cash flows. See Business Governmental Regulations and Environmental Matters Environmental in our Annual Report on Form 10-K incorporated by reference herein for further information.

Table of Contents

Our businesses require us to obtain, and to comply with, government permits and approvals.

Our businesses are required to obtain, and to comply with, government permits and approvals. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals may adversely affect our operations by temporarily suspending our activities or curtailing our work and may subject us to penalties and other sanctions. Although existing licenses are routinely renewed by various regulators, renewal could be denied or jeopardized by various factors, including:

failure to provide adequate financial assurance for closure;

failure to comply with environmental and safety laws and regulations or permit conditions;

local community, political or other opposition;

executive action; and

legislative action.

In addition, if new environmental legislation or regulations are enacted or implemented, or existing laws or regulations are amended or are interpreted or enforced differently, we may be required to obtain additional operating permits or approvals. Our inability to obtain, and to comply with, the permits and approvals required for our businesses could have a material adverse effect on us.

We are subject to government regulations that may adversely affect our future operations.

Many aspects of our operations and properties are affected by political developments and are subject to both domestic and foreign governmental regulations, including those relating to:

constructing and equipping of production platforms and other offshore facilities;

marine vessel safety;

the operation of foreign-flagged vessels in the coastal trade;

currency conversions and repatriation;

oil exploration and development;

clean air and other environmental protection legislation;

taxation of foreign earnings and earnings of expatriate personnel;

required use of local employees and suppliers by foreign contractors; and

requirements relating to local ownership.

In addition, we depend on the demand for our services from the oil and gas industry and, therefore, we are generally affected by changing taxes and price controls, as well as new or amendments to existing laws, regulations or other government controls imposed on the oil and gas industry generally, whether due to a particular incident or because of shifts in political decision making. The adoption of laws and regulations curtailing offshore exploration and development drilling for oil and gas for economic and other policy reasons would adversely affect our operations by limiting the demand for our services. In the U.S. Gulf of Mexico, there have been a series of recent regulatory initiatives developed and implemented at the federal level, imposing more stringent safety, permitting and certification requirements on oil and gas companies pursuing exploration, development and production activities, which have resulted in increased compliance costs, added delays in drilling and a more aggressive enforcement regimen by regulators.

Additionally, certain ancillary activities related to the offshore construction industry, including the transportation of personnel and equipment between U.S. ports and the field of work in U.S. waters,

Table of Contents

may constitute coastwise trade within the meaning of certain U.S. federal laws and regulations. Under these laws and regulations, including the cabotage law generally referred to as the Jones Act, only vessels (1) owned by a certain percentage of U.S. citizens that are built and registered under the laws of the U.S. or (2) which are subject to an exception or exemption may engage in such coastwise trade. When we operate our foreign-flagged vessels in the U.S. Gulf of Mexico, we operate within the current interpretation of the Jones Act with respect to permitted activities for foreign-flagged vessels. Significant changes to the interpretation of the Jones Act and ruling letters regarding the Jones Act could affect our ability to operate, or competitively operate, our foreign-flagged vessels in the U.S. Gulf of Mexico or other U.S. waters. We are also subject to the risk of the enactment or amendment of cabotage laws in other jurisdictions in which we operate, which could negatively impact our operations in those jurisdictions.

We cannot determine the extent to which our future operations and earnings may be affected by new legislation, new regulations or changes in existing regulations.

Recently adopted regulations related to conflict minerals could adversely impact our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo and adjoining countries (collectively, the Covered Countries). The term conflict minerals encompasses tantalum, tin, tungsten (and their ores) and gold.

In August 2012, pursuant to the Dodd-Frank Act, the SEC adopted new annual disclosure and reporting requirements applicable to any company that files periodic public reports with the SEC, if any conflict minerals are necessary to the functionality or production of a product manufactured, or contracted to be manufactured, by that company. These new annual reporting requirements, which require companies to describe reasonable country of origin inquiries, due diligence measures, the results of those activities and related determinations, will become applicable beginning in May 2014.

Because we have a highly complex, multi-layered supply chain, we may incur significant costs if required to comply with these new disclosures. In addition, the implementation of procedures to comply with these requirements could adversely affect the sourcing, supply and pricing of materials, including components, used in our products. Our suppliers (or suppliers to our suppliers) may not be able or willing to provide all requested information or to take other steps necessary to ensure that no conflict minerals financing or benefiting armed groups are included in materials or components supplied to us for our manufacturing purposes. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals necessary to the functionality or production of our products through the procedures we may implement. Also, we may encounter challenges to satisfy customers that may require all of the components of products purchased by them to be certified as conflict free. If we are not able to meet customer certification requirements, customers may choose to disqualify us as a supplier. In addition, since the applicability of the new conflict minerals requirements is limited to companies that file periodic reports with the SEC, not all of our competitors will need to comply with these requirements unless they are imposed by customers. As a result, those competitors may have cost and other advantages over us.

Table of Contents

The loss of the services of one or more of our key personnel, or our failure to attract, assimilate and retain trained personnel at a competitive cost, or decreased productivity of such personnel, could disrupt our operations and result in loss of revenues.

Our success depends on the continued active participation of our executive officers and key operating personnel. The unexpected loss of the services of any one of these persons could adversely affect our operations.

Our operations require the services of employees having the technical training and experience necessary to obtain the proper operational results. As such, our operations depend, to a considerable extent, on the continuing availability and productivity of such personnel. If we should suffer any material loss of personnel to competitors, have decreased labor productivity of employed personnel for any reason, or be unable to employ additional or replacement personnel with the requisite level of training and experience to adequately operate our businesses, our operations could be adversely affected. A significant increase in the wages paid by other employers could result in a reduction in our workforce, increases in wage rates, or both. Our industry is currently experiencing high demand for the services of employees and escalating wage rates. If any of these events occurred for a significant period of time, our financial condition, results of operations and cash flows could be adversely impacted.

Our inability to change our organizational structure could have a significant adverse impact on our business and results of operations in the future.

We expect to implement changes to our organizational structure during the first half of 2014. These structure-related changes are expected to orient our company around offshore and subsea business lines supported by four geographic regions. If we are unable to implement these changes as expected, it may have a significant adverse impact on our business and results of operations in the future.

We rely on intellectual property law and confidentiality agreements to protect our intellectual property. We also rely on intellectual property we license from third parties. Our failure to protect our intellectual property rights, or our inability to obtain or renew licenses to use intellectual property of third parties, could adversely affect our business.

Our success depends, in part, on our ability to protect our proprietary information and other intellectual property. Our intellectual property could be challenged, invalidated, circumvented or rendered unenforceable. In addition, effective intellectual property protection may be limited or unavailable in some foreign countries where we operate.

Our failure to protect our intellectual property rights may result in the loss of valuable technologies or adversely affect our competitive business position. We rely significantly on proprietary technology, information, processes and know-how that are not subject to patent or copyright protection. We seek to protect this information through trade secret or confidentiality agreements with our employees, consultants, subcontractors or other parties, as well as through other security measures. These agreements and security measures may be inadequate to deter or prevent misappropriation of our confidential information. In the event of an infringement of our intellectual property rights, a breach of a confidentiality agreement or divulgence of proprietary information, we may not have adequate legal remedies to protect our intellectual property. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from other aspects of our business. In addition, our trade secrets may otherwise become known or be independently developed by competitors.

In some instances, we have augmented our technology base by licensing the proprietary intellectual property of third parties. In the future, we may not be able to obtain necessary licenses on commercially reasonable terms.

S-25

Table of Contents

Systems and information technology interruption could adversely impact our ability to operate.

We continue to evaluate potential replacements of existing key financial and human resources legacy systems with new enterprise systems. This potential implementation subjects us to inherent costs and risks associated with replacing and changing these systems, including potential disruption of our internal control structure, substantial capital expenditures, demands on management time and other risks of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. Our possible systems implementations may not result in productivity improvements at the levels anticipated, or at all. In addition, the implementation of new technology systems may cause disruptions in our business operations. This disruption and any other information technology system disruptions and our ability to mitigate those disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on us.

Our operations are also subject to the risk of cyber attacks. If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data, having our business operations interrupted, and increased costs to prevent, respond to, or mitigate cybersecurity attacks. These risks could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our business strategy includes acquisitions to continue our growth. Acquisitions of other businesses can create certain risks and uncertainties.

We intend to pursue growth through the acquisition of businesses or assets that we believe will enable us to strengthen or broaden the types of projects we execute and also expand into new industries and regions. We may be unable to continue this growth strategy if we cannot identify suitable businesses or assets, reach agreement on potential strategic acquisitions on acceptable terms or for other reasons. Moreover, business or asset acquisitions involve certain risks, including:

difficulties relating to the assimilation of personnel, services and systems of an acquired business and the assimilation of marketing and other operational capabilities;

challenges resulting from unanticipated changes in customer relationships subsequent to an acquisition;

additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls;

assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition transaction was negotiated;

diversion of management's attention from day-to-day operations;

failure to realize anticipated benefits, such as cost savings and revenue enhancements;

potentially substantial transaction costs associated with business combinations; and

potential impairment of goodwill or other intangible assets resulting from the overpayment for an acquisition. Acquisitions may be funded by the issuance of additional equity or new debt financing, which may not be available on attractive terms, particularly given our recent operating losses. Moreover, to the extent an acquisition transaction financed by non-equity consideration results in goodwill, it will reduce our tangible net worth, which might have an adverse effect on potential credit and bonding capacity.

Additionally, an acquisition may bring us into businesses we have not previously conducted and expose us to additional business risks that are different than those we have historically experienced.

S-26

Table of Contents

Our results of operations could be affected by natural disasters in locations in which we and our customers and suppliers operate.

Our customers and suppliers have operations in locations that are subject to natural disasters, such as flooding, hurricanes, tsunamis, earthquakes, volcanic eruptions or nuclear or other disasters, or a combination of such disasters, such as the events experienced in Japan in 2011. The occurrence of any of these events and the impacts of such events could disrupt and adversely affect the operations of our customers and suppliers as well as our operations in the areas in which these types of events occur.

War, other armed conflicts or terrorist attacks could have a material adverse effect on our business.

War, terrorist attacks and unrest have caused and may continue to cause instability in the world's financial and commercial markets, have significantly increased political and economic instability in some of the geographic areas in which we operate and have contributed to high levels of volatility in prices for oil and gas. Instability and unrest in the Middle East and Afghanistan, as well as threats of war or other armed conflict elsewhere, may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices for oil and gas. In addition, unrest in the Middle East and Afghanistan could lead to acts of terrorism in the United States or elsewhere, and acts of terrorism could be directed against companies such as ours. Also, acts of terrorism and threats of armed conflicts in or around various areas in which we operate, such as the Middle East and Indonesia, could limit or disrupt our markets and operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism and their effects on us or our markets may significantly affect our business and results of operations in the future.

Risk Factors Related to Our Financial Condition and Credit Markets

Our debt may increase significantly if we incur additional debt in the future or do not retire existing debt.

If the proposed refinancing transactions are consummated or the bridge facility is drawn, our debt and funded debt obligations will increase significantly. Under such circumstances, our significant debt and funded debt levels and related debt service obligations could have negative consequences, including:

requiring us to dedicate significant cash flow from operations to the payment of principal, interest and other amounts payable on our debt, which would reduce the funds we have available for other purposes, such as working capital, capital expenditures and acquisitions;

making it more difficult or expensive for us to obtain any necessary future financing for working capital, capital expenditures, debt service requirements, debt refinancing, acquisitions or other purposes;

reducing our flexibility in planning for or reacting to changes in our industry and market conditions;

making us more vulnerable in the event of a downturn in our business; and

exposing us to increased interest rate risk given that a portion of our debt obligations are at variable interest rates.

Volatility and uncertainty of the financial markets may negatively impact us.

We intend to finance our existing operations and initiatives, primarily with cash and cash equivalents, investments, cash flows from operations, proceeds from any completed refinancing

S-27

Table of Contents

transaction or proceeds from the bridge facility (if drawn). We also enter into various financial derivative contracts, including foreign currency forward contracts with banks and institutions to manage our foreign exchange rate risk. In addition, we maintain our cash balances and short-term investments in accounts held by major banks and financial institutions located primarily in North America, Europe and Asia, and some of those accounts hold deposits that exceed available insurance. During the global economic downturn that began in 2007, the financial markets and the financial services industry experienced a period of unprecedented turmoil and upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the U.S. government. If national and international economic conditions deteriorate, it is possible that we may not be able to obtain alternative financing on favorable terms. It is possible that one or more of the financial institutions in which we hold our cash and investments could become subject to bankruptcy, receivership or similar proceedings. As a result, we could be at risk of not being able to access material amounts of our cash, which could result in a temporary liquidity crisis that could impede our ability to fund operations. A deterioration in the credit markets could adversely affect the ability of many of our customers to pursue new projects requiring our services or to pay us on time and the ability of many of our suppliers to meet our needs on a competitive basis. Our financial derivative contracts involve credit risk associated with our hedging counterparties, and a deterioration in the financial markets, including the markets with respect to any particular currencies, such as the Euro, could adversely affect our hedging counterparties and their abilities to fulfill their obligations to us.

The provisions contained or to be contained in the agreements relating to our existing revolving credit facility, any refinancing transaction we complete and the bridge facility (if drawn) impose or could impose restrictions that could limit our operating and investment flexibility.

The provisions contained or to be contained in the agreements relating to our existing revolving credit facility, any refinancing transaction we complete and the bridge facility (if drawn) impose or could impose various restrictions and covenants on us that could have adverse consequences, including:

limiting our ability to react to changing economic, regulatory and industry conditions;

limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;

limiting our ability to dispose of assets;

limiting our ability to pay dividends to our stockholders; and

limiting our ability to borrow additional funds.

See [Description of Material Indebtedness Revolving Credit Facility](#) for a discussion of the terms of the revolving credit facility. See [Summary Refinancing Transactions](#) for a discussion of the refinancing transactions. See [Description of Material Indebtedness Bridge Facility](#) for a discussion of the bridge facility.

Maintaining adequate letter of credit capacity is necessary for us to successfully bid on and win various contracts.

In line with industry practice, we are often required to post standby letters of credit to customers. These letters of credit generally indemnify customers should we fail to perform our obligations under the applicable contracts. If a letter of credit is required for a particular project and we are unable to obtain it due to insufficient liquidity or other reasons, we may not be able to pursue that project. We have limited capacity for letters of credit. Moreover, due to events that affect the credit markets generally, letters of credit may be more difficult to obtain in the future or may only be available at significant additional cost. Letters of credit may not continue to be available to us on reasonable terms.

S-28

Table of Contents

Our inability to obtain adequate letters of credit and, as a result, to bid on new work could have a material adverse effect on our business, financial condition and results of operations.

Foreign exchange risks and fluctuations may affect our profitability on certain projects.

We operate on a worldwide basis with substantial operations outside the U.S. that subject us to currency exchange risks. In order to manage some of the risks associated with foreign currency exchange rates, we enter into foreign currency derivative (hedging) instruments, especially when there is currency risk exposure that is not naturally mitigated via our contracts. However, these actions may not always eliminate all currency risk exposure, in particular for our long-term contracts. A disruption in the foreign currency markets, including the markets with respect to any particular currencies, such as the Euro, could adversely affect our hedging instruments and subject us to additional currency risk exposure. Based on fluctuations in currency, the U.S. dollar value of our backlog may from time to time increase or decrease significantly. We do not enter into derivative instruments for trading or other speculative purposes. Our operational cash flows and cash balances, though predominately held in U.S. dollars, may consist of different currencies at various points in time in order to execute our project contracts globally and meet transactional requirements. Non-U.S. asset and liability balances are subject to currency fluctuations when measured period to period for financial reporting purposes in U.S. dollars.

Pension expenses associated with our retirement benefit plans may fluctuate significantly depending on changes in actuarial assumptions, future market performance of plan assets and legislative or other regulatory actions.

A substantial portion of our current and retired employee population is covered by pension and post-retirement benefit plans, the costs and funding requirements of which depend on our various assumptions, including estimates of rates of return on benefit-related assets, discount rates for future payment obligations, rates of future cost growth and trends for future costs. Variances from these estimates could have a material adverse effect on us. In addition, funding requirements for benefit obligations of our pension and post-retirement benefit plans are subject to legislative and other government regulatory actions.

Risk Factors Related to the B&W Spin-off

In connection with the spin-off of B&W, B&W agreed to indemnify us for certain liabilities. However, the indemnity from B&W may not be sufficient to protect us against the full amount of such liabilities, and B&W's ability to satisfy its indemnification obligations may be impaired in the future.

In 2010, we completed a spinoff of The Babcock & Wilcox Company (B&W) to our stockholders through a distribution of all of the outstanding common stock of B&W. Pursuant to the master separation agreement we entered into with B&W, B&W agreed to indemnify us from certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that B&W assumed. In addition, the indemnity may not be sufficient to protect us against the full amount of such liabilities, and B&W may not be able to fully satisfy its indemnification obligations to us. Moreover, even if we ultimately succeed in recovering from B&W any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could adversely affect our business, results of operations and financial condition.

The spin-off of B&W could result in substantial tax liability.

In connection with the spin-off of B&W, we obtained a private letter ruling from the Internal Revenue Service (IRS) substantially to the effect that, for U.S. federal income tax purposes, the spin-off and certain related transactions qualified under Sections 355 and/or 368 of the U.S. Internal

S-29

Table of Contents

Revenue Code of 1986, as amended (the Code). If the factual assumptions or representations made in the request for the private letter ruling prove to have been inaccurate or incomplete in any material respect, then we will not be able to rely on the ruling. Furthermore, the IRS does not rule on whether a distribution such as the spin-off satisfies certain requirements necessary to obtain tax-free treatment under Section 355 of the Code. The private letter ruling was based on representations by us that those requirements were satisfied, and any inaccuracy in those representations could invalidate the ruling. In connection with the spin-off, we also obtained an opinion of outside counsel, substantially to the effect that, for U.S. federal income tax purposes, the spin-off and certain related transactions qualified under Sections 355 and/or 368 of the Code. The opinion relied on, among other things, the continuing validity of the private letter ruling and various assumptions and representations as to factual matters made by B&W and us which, if inaccurate or incomplete in any material respect, would jeopardize the conclusions reached by such counsel in its opinion. The opinion is not binding on the IRS or the courts, and there can be no assurance that the IRS or the courts would not challenge the conclusions stated in the opinion or that any such challenge would not prevail.

If, notwithstanding receipt of the private letter ruling and opinion, certain transactions related to the spin-off were to fail to qualify for tax-free treatment, B&W would be treated as if it had sold part of its assets (which were retained by us) in a taxable sale for fair market value and we would be treated as receiving such assets from B&W as a taxable dividend.

Under the terms of the tax sharing agreement we entered into with B&W in connection with the spin-off, B&W is generally responsible for any taxes imposed on B&W or us and our subsidiaries in the event that the spin-off and/or certain related transactions were to fail to qualify for tax-free treatment. However, if the spin-off and/or certain related transactions were to fail to qualify for tax-free treatment because of actions or failures to act by us or our subsidiaries, a subsidiary of ours would be responsible for all such taxes. If we were to become liable for taxes under the tax sharing agreement, that liability could have a material adverse effect on us.

Risks Related to the Units, the Amortizing Notes, the Purchase Contracts and our Common Stock

Because the offering of the Units is not conditioned upon the successful closing of the other refinancing transactions, the offering of the Units may occur even though the other refinancing transactions never close.

If the other refinancing transactions do not close, our principal source of debt capital in the near term may be the bridge facility, which will not provide us with as much potential liquidity as the other refinancing transactions, may mature prior to one or more of the other refinancing transactions and would bear interest at a cost that is materially higher than both our historical debt servicing cost and the borrowing cost that would be associated with the other refinancing transactions.

We plan to refinance our existing revolving credit facility with new financings, which may include a new \$400 million first-lien, first-out letter of credit facility, a \$300 million funded first-lien term loan facility and \$500 million of second-lien secured notes. If we are unable to complete these other refinancing transactions, then we expect to replace the existing facility with the proceeds of up to \$950 million aggregate principal amount of a first-lien bridge facility pursuant to a financing commitment we have obtained from affiliates of Goldman, Sachs & Co., which bridge facility and financing commitment are subject to customary conditions. See Description of Material Indebtedness for a more detailed description of the bridge facility.

The bridge facility will not provide us with as much potential liquidity as, and may mature prior to one or more of, the other refinancing transactions and, therefore, our access to cash may be impaired relative to our access to cash if the other refinancing transactions did close.

S-30

Table of Contents

Our borrowing cost under the bridge facility would be materially greater than both our expected borrowing cost under the other refinancing transactions and our historical borrowing cost under the existing facility.

Because the offering of the Units is not conditioned upon consummating the other refinancing transactions, we may not be able to replace the existing facility with the proceeds from the other refinancing transactions and we may instead have to resort to replacing the existing facility using proceeds from the more expensive bridge facility. As a result, our future cost of borrowings is uncertain and may require a materially greater amount of cash from operations to service the fully funded bridge facility, which would reduce our ability to pursue new growth opportunities and could otherwise materially negatively impact us and the operation of our business. For a more detailed description of the risks we face as a result of our high level of indebtedness, see Our debt may increase significantly and could increase further if we incur additional debt in the future and do not retire existing debt.

The market price and trading volume of our shares of common stock may be volatile, which may make it difficult for you to resell your shares of common stock when you want or at prices you find attractive.

The market price of our shares of common stock has fluctuated substantially and may continue to fluctuate in response to the factors described under Forward-Looking Statements, among others. The stock markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our common stock, make it difficult to predict the market price of our common stock in the future and cause the value of your investment to decline.

The purchase contracts, pursuant to which we will deliver shares of our common stock, are components of the Units. The number of shares of common stock that you will receive upon settlement of a purchase contract on the mandatory settlement date (subject to postponement in certain limited circumstances set forth herein), whether as a component of a Unit or a separate purchase contract, will depend upon the daily VWAPs of our common stock for each of the 20 consecutive trading days in the observation period. Because the price of our common stock fluctuates, there can be no assurance that the market value of our common stock received by you per purchase contract will be equal to or greater than the initial reference price of \$. You will realize a loss on any decline in the market value of our common stock below the reference price. Furthermore, because we will in no event deliver more than shares of our common stock (subject to adjustment) upon settlement of a purchase contract, the market value of our common stock delivered to you upon settlement may be less than the effective price per share paid by you for such common stock on the date of the issuance of the Units. Therefore, you assume the risk that the market value of our common stock may decline before the mandatory settlement date or any early settlement date. Any decline in the market value of our common stock may be substantial.

The trading prices for the Units, the purchase contracts and the amortizing notes will be directly affected by the trading prices for our common stock, the general level of interest rates (including changes thereto as a result of Federal Reserve policies) and our credit quality, each of which is impossible to predict.

It is impossible to predict whether the prices of our common stock, prevailing interest rates or our credit quality will rise or fall. The market price of our common stock will be influenced by general stock market conditions and our operating results and business prospects and other factors described elsewhere in these Risk Factors. In addition, sales by us or our stockholders of substantial amounts of common stock in the market after the offering of the Units or the perception that those sales could

Table of Contents

occur can affect the price of our common stock. The market for our common stock likely will influence, and be influenced by, a market that develops for the Units, if any, or the separate purchase contracts, if any. For example, investors' anticipation of the distribution into the market of the additional shares of common stock issuable upon settlement of the purchase contracts could depress the price of our common stock and increase the volatility with respect to our common stock, which could in turn depress the price of the Units and the separate purchase contracts. The price of our common stock also could be affected by possible sales of such common stock by actions taken by investors who view the Units as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that is likely to develop involving the Units, separate purchase contracts and the common stock. The arbitrage activity could, in turn, affect the trading prices of the Units, the separate purchase contracts and our common stock.

In recent years, the Federal Reserve has undertaken a policy known as quantitative easing, which involves open market transactions by monetary authorities to stimulate economic activity through the purchase of assets with longer maturities than short-term government bonds. The Federal Reserve has since indicated that it may begin a so-called tapering of quantitative easing some time in 2014, depending upon its assessment of the performance of the U.S. economy. Expectations for near-term tapering of quantitative easing have led to higher long-term interest rates, and market interest rates may continue to rise if the Federal Reserve adopts, or accelerates the implementation of, a tapering policy. Increases in market interest rates may cause the interest component of the amortizing notes to be less attractive relative to other investments, resulting in the decline in market value of the amortizing notes and thus the Units.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our shares of common stock and/or dilute the value of our common stock but without triggering an anti-dilution adjustment under the terms of the purchase contracts.

We are not restricted from issuing, and stockholder approval is not required in order to issue, additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock, except for any stockholder approval as may be required by the NYSE. We have in the past, and may in the future, sell such equity and equity-linked securities. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our shares of common stock. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our shares of common stock.

The market price of our common stock may be adversely affected if we issue additional shares of our common stock. The number of shares of common stock issuable upon settlement of the purchase contracts is subject to adjustment only for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain issuer tender or exchange offers. The number of shares of common stock deliverable upon settlement is not subject to adjustment for other events that may adversely affect the value of our common stock, such as employee stock options grants, offerings of our common stock for cash, certain exchanges of our common stock for other securities or in connection with acquisitions and other transactions. The terms of the Units do not restrict our ability to offer our common stock in the future or to engage in other transactions that could dilute our common stock, which may adversely affect the value of the Units and separate purchase contracts.

You may not receive dividends on the shares of our common stock.

We do not anticipate paying cash dividends on our shares of common stock in the foreseeable future. Any payment of cash dividends will depend on our financial condition, results of operations,

S-32

Table of Contents

capital requirements, earnings and other factors deemed relevant by our board of directors. Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. The declaration and payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, earnings, capital requirements of our business, the terms of any credit agreements, indentures or other debt agreements to which we may be a party at the time, legal requirements, industry practice and other factors that our board of directors deems relevant. The provisions contained or to be contained in the agreements relating to our existing revolving credit facility, the proposed refinancing transactions and the bridge facility (if drawn) restrict or would restrict our ability to pay dividends on our common stock.

Our shares of common stock are an equity security and are subordinate to our existing and future indebtedness and structurally subordinated to all the indebtedness claims against our subsidiaries.

Shares of our common stock are equity interests and do not constitute indebtedness. As such, shares of our common stock will rank junior to all of our indebtedness and to other non-equity claims against us and our assets available to satisfy claims against us, including claims in a bankruptcy, liquidation or similar proceeding.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation, reorganization or otherwise, and thus your ability as a holder of shares of common stock to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, our common stock is structurally subordinated to all existing and future liabilities and obligations of our subsidiaries.

You will receive only a portion of any appreciation in the market price of our common stock.

The aggregate market value of our common stock delivered to you upon settlement of a purchase contract on the mandatory settlement date (unless earlier settled and subject to postponement in certain limited circumstances set forth herein) generally will exceed the \$25.00 stated amount of each Unit only if the daily VWAPs per share of our common stock over the observation period generally exceed the threshold appreciation price per share. Therefore, during the period prior to the mandatory settlement date, an investment in a Unit affords less opportunity for equity appreciation than a direct investment in our common stock at the initial reference price. If, for the applicable observation period, the daily VWAP remains constant and is less than the threshold appreciation price but greater than the reference price, the purchase contracts will settle at the money, and you would not receive the benefit of any appreciation in the market value of our common stock. Furthermore, if, for the applicable observation period, the daily VWAP remains constant and is greater than or equal to the threshold appreciation price, you would receive only a portion of the appreciation in the market value of our common stock that you would have received had you purchased \$25.00 worth of shares of our common stock at the initial reference price instead of a Unit. See [Description of the Purchase Contracts - Delivery of Common Stock](#) for a table showing the number of shares of our common stock that you would receive at various daily VWAPs based on the assumptions set forth therein.

Servicing our debt will require a significant amount of cash. Our ability to generate sufficient cash depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations, including making payments on the amortizing notes.

Our cash flow from operating activities and other sources may not be sufficient to fund our liquidity needs. Our ability to make payments on and to refinance our existing and future indebtedness, including

Table of Contents

the amortizing notes, will depend on our current and future ability to generate cash from our operations. Our ability to generate cash from our operations is subject to economic and financial conditions in our industry, the global economy and legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings or other sources of debt incurrence will be available in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the amortizing notes.

A substantial decrease in our operating cash flow or a substantial increase in our expenses could make it difficult for us to meet debt service requirements and could require us to modify our operations, including by selling assets, reducing our capital expenditures, refinancing all or a portion of our existing debt or obtaining additional financing. We can provide no assurance that these actions, if required, would generate sufficient funds to meet all our requirements.

Our existing and future secured creditors will have a prior claim on our assets to the extent of the value of the collateral securing their indebtedness.

The amortizing notes will be our general senior unsecured obligations and will be effectively subordinated to all of our existing and future secured debt, to the extent of the lesser of the value of the assets securing such debt and the obligations secured thereby, including our obligations under our revolving credit facility, any refinancing transaction we complete and the bridge facility (if drawn).

Holders of our secured indebtedness will have claims that are prior to the claims of holders of the amortizing notes to the extent of the value of the assets securing that other indebtedness. Notably, we and certain of our subsidiaries are parties to our revolving credit facility, which is secured by liens on substantially all of our assets. See Description of Material Indebtedness. In addition, concurrently with this offering, we are proposing to enter into the refinancing transactions described in Summary Refinancing Transactions. Finally, we may borrow funds under the bridge facility. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our assets that constitute their collateral. Holders of the amortizing notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the amortizing notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. We cannot assure you that there will be sufficient assets to pay amounts due on the amortizing notes. As a result, holders of amortizing notes may receive less, ratably, than holders of secured indebtedness.

As of March 31, 2014, we had approximately \$308 million of secured indebtedness outstanding, all of which would have been effectively senior to the amortizing notes. The completion of the private placement of the second-lien notes described in Summary Recent Developments Concurrent Private Placement of Second-Lien Notes may increase our overall level of secured indebtedness that would be effectively senior to the amortizing notes. The provisions of the indenture governing the amortizing notes will not prohibit us from incurring additional secured indebtedness in the future. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the assets securing such indebtedness. Therefore, such assets will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the amortizing notes, until such secured indebtedness is satisfied in full.

Claims of holders of the amortizing notes will be structurally subordinated to claims of creditors of any of our subsidiaries and to claims of creditors of our joint ventures.

Holders of the amortizing notes will not have any claim as creditors against any of our subsidiaries or our joint ventures to the assets and earnings of those subsidiaries and joint ventures. The claims of the

S-34

Table of Contents

creditors of those subsidiaries and joint ventures would have priority over any of our claims. Consequently, in any insolvency, liquidation, reorganization, dissolution or other winding-up of any of our subsidiaries and joint ventures, creditors of those subsidiaries and joint ventures would be paid before any amounts would be distributed to us as equity, and thus be available to satisfy our obligations under the amortizing notes and other claims against us. At December 31, 2013, our subsidiaries and our joint ventures had assets of approximately \$2.8 billion, or 99% of our total assets. For the year ended December 31, 2013, our subsidiaries and our joint ventures generated all of our total revenues.

Our ability to repay our debt, including the amortizing notes, is affected by the cash flow generated by our subsidiaries and joint ventures.

We are a holding company with limited direct operations. Our principal assets are the equity interests that we hold, directly or indirectly, in our subsidiaries and joint ventures, which own substantially all the assets and conduct all the operations of our consolidated business. Accordingly, repayment of our indebtedness, including the amortizing notes, will be dependent on the generation of cash flow by our subsidiaries and joint ventures and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries or joint ventures may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the amortizing notes. Each subsidiary and joint venture is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and joint ventures. In the event that we do not receive sufficient distributions from our subsidiaries and joint ventures, we may be unable to make required principal, premium, if any, and interest payments on our indebtedness, including the amortizing notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the amortizing notes.

Any default under the agreements governing our other indebtedness could prohibit us from making payments of principal, premium, if any, or interest on the amortizing notes and could substantially decrease the market value of the amortizing notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or litigation.

We may not be able to settle your purchase contracts and deliver shares of our common stock, or make payments on the amortizing notes, in the event that we file for bankruptcy.

Upon the recurrence of specified events of bankruptcy, insolvency or reorganization with respect to McDermott, the mandatory settlement date for each purchase contract, whether held separately or as part of a Unit, will automatically accelerate. If we file for bankruptcy protection prior to settlement of the purchase contracts, we may be unable to deliver our common stock to you and, in such circumstances, we expect that your claim will be relegated to a claim in bankruptcy that ranks equally with the claims of our common stockholders, in which case you will only be able to recover damages to the extent holders of our common stock receive any recovery. Indeed, to the extent that the purchase contracts are executory contracts as defined in the Bankruptcy Code, under the Bankruptcy Code we would be prohibited from assuming the purchase contracts and delivering our common stock to you. See Description of the Purchase Contracts Consequences of Bankruptcy. In addition, bankruptcy law generally prohibits the payment of

pre-bankruptcy debt by a company that has commenced a

S-35

Table of Contents

bankruptcy case while the case is pending. If we become a debtor in a bankruptcy case, so long as the case was pending you would likely not receive payments of principal or interest due under the amortizing note component of the Units.

We may still be able to incur substantially more indebtedness.

The provisions contained or to be contained in the agreements relating to our indebtedness, including our revolving credit facility, the amortizing notes, any refinancing transaction we complete and the bridge facility (if drawn), will not prohibit us from incurring additional indebtedness, and the amount of indebtedness that we could incur could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future, including as a result of the concurrent private placement of second-lien notes. If we incur additional secured indebtedness, the holders of that debt will be entitled to priority over the holders of the amortizing notes in any proceeds distributed in connection with any bankruptcy, liquidation, reorganization or similar proceedings. This may have the effect of reducing the amount of proceeds available for payment to holders of the amortizing notes.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Units.

We expect that many investors in, and potential purchasers of, the Units will employ, or seek to employ, an equity-linked arbitrage strategy with respect to the Units. Investors would typically implement such a strategy by selling short the common stock underlying the Units and dynamically adjusting their short position while continuing to hold the Units. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock. The SEC and other regulatory and self-regulatory authorities have implemented rules and may adopt additional rules or take other actions (including as a result of the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010) that may impact those engaging in short selling activity involving equity securities (including our common stock). In particular, current Rule 201 of SEC Regulation SHO generally restricts the price at which a short sale may be effected when the price of a covered security (including our common stock) triggers a circuit breaker by falling 10% or more from the security's closing price as of the end of regular trading hours on the prior day. If this circuit breaker is triggered, then for the remainder of the day and the following day, short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Units to effect short sales of our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Units.

In addition, if investors and potential purchasers seeking to employ an equity-linked arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case, on commercially reasonable terms, the trading price and liquidity of the Units may be adversely affected.

You may receive shares of common stock upon settlement of the purchase contracts that are lower in value than the price of the common stock just prior to the mandatory settlement date.

Because the daily settlement amounts are determined based on the daily VWAP of our common stock for each of the 20 consecutive trading days during the observation period, the number of shares of common stock delivered for each purchase contract on the mandatory settlement date (subject to postponement in certain limited circumstances) may be greater than or less than the number that would have been delivered based on the closing price of the common stock on the last trading day of the observation period. In addition, you will bear the risk of fluctuations in the market price of the shares of common stock deliverable upon settlement of the purchase contracts between the end of such period

and the date such shares are delivered.

S-36

Table of Contents

If you elect to settle your purchase contracts prior to the mandatory settlement date, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date.

Holder of the Units or separate purchase contracts have the option to settle their purchase contracts early during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third business day immediately preceding the mandatory settlement date. However, if you elect to settle your purchase contracts early, you will receive for each purchase contract a number of shares of common stock equal to the applicable minimum settlement rate, regardless of the current market value of our common stock, unless you elect to settle your purchase contracts early in connection with a fundamental change, in which case you will be entitled to settle your purchase contracts at the applicable fundamental change early settlement rate, which may be greater than the applicable minimum settlement rate. In either case, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date (subject to postponement in certain limited circumstances).

Upon issuance of the Units, our common stock will incur immediate dilution.

Upon issuance of the Units, which includes a purchase contract component, our common stock will incur immediate and substantial net tangible book value dilution on a per share basis.

The secondary market for the Units, the purchase contracts and the amortizing notes may be illiquid.

The Units will be new securities for which there is no established trading market. We do not intend to apply for a listing of the Units on any securities exchange or for quotation of the Units on any automated dealer system. Although the underwriter has advised us that it intends to make a market in the Units, it is not obligated to do so. The underwriter may discontinue market making at any time in its sole discretion without notice. Accordingly we cannot assure you that a liquid trading market will develop for the Units (or, if developed, that a liquid trading market will be maintained), that you will be able to sell Units at a particular time or that the prices you receive when you sell will be favorable.

Beginning on the business day immediately succeeding the date of initial issuance of the Units, purchasers of Units will be able to separate each Unit into a purchase contract and an amortizing note. We are unable to predict how the separate purchase contracts or the separate amortizing notes will trade in the secondary market, or whether that market will be liquid or illiquid. Initially, we will not apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system, but we might apply to list such separate purchase contracts and separate amortizing notes in the future as described herein. If (1) a sufficient number of Units are separated into separate purchase contracts and separate amortizing notes and traded separately such that applicable listing requirements are met and (2) a sufficient number of holders of such separate purchase contracts and separate amortizing notes request that we list such separate purchase contracts and separate amortizing notes, we might endeavor to list such separate purchase contracts and separate amortizing notes on an exchange of our choosing (which may or may not be the NYSE) subject to applicable listing requirements.

The purchase contract agreement will not be qualified under the Trust Indenture Act, and the obligations of the purchase contract agent are limited.

The purchase contract agreement between us and the purchase contract agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract agreement or the

S-37

Table of Contents

purchase contract agent. The amortizing notes constituting a part of the Units will be issued pursuant to an indenture, which has been qualified under the Trust Indenture Act. Accordingly, if you hold Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the amortizing notes. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

disqualification of the indenture trustee for conflicting interests, as defined under the Trust Indenture Act;

provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and

the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

The fundamental change early settlement rate may not adequately compensate you for the lost value of your purchase contracts.

If a fundamental change occurs and you elect to exercise your fundamental change early settlement right, you will be entitled to settle your purchase contracts at the applicable fundamental change early settlement rate. Although the fundamental change early settlement rate is designed to compensate you for the lost value of your purchase contracts as a result of the early settlement of the purchase contracts, this feature may not adequately compensate you for such loss. In addition, if the stock price in the fundamental change is greater than \$ per share (subject to adjustment), this feature of the purchase contracts will not compensate you for any additional loss suffered in connection with a fundamental change. See Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

Our obligation to settle the purchase contracts at the fundamental change early settlement rate could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price of the purchase contracts may not be adjusted for all dilutive events.

The minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price of the purchase contracts are subject to adjustment for certain events, including, but not limited to, certain dividends on our common stock, the issuance of certain rights, options or warrants to holders of our common stock, subdivisions or combinations of our common stock, certain distributions of assets, debt securities, capital stock or cash to holders of our common stock and certain tender offers or exchange offers, as described under Description of the Purchase Contracts Adjustments to the Fixed Settlement Rates in this prospectus supplement. The minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price will not be adjusted for other events, such as an issuance of our common stock for cash, that may adversely affect the trading price of the purchase contracts or the Units and the market price of our common stock. There can be no assurance that an event will not occur that is adverse to the interests of the holders of the purchase contracts or the Units and their value, but that does not result in an adjustment to the minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price.

S-38

Table of Contents

We may not have the ability to raise the funds necessary to repurchase the amortizing notes following the exercise of our early mandatory settlement right, and our debt outstanding at that time may contain limitations on our ability to repurchase the amortizing notes.

If we elect to exercise our early mandatory settlement right, holders of the amortizing notes will have the right to require us to repurchase the amortizing notes on the repurchase date at the repurchase price described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder. However, we may not have enough available cash or be able to obtain financing at the time it is required to make repurchases of amortizing notes surrendered for repurchase, particularly as the exercise of such right, or the events giving rise to our exercise of such right, may trigger a similar repurchase requirement for a portion of our other indebtedness. In addition, our ability to repurchase the amortizing notes may be limited by agreements governing our current and future indebtedness. Our failure to repurchase amortizing notes at a time when the repurchase is required by the indenture would constitute a default under the indenture. A default under the indenture could also lead to a default under agreements governing our other indebtedness outstanding at that time. If the repayment of the other indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the amortizing notes.

The amortizing notes will not provide holders with the right to require us to repurchase them upon a fundamental change.

The indenture governing the amortizing notes does not provide holders of amortizing notes with any right to require us to repurchase such notes upon the occurrence of certain events that would constitute a fundamental change as defined under Description of the Purchase Contracts. Accordingly, holders of our amortizing notes will bear the risk that any such fundamental change occurs and adversely affects our capital structure, credit ratings or the value of the amortizing notes.

Until you have the rights of a record holder with respect to shares of our common stock deliverable under the purchase contracts, you are not entitled to any rights with respect to our common stock, but you are subject to all changes made with respect to our common stock.

Until you have the rights of a record holder with respect to shares of our common stock deliverable under the purchase contracts, you are not entitled to any rights with respect to our common stock, including voting rights and rights to receive any dividends or other distributions on our common stock, but you are subject to all changes affecting our common stock. The purchase contracts do not confer on you any rights with respect to our common stock except at the times, and subject to the conditions, described in this prospectus supplement. For example, in the event that an amendment to our amended and restated articles of incorporation (our articles of incorporation) or our amended and restated by-laws (our bylaws) requiring stockholder approval is proposed and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date you are deemed the owner of the shares of our common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock once you become a stockholder.

Some significant restructuring transactions may not constitute fundamental changes, in which case we would not be obligated to early settle the purchase contracts.

Upon the occurrence of specified fundamental changes, you will have the right to require us to settle the purchase contracts. However, the definition of fundamental change herein is limited to specified corporate events and may not include other events that might adversely affect our financial condition or the value of the purchase contracts. For

example, events such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us may not constitute a

S-39

Table of Contents

fundamental change requiring us to settle the purchase contracts at the applicable fundamental change early settlement rate. In the event of any such events, the holders of the purchase contracts would not have the right to require us to settle the purchase contracts at the applicable fundamental change early settlement rate, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the trading price of the purchase contracts.

The liquidity of any trading market that develops for the Units may be adversely affected by future repurchases by us of Units through exchange offers, open market repurchases, privately negotiated transactions or otherwise.

We have in the past repurchased our securities and may in the future repurchase the Units, through exchange offers, open market repurchases, privately negotiated transactions or otherwise. If a significant percentage of the Units were repurchased or exchanged in any such transaction, the liquidity of the trading market for the Units, if any, may be substantially reduced. Any Units repurchased or exchanged will reduce the amount of Units outstanding. As a result, the Units may trade at a discount to the price at which they would trade if the applicable transaction was not consummated due to such decreased liquidity, subject to prevailing interest rates, the market for similar securities and other factors. A smaller outstanding amount of the Units may also make the trading prices of the Units more volatile. If a portion of the Units were repurchased or exchanged in the future, there might not be an active market in the Units and the absence of an active market could adversely affect your ability to trade the Units and the prices at which the Units may be traded.

The U.S. federal income tax consequences relating to the Units are uncertain.

No statutory, judicial or administrative authority directly addresses the characterization of the Units or instruments similar to the Units for U.S. federal income tax purposes. As a result, some aspects of the U.S. federal income tax consequences of an investment in the Units are not certain. Specifically, the amortizing notes and the purchase contracts could potentially be recharacterized as a single instrument for U.S. federal income tax purposes, in which case holders could be required to recognize as income the entire amount of each payment on the amortizing notes (rather than treating a portion as a tax-free return of principal). No ruling is being requested from the Internal Revenue Service with respect to the Units, and no assurance can be given that the Internal Revenue Service will agree with the conclusions expressed below under U.S. Federal Income Tax Considerations. Prospective investors should consult their tax advisors regarding the tax considerations discussed thereunder and the potential alternative tax characterizations of the Units.

You may be subject to tax upon an adjustment to the settlement rate of the purchase contracts even though you do not receive a corresponding cash distribution.

The fixed settlement rates of the purchase contracts are subject to adjustment in certain circumstances, including, without limitation, the payment of certain cash dividends and upon a fundamental change. If the fixed settlement rates are adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you may be deemed to have received for U.S. federal income tax purposes a taxable dividend to the extent of our earnings and profits without the receipt of any cash. See U.S. Federal Income Tax Considerations.

Table of Contents

Provisions in our corporate documents and Panamanian law could delay or prevent a change in control of our company, even if that change may be considered beneficial by some stockholders.

The existence of some provisions of our articles of incorporation and by-laws and Panamanian law could discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These include provisions:

providing that our board of directors fixes the number of members of the board;

limiting who may call special meetings of stockholders;

restricting the ability of stockholders to take action by written consent, rather than at a meeting of the stockholders;

establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings;

establishing supermajority vote requirements for certain amendments to our articles of incorporation and by-laws;

authorizing a large number of shares of common stock that are not yet issued, which would allow our board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us; and

authorizing the issuance of blank check preferred stock, which could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt.

In addition, we are registered with the Panamanian National Securities Commission (the "PNSC") and, as a result, we are subject to Decree No. 45 of December 5, 1977, of the Republic of Panama, as amended (the "Decree"). The Decree imposes certain restrictions on offers to acquire voting securities of a company registered with the PNSC if, following such an acquisition, the acquiror would own directly or indirectly more than 5% of the outstanding voting securities (or securities convertible into voting securities) of such company, with a market value of at least five million Balboas (approximately \$5.0 million). Under the Decree, any such offeror would be required to provide us with a declaration stating, among other things, the identity and background of the offeror, the source and amount of funds to be used in the proposed transaction and the offeror's plans with respect to us. In that event, the PNSC may, at our request, hold a public hearing as to the adequacy of the disclosure provided by the offeror. Following such a hearing, the PNSC would either determine that full and fair disclosure had been provided and that the offeror had complied with the Decree or prohibit the offeror from proceeding with the offer until it has furnished the required information and fully complied with the Decree. Under the Decree, such a proposed transaction cannot be consummated until 45 days after the delivery of the required declaration prepared or supplemented in a complete and accurate manner, and our board of

directors may, in its discretion, within 15 days of receiving a complete and accurate declaration, elect to submit the transaction to a vote of our stockholders. In that case, the transaction could not proceed until approved by the holders of at least two-thirds of the voting power of the shares entitled to vote at a meeting held within 30 days of the date it is called. If such a vote is obtained, the shares held by the offeror would be required to be voted in the same proportion as all other shares that are voted in favor of or against the offer. If the stockholders approved the transaction, it would have to be consummated within 60 days following the date of that approval. The Decree provides for a civil right of action by stockholders against an offeror who does not comply with the provisions of the Decree. It also provides that certain persons, including brokers and other intermediaries who participate with the offeror in a transaction that violates the Decree, may be jointly and severally liable with the offeror for damages that arise from a violation of the Decree. We have a long-standing practice of not requiring a

S-41

Table of Contents

declaration under the Decree from passive investors who do not express any intent to exercise influence or control over our company and who remain as passive investors, so long as they timely file appropriate information on Schedule 13D or Schedule 13G under the Exchange Act. This practice is consistent with advice we have received from our Panamanian counsel to the effect that our Board of Directors may waive the protection afforded by the Decree and not require declarations from passive investors who invest in our common stock with no intent to exercise influence or control over our company.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal, and are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our company and our stockholders.

We may issue preferred stock that could dilute the voting power or reduce the value of our common stock.

Our articles of incorporation authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately \$242 million (or approximately \$279 million if the underwriter exercises its option to purchase additional Units in full), after deducting the underwriter's commissions and estimated offering expenses. We currently intend to use the net proceeds of this offering for general corporate purposes, including the funding of working capital requirements and capital expenditures.

On March 28, 2014, we announced that we were commencing a private placement of second-lien notes, in an aggregate principal amount currently contemplated to be \$500 million. If we complete that private placement, the proceeds will be used to refinance indebtedness outstanding under our existing revolving credit facility and for general corporate purposes, including the funding of working capital requirements and capital expenditures.

We can provide no assurance that we will complete the second-lien notes private placement, and even if we complete the second-lien notes private placement, we can provide no assurance as to what the final terms will be. In particular, the aggregate principal amount of second-lien notes may change from the \$500 million currently contemplated. Completion of this offering is not contingent on the completion of the second-lien notes private placement, and completion of the second-lien notes private placement is not contingent on the completion of this offering. **The foregoing description and any other information regarding the second-lien notes is included herein solely for informational purposes and is not complete. The concurrent private placement of second-lien notes is being made by a separate offering circular and is not part of the offering to which this prospectus supplement relates. The private placement of the second-lien notes have not been registered under the Securities Act, and may not be offered or sold absent registration in the United States or an applicable exemption from the registration requirements. The second-lien notes will be offered only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any second-lien notes.**

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2013:

on an actual basis; and

as-adjusted to give effect to the offering of the Units at a stated per Unit amount of \$25.00 (assuming no exercise of the underwriter's option to purchase additional Units) and the application of the net proceeds therefrom as described in Use of Proceeds.

The amounts reflected in the following table have not been adjusted to give effect to the concurrent private placement of second-lien notes, any other refinancing transactions or any future borrowing under the bridge facility. The offering of the Units is not conditioned upon the successful closing of any of the other refinancing transactions. To the extent that we complete any of the refinancing transactions or we draw on the bridge facility, we will have substantial additional funded secured debt that is effectively senior to the amortizing notes. See Risk Factors Our debt may increase significantly and could increase further if we incur additional debt in the future and do not retire existing debt.

You should read this table in conjunction with our consolidated financial statements and related notes and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference herein.

	December 31, 2013	
	As	
	Actual	Adjusted
	(Dollars in thousands)	
Long-term debt(1):		
Revolving credit facility(2)	\$	\$
Construction financing	49,019	49,019
Amortizing notes forming part of the Units(3)		42,260
Total long-term debt	\$ 49,019	\$ 91,279
Stockholders' equity:		
Common stock	\$ 244,271	\$ 244,271
Capital in excess of par value(4)	1,414,457	1,622,197
Retained earnings	(71,157)	(71,157)
Treasury stock at cost, 7,130,294 shares	(97,926)	(97,926)
Accumulated other comprehensive loss	(140,131)	(140,131)
Stockholders' equity McDermott International, Inc.	1,349,514	1,557,254
Noncontrolling interest	90,830	90,830
Stockholders' equity	\$ 1,440,344	\$ 1,648,084

Total capitalization	\$ 1,489,363	\$ 1,739,363
----------------------	--------------	--------------

- (1) Excludes (a) \$570.4 million of outstanding letters of credit (of which \$214.3 million was outstanding under our revolving credit facility), bank guarantees and surety bonds as of December 31, 2013 that are not considered indebtedness under GAAP and (b) current maturities of long-term debt of \$39.5 million.
- (2) As of March 31, 2014, we had approximately \$250 million of borrowings outstanding under our revolving credit facility.
- (3) Each Unit will include an amortizing note. Approximately 17% of the stated amount of the Units will be represented by the amortizing notes.

S-44

Table of Contents

- (4) We expect to record the issuance of the purchase contract portion of the Units as additional paid-in-capital, net of issuance costs of the purchase contracts, in our financial statements. We also expect to record the amortizing notes portion of the Units as long-term debt and to record the issuance costs of the amortizing notes as a prepaid expense, which will be amortized over the term of the amortizing notes. We will allocate the proceeds from the issuance of the Units to the purchase contracts and amortizing notes based on the relative fair values of the respective components, determined as of the date of issuance of the Units. See footnote (3) above. Approximately 83% of the stated amount of the Units will be represented by the purchase contracts, and we assumed that the underwriting discounts and commissions and estimated offering expenses will be allocated to the purchase contracts.

S-45

Table of Contents**PRICE RANGE OF COMMON STOCK; DIVIDEND POLICY**

Our common stock is traded on the NYSE under the symbol MDR. The following table sets forth the high and low closing sales prices for transactions involving our common stock during each fiscal quarter, as reported by the NYSE.

	Price Ranges	
	Low	High
Fiscal Year 2014		
March 31, 2014 (through March 28, 2014)	\$ 7.37	\$ 8.16
Fiscal Year 2013		
December 31, 2013	\$ 6.93	\$ 9.16
September 30, 2013	6.73	8.93
June 30, 2013	8.18	11.03
March 31, 2013	10.50	13.47
Fiscal Year 2012		
December 31, 2012	\$ 9.66	\$ 12.45
September 30, 2012	10.73	13.56
June 30, 2012	9.04	13.25
March 31, 2012	11.34	15.35

On March 28, 2014, the last reported sale price of our common stock on the NYSE was \$7.73 per share. As of March 21, 2014, there were approximately 2,379 record holders of our common stock.

We have not paid cash dividends on our common stock since the second quarter of 2000 and do not currently have plans to reinstate a cash dividend at this time. The declaration and payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, earnings, capital requirements of our business, the terms of any credit agreements, indentures or other debt agreements to which we may be a party at the time, legal requirements, industry practice and other factors that our board of directors deems relevant. The provisions contained or to be contained in the agreements relating to our existing revolving credit facility, the proposed refinancing transactions and the bridge facility (if drawn), restrict or would restrict our ability to pay dividends on our common stock.

Table of Contents

DESCRIPTION OF MATERIAL INDEBTEDNESS

Revolving Credit Facility

Our existing revolving credit facility provides for borrowings and issuances of letters of credit in an aggregate outstanding amount of up to \$950 million and is scheduled to mature on August 19, 2016. Proceeds from borrowings under that facility are available for working capital needs and other general corporate purposes. We intend to refinance our existing revolving credit facility using the proceeds from either: (1) new financings, which may include a \$400 million first-lien, first-out letter of credit facility, a \$300 million funded first-lien term loan facility and the concurrent private placement of second-lien notes; or (2) the bridge facility described below. For additional information regarding our existing revolving credit facility, please see the discussion under the heading *Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Liquidity - Credit Agreement* in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference in this prospectus supplement.

Bridge Facility

On March 2, 2014, we entered into a Commitment Letter with Goldman Sachs Lending Partners LLC (*GSLP*) under which *GSLP* has committed to provide us with a bridge facility. The bridge facility would provide us with the ability to borrow up to \$950.0 million to refinance our existing revolving credit facility and pay fees and expenses in connection therewith and to use for general corporate purposes.

Subject to the next paragraph, the loans under the bridge facility are available to be drawn until April 11, 2014 (subject to extension in certain circumstances). As of the date of this prospectus supplement, we have not drawn any loans under the bridge facility.

The availability of the loans under the bridge facility, which have not yet been funded, is subject to the satisfaction (or waiver) of the conditions set forth in the commitment letter. The date on which such conditions are satisfied (or waived) will be the *Bridge Closing Date*. The loans under the bridge facility are to be made in a single borrowing on the *Bridge Closing Date* and will mature and be payable in full on the 1-year anniversary of the *Bridge Closing Date* (the *Initial Maturity Date*), *provided* that, on the *Initial Maturity Date*, any loans under the bridge facility that have not been previously repaid in full will automatically be converted into loans that will mature on the 5-year anniversary of the *Bridge Closing Date*.

The \$950.0 million facility amount will automatically be reduced prior to the *Bridge Closing Date* by the aggregate amount of net proceeds received by us from certain equity and debt capital markets transactions (including any net proceeds received by us from the issuance of the Units).

GSLP and its affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. *GSLP* and its affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of our business for which they may receive customary fees and reimbursement of expenses. Goldman, Sachs & Co., an affiliate of Goldman Sachs, is acting as sole book-running manager in this offering of the Units.

Interest Rate and Fees

Until the earlier of (a) the first anniversary of the *Bridge Closing Date* and (b) the occurrence of certain other events (the *Conversion Date*), the bridge facility will bear interest at a floating rate, reset quarterly, as follows: (1) for the first

three-month period commencing on the Bridge Closing Date, the

S-47

Table of Contents

bridge facility will bear interest at a rate per annum equal to the reserve adjusted Eurodollar Rate, plus 6.50% (collectively, the LIBOR Rate), and (2) thereafter, at a floating per annum rate equal to, reset at the beginning of each subsequent three-month period, the LIBOR Rate plus the Spread. The Spread will initially be 50 basis points (commencing three months after the Closing Date) and will increase by an additional 50 basis points ever three months thereafter.

From and after the Conversion Date, assuming the Units are issued (but without giving effect to any Units issued under the underwriter's overallotment option) and the \$950.0 million facility amount is reduced by the net proceeds thereof, our annual pre-tax interest expense on the bridge facility could be as high as \$63 million to \$77 million.

In addition to interest expense, we are obligated to pay customary fees and other amounts under the terms of the commitment letter and the bridge facility.

Guarantees and Security

The bridge facility will be guaranteed by each of our existing and subsequently acquired or organized wholly-owned subsidiaries (subject to certain customary exceptions).

In addition, the bridge facility will be secured on a first-lien basis by all the assets that constitute collateral under our existing revolving credit facility, including the equity interests in our wholly-owned subsidiaries and all our personal property, subject to customary exceptions.

Prepayments

The bridge facility will require us to prepay the loans with 100% of the net cash proceeds received by us from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, subject to certain exceptions.

Covenants and Events of Default

The bridge facility will contain certain customary negative covenants, including a limitation with respect to incurrence of other indebtedness and liens, a negative pledge covenant, a restricted junior payment covenant, a restriction on subsidiary distributions covenant, a restriction on investments covenant, a merger or similar transaction covenant, a restriction on the sale of assets (including subsidiary interests) covenant, a restriction on sale and lease-backs covenant, a restriction on capital expenditures covenant, a restriction on transactions with affiliates covenant, a conduct of business covenant, a restriction on amendments and waivers of organizational documents covenant, a restriction on junior indebtedness and other material agreements covenants, an accounting changes covenant, a margin regulations covenant, a cancellation of indebtedness covenant, an activities in Panama covenant and a change in vessel flags covenant, subject, in each case, to certain exceptions.

The bridge facility will also contain customary affirmative covenants.

An event of default may result in the acceleration of any outstanding loans under the bridge facility.

The foregoing description of the bridge facility does not purport to be complete and is subject to, and qualified in its entirety by, the description of the bridge facility set forth in the commitment letter, which was filed as Exhibit 4.8 to our Annual Report on Form 10-K for the year ended December 31, 2013 and is incorporated herein by reference.

S-48

Table of Contents

North Ocean 105 Financing

On September 30, 2010, we, as guarantor, and North Ocean 105 AS, in which we have a 75% ownership interest, as borrower, entered into a financing agreement to finance a portion of the construction costs of the *North Ocean 105*. The agreement provides for borrowings of up to \$69.4 million, bearing interest at 2.76% per year, and requires principal repayment in 17 consecutive semi-annual installments, which commenced on October 1, 2012. Borrowings under the agreement are secured by, among other things, a pledge of all of the equity of North Ocean 105 AS, a mortgage on the *North Ocean 105*, and a lien on substantially all of the other assets of North