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**McDermott International announces transaction support agreement with key financial stakeholders to position company for long-term success**

09 Sep 2023

- Reaches Transaction Support Agreement with More Than 75% of Secured Letter of Credit Facility Providers, Funded Debt Creditors and Equity Holders
- Receives \$250 Million in New Capital
- The Agreement Extends Company's Loans and Letter of Credit Facilities Three Years, Until Mid-2027
- Company to Continue All Operations
- No Impairment to Vendors, Projects, or Customers
- To Implement the TSA and to Discharge Legal Claims Related to Prior Projects, Intends to Commence Parallel In-Court Proceedings in the Netherlands and UK for Select Non-U.S. McDermott Entities

**MCDERMOTT** *McDermott International* has entered into a *transaction support agreement ('TSA')* with more than 75%, in aggregate, of its secured letter of credit ('LC') providers, funded debt creditors and equity holders to initiate a financial restructuring process to strengthen its capital structure, enhance its liquidity position, and further position the Company for long-term success. Additionally, the Company has received \$250 million in new capital from a group of its existing equity holders, which will support its ability to operate its business, deliver on existing projects and expand backlog with new client projects.

Under the terms of the Agreement, McDermott will amend and extend its term loans and LC facilities for three years, through mid-2027 with no change in pricing, increase the company's liquidity, and

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improving, increase the company's liquidity, and discharge certain legacy legal liabilities. To implement the Agreement, McDermott International Holdings B.V. and Lealand Finance Company B.V. will initiate procedures in the Netherlands under the Dutch Act on Confirmation of Extrajudicial Plans (Wet Homologatie Onderhands Akkoord or 'WHOA'). CB&I UK Limited will initiate a Restructuring Plan under Part 26A of the Companies Act 2006 (UK) in England.

McDermott International Holdings B.V., Lealand Finance Company B.V., and CB&I UK Limited are the only McDermott entities named in these proceedings. Following the completion of the Netherlands and UK processes, McDermott will make a voluntary filing in the United States to secure legal recognition of the international court decisions. The Company expects to continue all current customer agreements, projects, and vendor commitments throughout these processes. McDermott currently expects to complete the processes no later than early 2024.

*'Over the past 24 months, our executive leadership has made transformative progress in resetting and implementing our business strategy by leveraging the strength of our operating business and tailoring our approach to our core clients,' said Michael McKelvy, President & CEO of McDermott. 'We are pleased to have reached this agreement with our key stakeholders, which demonstrates their confidence in the long-term strength and sustainability of our business. These proactive steps ensure that McDermott is strongly positioned to deliver on our growing number of client projects as we continue our important work of accelerating the energy transition in our industry.'*

The Company has also completed actions to strengthen its world-leading storage business, CB&I Storage Solutions. CB&I Storage Solutions will have dedicated working capital and an independent LC facility separate from the McDermott LC facilities.

*'We intend to continue all operations as normal as we move through these processes, including continued delivery on our client projects, and I thank our customers, suppliers and partners for their patience and unwavering support,' McKelvy continued. 'I also thank our outstanding McDermott team around the world for their tireless work, commitment to safety, and dedication to our values and strategy. As we celebrate our 100th anniversary, we look forward to a long future as one of the few companies in the world with the scope, assets, capabilities, and know-how to meet growing customer and global demand for low carbon solutions and energy transition.'*

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In addition to amending and extending its term loans and LC facilities, the Company intends to discharge certain unsecured claims associated with legal matters related to the Refineria de Cartagena S.A. ('Reficar') project, which was originated by Chicago Bridge & Iron Company N.V. ('CB&I') before McDermott acquired CB&I in 2018. The two unsecured claims consist of an arbitration decision issued by the International Chamber of Commerce ('ICC') in favor of Reficar and an in-country order of the Contraloría General de la República ('Contraloría'), an administrative agency of the Republic of Colombia. McDermott opposes each claim on the merits; the Company strongly disagrees with and has petitioned to vacate the decision of the ICC and is engaged in arbitration and in-country proceedings to challenge the Contraloría action as improper and without jurisdiction over the Company.

Kirkland & Ellis LLP and NautaDutilh are serving as legal counsel to McDermott, Credit Suisse is serving as the Company's financial advisor and Alvarez & Marsal is serving as restructuring advisor. PJT Partners is serving as financial advisor for an ad hoc group of McDermott's lenders and equity holders and Davis Polk & Wardwell LLP, Weil, Gotshal & Manges and Loyens & Loeff are serving as the ad hoc group's legal counsel. FTI Consulting is serving as financing advisor for the steering committee of McDermott's bank lenders, and Linklaters LLP and Bracewell LLP are serving as the steering committee's legal counsel.

### Original announcement link

Source: McDermott

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