

MCDERMOTT INTERNATIONAL INC

Form S-3ASR

February 25, 2019

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As filed with the Securities and Exchange Commission on February 25, 2019

Registration No. 333 -

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM S-3**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**MCDERMOTT INTERNATIONAL, INC.**  
**(Exact name of registrant as specified in its charter)**

**Republic of Panama**

**757 N. Eldridge Parkway**

**72-0593134**

**Houston, Texas 77079**

| (State or other jurisdiction of incorporation or organization) | (281) 870-5000<br>(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices) | (I.R.S. Employer Identification No.) |
|--|---|--------------------------------------|
|--|---|--------------------------------------|

**John M. Freeman**  
**Executive Vice President,**  
**Chief Legal Officer & Corporate Secretary**

**757 N. Eldridge Parkway**

**Houston, Texas 77079**

**(281) 870-5000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copy to:*

**Ted W. Paris**

**James H. Mayor**

**Baker Botts L.L.P.**

**910 Louisiana Street**

**Houston, Texas 77002**

**(713) 229-1234**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act ), other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

| Title of each class of securities to be registered | Amount to be registered(1) | Proposed                        | Proposed               | Amount of registration fee |
|--|----------------------------|---------------------------------|------------------------|----------------------------|
|  |                            | maximum offering price per unit | maximum offering price |                            |
|  | 6,773,094(2)(3)            | \$7.26(4)                       | \$49,172,662.44(4)     | \$5,959.73                 |

|  |     |          |
|--|-----|----------|
| Common Stock, par value \$1.00 per share, to be issued upon exercise of warrants                           |     |          |
| Common Stock, par value \$1.00 per share, that may be issued upon redemption of Redeemable Preferred Stock | (2) | (5)      |
| Total  |     | 5,959.73 |

- (1) Pursuant to Rule 416 under the Securities Act, this registration statement shall also cover an indeterminate number of additional shares of common stock that may become issuable as a result of any stock splits, stock dividends, reclassifications, recapitalizations, combinations or similar transactions.
- (2) The Registrant is also registering an indeterminate number of shares of common stock that may be issued (i) upon exercise of the Warrants (as defined below) pursuant to anti-dilution adjustments of the Warrants and (ii) upon redemption of the Redeemable Preferred Stock in connection with certain change-of-control transactions.
- (3) Includes 6,773,094 shares of common stock that may be issued upon exercise of the Series A warrants that the Registrant issued to the selling stockholders in a November 2018 private placement (the Warrants )
- (4) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act, based on the average of the high and low prices as reported on the New York Stock Exchange on February 19, 2019.
- (5) In reliance on and in accordance with Rule 456(b) and Rule 457(r) under the Securities Act, the Registrant is deferring payment of the registration fee with respect to the number of shares of common stock that may become issuable upon redemption of the Redeemable Preferred Stock.

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**Prospectus**

**MCDERMOTT INTERNATIONAL, INC.**

**6,773,094 Shares of Common Stock**

**Offered by Selling Stockholders**

This prospectus covers the resale by the selling stockholders identified in this prospectus of up to an aggregate of 6,773,094 shares of our common stock, par value \$1.00 per share (our common stock), that may be issued upon exercise of the Series A warrants (the Warrants) that we issued in a private placement in November 2018. This prospectus also relates to an indeterminate number of shares of our common stock that may be issued upon redemption of our 12% redeemable preferred stock, par value \$1.00 per share (the Redeemable Preferred Stock) (which we issued in the same private placement), in connection with certain change-of-control transactions, as well as upon exercise of the Warrants as a result of anti-dilution adjustments.

We are not selling any shares of common stock under this prospectus, and we will not receive any of the proceeds from the sale or other disposition of shares of common stock by the selling stockholders. We will only receive proceeds from the selling stockholders upon exercise of the Warrants to the extent we do not elect to net exercise any of the warrants.

These securities may be offered and sold by the selling stockholders from time to time in accordance with the provisions set forth under Plan of Distribution. The selling stockholders may offer and sell these securities to or through one or more underwriters, dealers and agents, who may receive compensation in the form of discounts, concessions or commissions, or directly to purchasers, on a continuous or delayed basis. The selling stockholders may offer and sell these securities at various times in amounts, at prices and on terms to be determined by market conditions and other factors at the time of such offerings. This prospectus describes the general terms of these securities and the general manner in which the selling stockholders will offer and sell these securities. A prospectus supplement may be used to describe the specific manner in which the selling stockholders will offer and sell these securities and also may add, update or change information contained or incorporated by reference in this prospectus. The names of underwriters, if any, will be stated in a prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the symbol MDR.

**Investing in our securities involves risks that are referenced in the Risk Factors section on page 1 of this prospectus. In addition, risk associated with any investment in our securities may be described in the applicable prospectus supplement and our other filings with the Securities and Exchange Commission, as**

described in the **Risk Factors** section on page 1 of this prospectus.

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

**The date of this prospectus is February 25, 2019.**

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### **About This Prospectus**

This prospectus is part of a registration statement that we have filed with the U.S. Securities and Exchange Commission ( SEC ) using a shelf registration process. Using this process, the selling stockholders may offer the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of us and the securities that may be offered by the selling stockholders. To the extent that any selling stockholder is deemed to be an underwriter within the meaning of the Securities Act, each time securities are offered by the selling stockholders pursuant to this prospectus, the selling stockholders may be required to provide you with this prospectus and, in certain cases, a prospectus supplement that will contain specific information about the selling stockholders and the terms of the securities being offered. A prospectus supplement may also add to, update or change the information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. Please carefully read this prospectus and any prospectus supplement, in addition to the information contained in the documents we refer to under the heading Where You Can Find More Information.

**Neither we nor the selling stockholders have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectus made available by us. We and the selling stockholders take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus may only be used where it is legal to sell the offered securities. You should assume that the information appearing in this prospectus is accurate only as of the date on the cover of this prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.**

### **The Company**

McDermott International, Inc. ( McDermott, we, our or us ), a corporation incorporated under the laws of the Republic of Panama in 1959, is a fully-integrated provider of engineering, procurement, construction and installation ( EPCI ) and technology solutions to the energy industry. On May 10, 2018, we completed our combination with Chicago Bridge & Iron Company N.V. ( CB&I ) through a series of transactions. We design and build end-to-end infrastructure and technology solutions, from the wellhead to the storage tank, to transport and transform oil and gas into a variety of products. Our proprietary technologies, integrated expertise and comprehensive solutions are utilized for offshore, subsea, power, liquefied natural gas ( LNG ) and downstream energy projects around the world. Our customers include national, major integrated and other oil and gas companies as well as producers of petrochemicals and electric power, and we operate in most major energy producing regions throughout 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, unless the context otherwise indicates, McDermott, we, our and us mean McDermott International Inc. and its consolidated subsidiaries. Our principal executive offices are located at 757 N. Eldridge Parkway, Houston, Texas 77079, and our telephone number at that location is (281) 870-5000.

### **Risk Factors**

*Investing in our securities involves risks. You should carefully consider the specific risks set forth under the caption Risk Factors in any applicable prospectus supplement, and under the caption Risk Factors in any of our filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), incorporated by reference in this prospectus, before making an investment decision. For more*



*information, see Where You Can Find More Information.*

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**Where You Can Find More Information**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a Web site that contains information we have filed electronically with the SEC, which you can access over the Internet at *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 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 does not contain all the information we have included in the registration statement and the accompanying exhibits we have filed with the SEC. You may refer to the registration statement and exhibits for more information about us and the securities. The registration statement and exhibits are available at the SEC's public reference room or through its Web 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, 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 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, 2018; and

the description of our common stock contained in our registration statement on our Form 8-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

**We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus or any prospectus supplement or free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of the securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus, any prospectus supplement and any free writing prospectus is accurate only**

**as of their respective dates and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.**

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**Enforceability of Civil Liabilities**

We are a corporation organized under the laws of the Republic of Panama, and a substantial amount of our assets are or may be located in jurisdictions outside the United States. Accordingly, it may be difficult or impossible to enforce judgments against us, including judgments predicated on the civil liability provisions of the federal securities laws of the United States. Because a substantial amount of our assets are located outside the United States, any judgment obtained in the United States against us may not be fully collectible in the United States. In addition, treaties may not exist in all cases for the recognition of the enforcement of a judgment or order of a foreign court. We have been advised by our counsel in the Republic of Panama, Arias, Fabrega and Fabrega, that courts in the Republic of Panama will enforce a foreign judgment for a liquidated amount in civil matters, subject to obtaining a writ from the Supreme Court of Panama, which would require the satisfaction of certain conditions and exceptions, including that: (1) the foreign court that granted the judgment grants reciprocity to the enforcement of judgments of courts of the Republic of Panama (which, in practice, the Supreme Court of Panama will presume to be the case, unless proved otherwise); (2) the party against whom the judgment was rendered, or its agent, was personally (not by mail) served in such action; (3) the judgment arises out of a personal action (*i.e.*, not an *in rem* action) against the defendant; (4) the obligation in respect of which the judgment was rendered is lawful in the Republic of Panama and does not contradict the public policy of Panama; (5) the judgment is properly authenticated by diplomatic or consular officers of the Republic of Panama or pursuant to the 1961 Hague Convention Abolishing the Requirement of Legalisation of Foreign Public Documents; and (6) a copy of the final judgment is translated into Spanish by a licensed translator in Panama. Subject to customary assumptions, Arias, Fabrega and Fabrega has advised us that they know of no current public policy that would prevent or hinder the enforcement of such a final judgment in the Republic of Panama. Courts in the Republic of Panama will not enforce in original actions liabilities predicated solely on the United States federal securities laws.

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**Forward-Looking Statements**

This prospectus, including the documents incorporated by reference in this prospectus, 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 RPOs, revenues, income and capital spending. Forward-looking statements are generally accompanied by words such as achieve, anticipate, believe, continue, could, estimate, expect, forecast, goal, intend, may, predict, project, seek, should, strategy or other words that convey the uncertainty of future events or outcomes. Sometimes we will specifically describe a statement as being a forward-looking statement and refer to this cautionary statement. In addition, various statements in this prospectus, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. 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:

expectations regarding our recently completed combination with CB&I and the anticipated benefits of combining CB&I's business with McDermott's business;

future levels of revenues, operating margins, operating income, cash flows, net income or earnings per share;

the 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, and the ability of projects to generate sufficient revenues to cover our fixed costs;

estimates of revenue over time and contract profits or losses;

expectations regarding the acquisition or divestiture of assets, including expectations regarding the sale of our storage tanks and U.S. pipe fabrication businesses and the timing of, and use of the proceeds from, those transactions;

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 offshore development of oil and gas;

market outlook for the EPCI market;

expectations regarding cash flows from operating activities;

expectations regarding remaining performance obligations;

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;

interest expense;

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

results of our capital investment program;

the impact of U.S. tax reform on our tax position;

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

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

These forward-looking statements speak only as of the date of this prospectus; 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;

the volatility of oil and gas prices;

decisions about capital investment to be made by oil and gas companies and other participants in the energy and natural resource industries, demand from which is the largest component of our revenues;

other factors affecting future levels of demand, including investments across the natural gas value chain, including LNG and petrochemicals, investments in power and petrochemical facilities and investments in various types of facilities that require storage structures and pre-fabricated pipe;

the highly competitive nature of the businesses in which we are engaged;

uncertainties as to timing and funding of new contract awards;

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;

cost overruns on fixed-price or similar contracts or failure to receive timely or proper payments on cost-reimbursable contracts, whether as a result of improper estimates, performance, disputes or otherwise;

changes in the costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors;

risks associated with labor productivity;

cancellations of contracts, change orders and other modifications and related adjustments to RPOs and the resulting impact from using RPOs 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;

our ability to settle or negotiate unapproved change orders and claims and estimates regarding liquidated damages;

the capital investment required to construct new-build vessels and maintain and/or upgrade our existing 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 the availability, terms and deployment of capital;



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the unfunded liabilities of our pension and other post-retirement plans, which 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, which could lead to increased costs and affect the quality, costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors and give rise to contractually imposed 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;

the continued competitiveness and availability of, and continued demand and legal protection for, our intellectual property assets or rights, including the ability of our patents or licensed technologies to perform as expected and to remain competitive, current, in demand, profitable and enforceable;

our ability to keep pace with rapid technological changes or innovations;

the risk that we may not be successful in updating and replacing current information technology and the risks associated with information technology systems interruptions and cybersecurity threats;

the risks associated with failures to protect data privacy in accordance with applicable legal requirements and contractual provisions binding upon us;

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 risks associated with forming and operating joint ventures, including exposure to joint and several liability for failures in performance by our co-venturers;

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

the risks associated with our international operations, including risks relating to local content or similar requirements;

foreign currency risks and interest rate risks and our ability to properly manage or hedge those or similar risks;

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 new financing arrangements;

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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 subsidiaries; 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, any 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 the documents we have incorporated by reference and may discuss these factors in more detail in any 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 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.

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### **Use of Proceeds**

We will not receive any of the proceeds from the sale or other disposition of shares of common stock by the selling stockholders pursuant to this prospectus.

A portion of the shares of common stock covered by this prospectus is issuable upon exercise of the Warrants to purchase an aggregate of 6,773,094 shares of common stock. The Warrants may be exercised for shares of our common stock either, at our election, upon payment of the exercise price in cash or on a cashless net exercise basis. We will only receive proceeds from the selling stockholders upon exercise of the Warrants to the extent we do not elect to net exercise any of the warrants.

### **Description of Capital Stock**

Our authorized capital stock consists of:

255,000,000 shares of common stock; and

25,000,000 shares of preferred stock, issuable in series.

Each authorized share of common stock has a par value of \$1.00. Each authorized share of preferred stock has a par value of \$1.00. As of February 25, 2019, 180,796,580 shares of common stock were issued and outstanding, and 2,843,982 shares of common stock were held as treasury stock. As of February 25, 2019, 300,000 shares of preferred stock were issued and outstanding. As of that date, the only issued and outstanding series of our preferred stock is the Redeemable Preferred Stock, which is discussed below.

In the discussion that follows, we have summarized the material provisions of our amended and restated articles of incorporation, as amended (our articles of incorporation ), the certificate of designation with respect to the Redeemable Preferred Stock (the Certificate of Designation ) and our amended and restated by-laws (our by-laws ) relating to our capital stock. This discussion is subject to the relevant provisions of Panamanian Law and is qualified in its entirety by reference to our articles of incorporation and our by-laws. You should read the provisions of our articles of incorporation, the Certificate of Designation and by-laws as currently in effect for more details regarding the provisions described below and for other provisions that may be important to you. We have filed copies of those documents with the SEC, and they are incorporated by reference as exhibits to the registration statement. See [Where You Can Find More Information](#).

### **Common Stock**

Each share of common stock has one vote in the election of each director and on all other matters voted on generally by the stockholders. No share of common stock has any cumulative voting rights. This means that the holders of a majority of the voting power of the shares voting for the election of directors can elect all directors to be elected if they choose to do so. Our board of directors may grant holders of preferred stock, in the resolutions creating the series of preferred stock, the right to vote on the election of directors or any questions affecting us.

The presence at a meeting of our stockholders, in person or by proxy, of holders of a majority of the outstanding shares of common stock as of the record date for that meeting will constitute a quorum. Some business combination transactions require more than a simple majority vote. We have described these business combination transactions

below under Other Matters Business Combination Transactions Requiring More Than a Majority Vote. Otherwise, stockholder approvals generally require the affirmative vote of a majority of the outstanding shares of common stock present in person or represented by proxy at the meeting and entitled to vote and actually voting on the matter.

Holders of common stock will be entitled to dividends in such amounts and at such times as our board of directors in its discretion may declare out of funds legally available for the payment of dividends. We generally

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do not pay cash dividends, and we intend to retain future earnings to provide funds for use in the operation and expansion of our business. In addition, the payment of dividends on the common stock may be limited by obligations we may have to holders of any preferred stock or by the provisions of the terms of the loan agreements, indentures and other agreements we may enter into from time to time.

If we liquidate or dissolve our business, the holders of common stock will share ratably in all assets available for distribution to stockholders after our creditors are paid in full and the holders of all series of our outstanding preferred stock, if any, receive their liquidation preferences in full.

The common stock has no preemptive rights and is not convertible or redeemable or entitled to the benefits of any sinking or repurchase fund. All issued and outstanding shares of common stock are fully paid and nonassessable. Any shares of common stock we may offer and sell under this prospectus will also be fully paid and nonassessable.

Our outstanding shares of the common stock are listed on the New York Stock Exchange and trade under the symbol MDR. Any additional shares of common stock we may offer and sell under this prospectus will also be listed on the New York Stock Exchange.

The transfer agent and registrar for the common stock is Computershare Trust Company, N.A.

## **Redeemable Preferred Stock**

### ***General***

Under the terms of our articles of incorporation, our board of directors has designated 300,000 of the 25,000,000 authorized shares of preferred stock as our 12% Redeemable Preferred Stock, par value \$1.00 per share. On November 29, 2018 (the Issue Date), we issued to certain investment funds affiliated with The Goldman Sachs Group, Inc. (the Purchasers) 300,000 shares of Redeemable Preferred Stock pursuant to the Securities Purchase Agreement, dated as of October 30, 2018, by and between us and West Street Capital Partners VII Offshore Investments, L.P. (the Securities Purchase Agreement). The following description of the terms of the Redeemable Preferred Stock is qualified in its entirety by reference to the terms of the Certificate of Designation, a copy of which has been included as an exhibit to the registration statement of which this prospectus is a part and is incorporated herein by this reference.

### ***Rank***

The Redeemable Preferred Stock ranks:

senior to all classes of our common stock and each other class or series of our capital stock established after the Issue Date by our board of directors, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Redeemable Preferred Stock as to dividend rights or rights upon our liquidation, winding-up or dissolution ( Junior Stock );

on parity with any class or series of our capital stock established after the Issue Date, the terms of which expressly provide that such class or series will rank on a parity with the Redeemable Preferred Stock as to dividend rights or rights upon our liquidation, winding-up or dissolution ( Parity Stock ); and

junior to each class of our capital stock established after the Issue Date, the terms of which expressly provide that such class or series will rank senior to the Redeemable Preferred Stock as to dividend rights or rights upon our liquidation, winding-up or dissolution ( Senior Stock ).

***Dividends; Liquidation; Maturity***

The Redeemable Preferred Stock has an initial Accreted Value (as defined in the Certificate of Designation) of \$1,000 per share. Subject to the rights of holders of any Senior Stock, the holders of our Redeemable Preferred

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Stock are entitled to receive cumulative compounding preferred cash dividends quarterly in arrears at a fixed rate of 12.0% per annum compounded quarterly (of which 3.0% accrues each quarter) on the Accreted Value per share (the Dividend Rate ) (equal to \$120 per share annualized). Dividends on the Redeemable Preferred Stock will accrue on a daily basis, whether or not declared. Quarterly dividends will be payable only when, as and if authorized and declared by our board of directors. If a cash dividend is not declared and paid in respect of any dividend payment period ending on or prior to December 31, 2021, then the Accreted Value of each outstanding share of Redeemable Preferred Stock will automatically be increased by the amount of the dividend otherwise payable for such dividend payment period, except that the applicable dividend rate for this purpose is 13.0% per annum. Such automatic increase in the Accreted Value of each outstanding share of Redeemable Preferred Stock is in full satisfaction of the preferred dividend that would have otherwise accrued for such dividend payment period. If we fail to pay in full any cash dividends when due and payable for any quarter after December 31, 2021, then the holders of the Redeemable Preferred Stock will be entitled to additional rights, as described below.

The Redeemable Preferred Stock has a liquidation preference equal to the then applicable Minimum Return (the Liquidation Preference ) plus accrued and unpaid dividends. The Liquidation Preference will initially be equal to \$1,200. The Minimum Return is equal to a multiple of MOIC (as defined in the Certificate of Designation) as follows, exclusive of cash dividends previously paid:

prior to January 1, 2020, a MOIC multiple of 1.2;

on or after January 1, 2020 but prior to January 1, 2022, a MOIC multiple of 1.25;

on or after January 1, 2022 but prior to January 1, 2023, a MOIC multiple of 1.20;

on or after January 1, 2023 but prior to January 1, 2025, a MOIC multiple of 1.15; and

on or after January 1, 2025, a MOIC multiple of 1.20.

The Redeemable Preferred Stock has no stated maturity and will remain outstanding indefinitely unless repurchased or redeemed by us.

## ***Redemption***

### ***Optional Redemption***

We may redeem the Redeemable Preferred Stock at any time for an amount per share of Redeemable Preferred Stock equal to the Liquidation Preference of each such share plus all accrued dividends on such share (such amount per share, the Redemption Consideration ).

### ***Holder Redemption Right***

At any time after the seventh anniversary of the Issue Date, each holder of the Redeemable Preferred Stock may elect to have us fully redeem such holder's then outstanding Redeemable Preferred Stock in cash, to the extent that we have



funds legally available therefor, at a redemption price per share equal to the Redemption Consideration for each share.

***Change of Control***

Upon a Change of Control (as defined below), if we have not previously redeemed the Redeemable Preferred Stock as described under Redemption Optional Redemption and the holders of a majority of the then-outstanding Redeemable Preferred Stock do not agree with us to an alternative treatment, then in connection with such change of control, each holder may elect either: (1) to cause us to redeem all, but not less than all, of its outstanding Redeemable Preferred Stock at a redemption price per share equal to the Redemption Consideration, which will be payable in full in cash or, if any of the 10.625% senior notes due 2024 (the Senior Notes ) issued

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by certain of our subsidiaries (and guaranteed by us) are then outstanding, payable partially in cash in an amount equal to 101% of the Share Purchase Price (as defined in the Certificate of Designation) (or such lower amount as may be required under the indenture governing such senior notes) and the remainder in our common stock based on a per share price equal to 96% of the volume-weighted average price of our common stock on the New York Stock Exchange during the 10 trading days prior to the announcement of such change of control; (2) to receive a substantially equivalent security to the Redeemable Preferred Stock in the surviving entity of the change of control; or (3) to continue to hold the Redeemable Preferred Stock if we are the surviving entity in the change of control. However, any such redemption in cash will be tolled until a date that will not result in the Redeemable Preferred Stock being characterized as disqualified stock, disqualified equity interest or a similar concept under our debt instruments.

Change of Control means the occurrence of any of the following:

- (1) the consummation of an acquisition the result of which is that a person or group (each within the meaning of Section 13(d) of the Exchange Act) has become the direct or indirect Beneficial Owner (as defined in Rule 13d-3 and 13d-5 under the Exchange Act) of, or directly or indirectly controls, more than 50% of the voting power of our total outstanding voting stock on a fully diluted basis;
- (2) the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of our properties and assets or the properties and assets of our subsidiaries (i) substantially as an entirety or (ii) in a manner that gives rise to the obligation of the issuers under the indenture governing the Senior Notes, to make an offer to purchase the notes issued thereunder pursuant to Section 4.14 of that indenture;
- (3) the consummation of any other transaction or series of transactions (whether by recapitalization, merger or otherwise) in which we (or a wholly owned subsidiary (immediately prior to such transaction) of us) are not the survivor or successor entity;
- (4) the consummation of a merger, consolidation or other business combination transaction which results in our common stock (or other securities into which shares of common stock have been converted or exchanged) not being listed on one of the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market (or any of their respective successors) or any other major national securities exchange or automated quotation system; or
- (5) the adoption by our stockholders of a plan relating to our liquidation or dissolution; *provided, however*, that (x) none of the transactions described in clause (1), (3), or (4) above would constitute a Change of Control if the holders of our common stock immediately prior to such transaction continue to own, directly or indirectly, more than 50% of the voting power of the outstanding common equity interests of the surviving corporation or transferee, as the case may be, or the parent entity thereof, immediately after the completion of such transaction and (y) none of the transactions described in clause (1), (2) or (3) above would constitute a Change of Control if such transaction is effected solely to change our jurisdiction of formation or to form a holding company for us and, in either case, results in a share exchange or reclassification or similar exchange of our outstanding common stock solely into common stock of the surviving entity or new holding company.

*Consent Rights; Board Observer*