

THE SHAW GROUP INC.  
COMPENSATION COMMITTEE CHARTER

as amended and restated effective October 28, 2009

**I. Purpose**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of The Shaw Group Inc. (the “Company”) is to:

- A. Review and approve the Company’s goals, objectives, policies and programs to compensate the Company’s corporate officers and directors and evaluate such officers’ and directors’ performance in light of those goals and objectives;
- B. Review and discuss with the Company’s management the Compensation Discussion and Analysis (“CD&A”) to be included in the Company’s proxy statement for its annual meeting of stockholders (“Proxy Statement”) and to determine whether to recommend to the Board that the CD&A be included in the Proxy Statement, in accordance with applicable rules and regulations;
- C. Produce the Compensation Committee Report for inclusion in the Company’s Proxy Statement, in accordance with applicable rules and regulations;
- D. Otherwise discharge the Board’s responsibilities relating to compensation of the Company’s corporate officers and directors; and
- E. Perform such other functions as the Board may assign to the Committee from time to time.

**II. Structure and Membership**

A. Structure

- 1. The Committee shall consist of two or more members appointed annually by the Board, based on the recommendation of the Nominating & Governance Committee.
- 2. The Board shall annually designate the Committee’s Chairperson. If no such designation is made, the Chairperson shall be selected by the affirmative vote of the majority of the Committee.
- 3. Any vacancy on the Committee shall be filled by, and any member of the Committee may be removed by, a majority vote of the Board.

## B. Membership

1. The Committee members and Chairperson serve at the pleasure of the Board and may be removed or replaced at any time with or without cause.
2. Each member of the Committee shall be “independent” as defined by the listing requirements of the New York Stock Exchange. At least two members of the Committee shall be “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time (“Rule 16b-3”), and “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time (“Section 162(m)").
3. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.
4. Compensation for Committee members shall be determined by the Board.

## III. Authority and Responsibilities

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the responsibility, to take the following actions:

### A. Authority

The full Committee shall have the authority to:

1. Conduct or authorize investigations into any matter within the scope of the responsibilities delegated to the Committee as it deems appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
2. Select, retain and terminate, in its sole discretion, independent compensation and benefits consultants and special outside counsel, as needed, to provide independent advice to the Committee with respect to the Company’s current and proposed executive compensation and employee benefit programs. The Committee shall have the sole authority to approve the fees and other retention terms of any compensation advisors and to cause the Company to pay such fees. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee; and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
3. Delegate to its Chair, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances. In particular, the

Committee may delegate the approval of award grants and other transactions and responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Compensation Committee who are (1) "Non Employee Directors" for the purposes of Rule 16b-3 and/or (2) "outside directors" for the purposes of Section 162(m). Each subcommittee shall keep minutes and report them to the Committee.

B. Responsibilities with regard to Executive Compensation

1. The Committee shall exercise oversight of all matters of executive compensation policy.
2. Each year, the Committee shall:
  - a. Review, modify (if necessary) and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer and the Company's other executive officers;
  - b. Review, modify (if necessary) and approve the Company's executive compensation program in light of the Company's goals and objectives relative to executive compensation;
  - c. Evaluate the performance of the Company's Chief Executive Officer and, in consultation with the Chief Executive Officer, the Company's other executive officers in light of the Company's executive compensation goals and objectives; and
  - d. Set the compensation of the Company's Chief Executive Officer and, in consultation with the Chief Executive Officer, the Company's other executive officers based on this evaluation, including as deemed appropriate, the annual base salary levels; annual cash incentive awards; long-term incentive awards; employment agreements, severance arrangements and change-in-control agreements and provisions; and any special or supplemental benefits. In determining the long-term incentive component (if any) of such compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar awards to officers at comparable companies and the awards given to the Chief Executive Officer and other executive officers historically.
3. The Committee shall review and discuss with the Company's management the CD&A to be included in the Company's Proxy Statement and, based on that review, determine whether to recommend to the Board that the CD&A be included in the Proxy Statement, in accordance with applicable rules and regulations.

4. Each year, the Committee shall prepare a Compensation Committee Report and publish the report in the Company's Proxy Statement, in accordance with applicable rules and regulations.
- C. Responsibilities with regard to Incentive and Equity Compensation
1. Each year, the Committee shall review and make recommendations to the Board with respect to incentive-compensation plans and equity-based plans that are subject to Board approval.
  2. The Committee shall ensure that stockholders are given the opportunity to vote on equity-compensation plans, as may be required by law, the Company's certificate of incorporation or bylaws (as amended from time to time), the Company's Corporate Governance Guidelines and the listing standards of the New York Stock Exchange.
- D. Responsibilities with regard to Director Compensation
1. Each year, the Committee shall review director compensation and make a recommendation to the Board regarding the form and amount of director compensation.
  2. The Committee will consider that a director's independence may be jeopardized if (a) his or her compensation and perquisites exceed customary levels, (b) the Company makes substantial charitable contributions to organizations with which the director is affiliated or (c) the Company enters into consulting contracts with (or provides other indirect forms of compensation to) the director or an organization with which the director is affiliated. Directors who are employees of the Company shall not receive any additional compensation for service on the Board.
- E. Other Power and Responsibilities
1. The Committee shall review and approve, or review and recommend to the Board for its approval of, any transaction in equity securities of the Company, or derivatives of those equity securities, between the Company and any officer or director of the Company who is subject to the reporting and short-swing liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended.
  2. The Committee shall monitor the Company's compliance with the requirements of the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers and with all other applicable laws affecting employee compensation and benefits.
  3. The Committee shall receive and review periodic reports on the Company's compensation plans, policies and programs as they affect all employees and align those programs and incentives with those the Company's shareholders.

#### **IV. Procedures and Administration**

##### **A. Meetings**

1. The Committee shall meet at least four (4) times a year or at the call of its Chair or at such times as shall be determined by it's the Chair, upon the request of any two of its members or upon request of the Chairman of the Board. The Chair will preside, when present, at all meetings of the Committee
2. Meetings of the Committee may be in person, by video conference, by conference call or by unanimous written consent.
3. Meetings of the Committee shall be held at such time and place, and upon such notice, as its Chair may from time to time determine.
4. The Secretary of the Committee shall, whenever practicable, circulate and agenda prior to each meeting, and the Committee will keep records of its meetings and report them to the Board.

##### **B. Quorum and Approval**

1. A majority of the Committee's members constitutes a quorum.
2. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.

**C. Rules.** The Committee may determine additional rules and procedures, including designation of a Chair pro tempore in the absence of its Chair and designation of a secretary of the Committee at any meeting thereof.

**D. Subcommittees.** The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member) as it deems appropriate from time to time under the circumstances.

**E. Reports to the Board.** The Committee shall report regularly to the Board, directly or through the Chair.

**F. Charter.** Annually the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

**G. Annual Self-Evaluation.** At least annually, the Committee shall evaluate its own performance, and the performance of individual members. Committee evaluation will include an assessment of whether the Committee has the necessary diversity of skills, backgrounds, experiences, etc. to meet the Company's needs. Individual Committee members' evaluations will include high standards for in-person attendance at Committee meetings and consideration of absences.

Additionally, the Committee and each individual member shall be subject to annual Board review.

- H. Fees; Reimbursement of Expenses. Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or Chair of, the Committee. Subject to the Company's Corporate Governance Guidelines and other policies, Committee members will be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as Committee members.

## **V. Posting Requirement**

The Company shall post this Charter on the Company's website as required by applicable rules and regulations. In addition, the Company shall disclose in its Proxy Statement that a copy of this Charter is available on the Company's website.

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While the Committee members have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under applicable federal or state law.