

THE SHAW GROUP INC. CORPORATE GOVERNANCE PRINCIPLES

revised and restated effective March 31, 2011

The primary responsibility of the Board of Directors (the “Board”) of The Shaw Group Inc. (the “Company”) is to provide effective governance over the Company’s affairs in an effort to promote the long-term successful performance of the Company for the benefit of the Company’s shareholders. In order to further this goal the Board can and has established certain committees that have been designated with certain powers of the Board. The Board has established the following principles to provide guidance in fulfilling such responsibilities.

I. Role of the Directors

- A. As fiduciaries, each member of the Board of Directors is responsible for the diligent application of business judgment in the best interests of the Company and its shareholders. Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or Committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.
- B. The Board’s primary functions include:
 - 1. Providing advice and counsel to the Chief Executive Officer (“CEO”) and senior executives.
 - 2. Reviewing and approving periodically strategic and business plans and monitoring corporate performance against such plans.
 - 3. Selecting the CEO and taking appropriate action, including removal, when warranted.
 - 4. Engaging in succession planning and reviewing and advising on management development programs for members of senior management.
 - 5. Adopting policies of corporate conduct designed to set appropriate expectations about the tone and ethical culture of the Company, providing oversight of compliance with such policies as well as with applicable laws and regulations and maintenance of accounting, financial and other controls, providing oversight of internal and external audit processes, financial reporting and disclosure controls; and reviewing the adequacy of compliance systems and controls.

6. Providing oversight of risk assessment and monitoring processes.
 7. After consultation with the Nominating & Corporate Governance Committee, evaluating periodically the overall effectiveness of the Board as well as evaluating, selecting and recommending an appropriate slate of nominees for election as director.
 8. Deciding on matters of corporate governance.
- C. After consultation with the Nominating & Corporate Governance Committee, the Board intends to review these principles from time to time, and make such changes thereto as they deem desirable, in their discretion. The fundamental premise of these principles, however, shall be the independent nature of the Board and the overriding duty of the Board to the Company's shareholders.
- D. Directors are encouraged to attend the Company's annual meeting of shareholders.

II. Board Composition and Structure

A. Membership Qualifications

1. Board members shall be persons of integrity, with a proven record of accomplishments and recognized business stature, who will bring a diversity of perspectives to the Board. The Board shall review its membership on a regular basis to assure that each member possesses appropriate skills and characteristics.
2. Board members should possess such attributes and experience as are necessary to provide a broad range of personal characteristics including management skills, experience in areas relevant to the Company's businesses, and independent thinking. Directors selected should be able to commit the requisite time for preparation and attendance at regularly scheduled Board and Board committee meetings, as well as be able to participate in other matters necessary to good corporate governance.
3. Board members may not serve as Board members on more than four public company Boards, including service on the Company's Board.
4. The Nominating & Corporate Governance Committee identifies, evaluates and recommends nominees for election to the Board. In making such recommendations, the Nominating and Corporate Governance Committee will consider candidates proposed by shareholders on the same basis that it will consider recommendations from other sources.

B. Independent Directors

1. A majority of the Board shall be composed of independent directors as defined by the listing requirements of the New York Stock Exchange.
2. All members of the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee shall be independent directors.
3. An independent director who either retires from or changes the professional position held when initially elected to the Board shall notify the Board of the change and offer to resign. The Board shall then, through the Nominating and Corporate Governance Committee, review the continued appropriateness of Board membership of such director. The director will maintain the position until the other Board members act on the Nominating and Corporate Governance Committee's recommendation.

C. Employee Directors

1. The CEO of the Company shall be a member of the Board and the Board may choose to elect additional senior officer(s) to the Board.
2. The Board does not have a policy on whether the roles of CEO and Chairman of the Board (the "Chairman") should be separate.
3. If the CEO or another employee director resigns or tenders a resignation to the Company, he or she should simultaneously tender a resignation from the Board. The full Board will consider and decide upon the resignation.

D. Lead Director

1. In case the Chairman does not qualify as an independent director, the Chairman of the Nominating & Governance Committee shall serve as the "Lead Director" unless a majority of the independent directors designate another of their members to serve in that role.
2. The primary duties of the Lead Director are as follows:
 - a. Preside over executive sessions of the independent directors and any Board meetings where the Chairman is not present.
 - b. Assist the Chairman with preparation of the agenda for Board meetings and committee meetings including needed information and schedule.
 - c. Serve as liaison between the independent directors and the Company and Chairman and CEO.

3. The name of the Lead Director shall be disclosed in the Company's proxy statement for its annual meeting of stockholders.
 4. The Lead Director may be asked by the Board to engage in communications with shareholders in certain instances.
- E. Chairman. The full Board is responsible for selecting the Chairman.
- F. Tenure. The Board has not established fixed tenure or retirement age for directors. Long term, experienced directors provide continuity of leadership, perspective and understanding of the complex businesses of the Company.
- G. Hold –Over Directors

III. Board Operations, Policies and Procedures

A. Board Meetings

1. Board meetings shall be held at least quarterly. Scheduled meetings should be determined sufficiently in advance to accommodate directors' calendars. Telephonic and special meetings may be held as necessary.
2. Independent directors shall meet privately in regular sessions during the year. The Lead Director will brief the CEO regarding the executive sessions discussions.
3. The Board shall hold a strategic planning meeting at least annually.

B. Board Committees

1. The Board will have at all times an Audit Committee, a Compensation Committee, Executive Committee and a Nominating & Corporate Governance Committee.

However, the Board may, from time to time, establish and maintain additional committees as necessary or appropriate. Committee members will be appointed by the Board upon recommendation of the Nominating & Governance Committee (each a "Committee").

2. All of the members of the Audit Committee, Compensation Committee and Nominating & Corporate Governance Committee must satisfy the independence and experience requirements detailed in their respective committee charters.
3. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year, the Chairman of each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be

foreseen). Committee members are free to suggest the inclusion of items on the agenda. Committee members are free to raise at any Committee meeting subjects that are not on the agenda for that meeting.

C. Board Education

1. A thorough understanding of the Company's business is required to enable a director to make a substantial contribution to the Board. Accordingly, all new directors will participate in an orientation program developed by the Company after their election to the Board. This orientation program will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Corporate Conduct, its principal officers, and its internal and independent auditors.
2. The Nominating & Corporate Governance Committee is responsible for monitoring an orientation and continuing education program for directors, and for making appropriate recommendations for final Board action regarding this program. Board members will receive at least eight hours of an ISS accredited (or similar training program) every twenty-four months.

D. Board Compensation

1. Board Compensation Review. Senior management will periodically review the level of the Company's director compensation in relation to director compensation of companies of comparable size, industry and complexity and report their findings to the Compensation Committee. Changes to compensation, if any, should come upon the recommendation of the Compensation Committee, but with full discussion and concurrence by the Board. The Board, however, recognizes that independence questions may be raised in the event director compensation exceeds what is customary, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a 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.
2. Each Director should hold part of the stock received from the Company. From January 1, 2010, forward, Independent Directors should hold at least 25% of the shares of stock-based awards granted until departing from service to the Board, with flexibility for tax considerations.

E. Evaluations

1. The Nominating & Corporate Governance Committee will lead the Board in the annual performance review of the Board. The Board shall annually assess its contribution in governing the Company in order to enhance its performance. The

use of surveys to query individual directors about their observations and recommendations is encouraged. Results of the assessment will also be used in evaluating skills and attributes desired in potential director candidates.

2. The Nominating & Corporate Governance Committee will lead the Board in the annual performance review of the Board's committees. As part of this process, the Nominating & Corporate Governance Committee will request that the Chairman of each committee report to the full Board about the committee's annual evaluation of its performance and evaluation of its charter following the end of each fiscal year.

F. Interaction with Third Parties

1. The Board and each Committee has the power to hire independent legal, financial or other experts and advisors as it may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.
2. Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Lead Director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The foregoing notwithstanding, this requirement shall not impede the reporting requirements of the Internal Audit Vice President to the Chairman of the Audit Committee.
3. The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the CEO wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for approval.
4. The Board welcomes communications from the Company's shareholders and other interested parties. Stockholders and any other interested parties may send communications to the Board, non-management directors, any committee of the Board, or any other director in particular to:

The Shaw Group Inc.
Attn: Board of Directors
4171 Essen Lane
Baton Rouge, La. 70809

They may also send an e-mail to board@shawgrp.com. Stockholders and any other interested parties should mark the envelope containing each communication as “Stockholder Communication with Directors” and clearly identify the intended recipient(s) of the communication. All e-mails and letters received by either of these two methods are categorized and processed by our Vice President of Internal Audit or Chief Compliance Officer who will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company, then the Vice President of Internal Audit or Chief Compliance Officer may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

5. The Board believes that management speaks for the Company. Therefore, interactions with institutional investors, the press or other third parties are best handled by designated management representatives and the CEO. Directors should refer inquiries to one of the designated individuals.

G. Policy on Shareholder Approval of Stock Option Plans. Shareholders should be given an opportunity to vote on all stock option plans, except employment-induced options, option plans acquired through mergers and tax-qualified plans such as ESOPs and 401(k) plans. The foregoing approval policy shall not apply to nonshareholder approved plans that were in existence on the effective date of these Principles on Corporate Governance.

IV. Board Leadership and Relationship to Senior Management

A. The Chief Executive Officer

1. The Board is responsible for selecting the CEO. The Board will make this selection in the manner and utilizing the criteria it feels best serves the Company. The CEO is accountable to the Board for the overall performance of the Company.
2. The Compensation Committee will perform an annual evaluation and set objectives for the CEO's performance. The evaluation should include objective criteria including business performance, accomplishment of term goals and development of management succession plans and such other matters deemed pertinent to performance. The Compensation Committee chair will report on the evaluation to the Board. Results of the annual evaluation will affect the Chief Executive's annual compensation.

3. The CEO, working with the Board, the Nominating and Corporate Governance Committee, and management, is responsible for developing and maintaining a process for succession planning with respect to the position of CEO and other corporate key officers and advising the Board. The CEO will report annually to the Board on succession planning for the CEO and senior management positions, including a discussion of assessments, leadership development plans and other relevant factors.
- B. Executive Management. The Board will be provided with a thorough annual review with respect to compensation matters for the CEO, Chief Operating Officer (if applicable), Chief Financial Officer, General Counsel and Division Presidents. The Board will be apprised with respect to compensation actions for the remaining corporate officers.
 - C. Management Development. Management development programs for senior level positions should be discussed regularly with the Board by the CEO or his designee.
 - D. Prohibition Against Loans to Directors and Executive Officers. In accordance with the applicable requirements of the Securities and Exchange Commission, the Company will not, directly or indirectly, extend or maintain personal loans to or for the benefit of any of its directors or executive officers.

V. Posting Requirement

The Company shall post these Guidelines, the charters of each Committee and the Company's Corporate Code of Business Conduct and Ethics on the Company's Web site as required by applicable rules and regulations. In addition, the Company shall disclose in its proxy statement for its annual meeting of stockholders that a copy of each document is available on the Company's Web site.