

**THE SHAW GROUP INC.  
AUDIT COMMITTEE CHARTER**  
as amended and restated effective October 26, 2010

**I. Purpose**

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

- A. Assist the Board’s oversight of the integrity of the Company’s financial statements (including the Company’s internal control over financial reporting and its disclosure controls);
- B. Assist the Board’s oversight of the Company’s compliance with legal and regulatory requirements;
- C. Assist the Board’s oversight of the qualifications, engagement, independence and compensation of the Company’s registered public accounting firm (the “Independent Auditor”); and any other registered public accounting firm engaged to prepare or issue an audit report or to perform any other audit, review or attest services for the Company;
- D. Assist the Board’s oversight of the performance of the Company’s internal audit function and Independent Auditor;
- E. Prepare an annual Committee report on the Committee’s activities for stockholders which meets the requirements established by the U.S. Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement; and
- F. 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 three or more members appointed annually by the Board, based on the recommendation of the Nominating & Corporate Governance Committee.

2. The Board shall elect the Committee chair from the Committee members by majority vote.

**B. Membership**

1. The Board shall appoint the members of the Committee based upon the Nominating and Corporate Governance Committee's recommendation. 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.
2. Each Committee member shall be independent as defined by Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the New York Stock Exchange ("NYSE") rules. The Board will confirm a candidate's independence prior to appointment to the Committee and shall review all members' independence annually.
3. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual Proxy statement for its annual meeting of stockholders ("Proxy")), no member of the Committee may serve on the audit committee of more than two other public companies.
4. Each member of the Committee must be financially literate, as the Board interprets such qualification in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
5. At least one member of the Committee shall be an "audit committee financial expert" as such term is defined under applicable rules of the SEC. The Committee financial expert shall be disclosed annually in the Company's Proxy.

**III. Authority and Responsibilities**

The Committee's responsibilities are limited to oversight. Although the Committee has the responsibilities set forth in this Charter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable laws, rules and regulations. These are the responsibilities of management, the internal auditor and the Independent Auditor.

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 actions described herein. However, the Committee may conduct its own independent investigations should it deem such investigations necessary.

A. General Authority, Duties, and Controls

1. The Committee shall discharge its responsibilities, assess the information provided by the Company's management and assess the information provided by the Company's Independent Auditor, in accordance with its business judgment.
2. The chair shall call Committee meetings and the Committee shall meet at least four (4) times a fiscal year, or as often as it deems necessary in order to perform its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee shall periodically, but at least annually, meet separately in executive session or privately, but in any event with no other Company employees present, with: (a) the Independent Auditor; (b) Company management; and (c) the Company's internal auditors. A majority of the Committee's members constitutes a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present.
3. Meetings may, at the discretion of the Committee, include non-independent directors, members of the Company's management, independent advisors and consultants, representatives of the Independent Auditor, the Company's internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Those in attendance may observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any director that is not a member of the Committee.
4. The Committee shall keep such records of its meetings as it shall deem appropriate.
5. The Committee shall report regularly to the Board and shall annually submit itself to review and evaluation by the Board.
6. The Committee shall annually evaluate its own performance and review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

7. The Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances (including a subcommittee consisting of a single member). Any decision of a subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Committee at its next scheduled meeting.
8. The Committee shall coordinate the Board's oversight of the Company's internal control over financial reporting and the Company's disclosure controls and procedures.
9. The Committee shall receive and review the reports required by Rule 13a-14 of the Exchange Act from the Chief Accounting Officer and/or the Chief Compliance Officer certifying that he or she has disclosed to the Committee, and the Company's Independent Auditor:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure controls which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and
  - (b) any fraud and/or allegation of fraud, whether material or not material, that (i) involves management or other senior employees who have a significant role in the Company's internal control over financial reporting or (ii) may result in a misstatement of financial statements. In the event the Committee receives a disclosure of fraud, it will investigate and report to the Board at its discretion.
10. The Committee shall coordinate the Board's oversight of the performance of the Company's internal audit function. Each year, the Committee shall review and advise the Board on the selection and/or removal of the Vice President of Internal Audit.
11. The Committee shall periodically, but at least annually, meet separately in executive session or privately with the Company's internal auditor to discuss the responsibilities, budget and staffing of the Company's internal audit function and any issues that the internal auditor believes warrant the Committee's attention. In addition, the Committee shall discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management.

12. The Committee shall discuss annually the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to financial and other risks is handled. Further, the Committee shall review and discuss any significant and/or unusual transactions brought to its attention by management or the Independent Auditor.
13. The Committee shall establish and review annually policies regarding hiring employees or former employees of the Company's current Independent Auditor.
14. The Committee shall establish and review annually procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
15. The Committee shall review annually the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K). The Committee shall review and approve or ratify on behalf of the Company, if applicable, any proposed, on-going or completed related person transaction.
16. The Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
17. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem 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. The Company's Director of Compliance may, at his or her discretion, speak directly with the Committee or the Committee Chair regarding any actual or suspected criminal conduct of any Company officer, director, or employee.

18. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
19. The Committee shall discuss with management and the Independent Auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process, accounting policies or internal audit function.
20. The Committee shall review at least annually the adequacy and succession planning of the Company's accounting and financing personnel.
21. The Committee shall, at least annually, receive and review reports from the Benefits & Investment Committee regarding domestic retirement benefits provided by the Company to Company employees.

B. Oversight of Independent Auditor

1. The Committee shall be directly responsible for appointing, evaluating, retaining and, as necessary, terminating the engagement of the Independent Auditor.
  - (a) Review and evaluate the lead partner and other senior members of the Independent Auditor. In any event, the Independent Auditor's lead audit partner must be rotated off the Company's account within five (5) years of his/her appointment as lead audit partner.
  - (b) The Committee's review should take into account the opinions of management and the Company's internal auditors.
2. The Committee shall be directly responsible for oversight of the work of the Independent Auditor, including resolution of disagreements between Company management and the Independent Auditor regarding financial reporting. The Independent Auditor shall report directly to the Committee and shall periodically, but at least annually, meet separately in executive session or privately with the Committee.
3. At the annual meeting, the Committee shall seek stockholder ratification of the appointed Independent Auditor.

4. At least annually, the Committee shall assess the Independent Auditor's independence. In connection with this assessment:
  - (a) The Committee shall obtain and review a report by the Independent Auditor describing all relationships between the Independent Auditor and the Company.
  - (b) The Committee shall obtain the written disclosures and the letter from the Independent Auditor pursuant to the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the Independent Auditor's communications with the Committee concerning independence.
  - (c) The Committee shall discuss with the Independent Auditor any disclosed relationships or services that might impact the objectivity and independence of the auditor.
  - (d) The Committee shall present its conclusions with respect to the Independent Auditor to the full Board.
5. Annually, the Committee shall obtain and review a report by the Independent Auditor describing:
  - (a) the firm's internal quality-control procedures; and
  - (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
6. The Committee shall be responsible for setting the Independent Auditor's rate of compensation. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the Independent Auditor established by the Committee.
7. The Committee shall pre-approve all audit services and estimated fees and all other services (review, attest and non-audit) to be provided to the Company by the Independent Auditor; provided, however, that *de minimis* non-audit services may instead be approved in accordance with applicable NYSE and SEC rules.

8. The Committee shall meet with management, the Independent Auditor and the internal auditor in connection with each annual audit to discuss the scope of the audit, coordination of audit activities, the procedures to be followed and the staffing of the audit.
9. In connection with its oversight role, the Committee shall, from time to time as appropriate:
  - (a) receive and consider the reports required to be made by the Independent Auditor regarding: (i) critical accounting policies and practices; (ii) alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor; and (iii) other material written communications between the Independent Auditor and Company management.
  - (b) review with the Independent Auditor: (i) any audit problems or difficulties the Independent Auditor encountered in the course of the audit work and management's response, including any restrictions on the scope of the Independent Auditor's activities or on access to requested information and any significant disagreements with management; (ii) major issues as to the adequacy of the Company's internal control over financial reporting and any special audit steps adopted in light of material control deficiencies; (iii) analyses prepared by management and/or the Independent Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

C. Financial Reporting

1. The Committee shall meet to review and discuss with the Company's management and Independent Auditor the Company's audited financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the matters about which Statement on Auditing Standards No. 61, as amended, and as adopted by the PCAOB, requires discussion.

2. The Committee shall recommend to the Board whether to include the Company's audited financial statements in the Company's Annual Report on Form 10-K.
3. The Committee shall prepare an annual Committee report for inclusion where necessary in the Proxy relating to its annual meeting of stockholders.
4. The Committee shall direct the Independent Auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure and to discuss promptly with the Committee and the CFO any matters identified in connection with the auditor's review of interim financial information as required by applicable auditing standards. The Committee shall direct management to advise the Committee in the event that the Company proposes to disclose interim financial information prior to completion of the Independent Auditor's review of interim financial information.
5. Prior to filing the Committee shall meet to review and discuss with the Company's management and Independent Auditor the Company's quarterly financial statements on Form 10-Q or Form 10-K, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
6. The Committee shall discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, though it is not required to do so prior to such a release or disclosure.
7. The Committee shall discuss with the Company's General Counsel or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.

#### **IV. 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 for its annual meeting of stockholders 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.