

Edgar Filing: OCEANEERING INTERNATIONAL INC - Form 10-Q/A

OCEANEERING INTERNATIONAL INC
Form 10-Q/A
August 12, 2002

FORM 10-Q/A
Amendment No. 1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-10945

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

DELAWARE

(State or other jurisdiction of
incorporation or organization)

95-2628227

(I.R.S. Employer
Identification No.)

11911 FM 529
Houston, Texas
77041

(Address of principal executive offices)
(Zip Code)

(713) 329-4500

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing

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requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 26, 2002
Common Stock, \$.25 Par Value	24,760,487 shares

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands)

	June 30, 2002	Dec. 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 26,454	\$ 10,474
Accounts receivable, net of allowance for doubtful accounts of \$1,305 and \$1,349	143,868	154,364
Prepaid expenses and other	45,251	40,380
Total current assets	215,573	205,218
Property and Equipment, at cost	577,839	573,738
Less: accumulated depreciation	(249,651)	(231,402)
Net property and equipment	328,188	342,336
Goodwill, net of amortization of \$9,225 and \$9,221	14,282	13,884
Other Assets	19,910	18,173
TOTAL ASSETS	\$ 577,953	\$ 579,611

LIABILITIES AND SHAREHOLDERS' EQUITY

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Current Liabilities:		
Accounts payable	\$ 26,764	\$ 28,902
Accrued liabilities	71,444	74,193
Income taxes payable	15,223	10,739
	-----	-----
Total current liabilities	113,431	113,834
	-----	-----
Long-term Debt, net of current portion	120,000	170,000
	-----	-----
Other Long-term Liabilities	43,889	44,344
	-----	-----
Commitments and Contingencies		
Shareholders' Equity	300,633	251,433
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 577,953	\$ 579,611
	=====	=====

See Notes to Consolidated Financial Statements.

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OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended		For the Six
	June 30,		Jun
	2002	2001	2002
	-----	-----	-----
	(in thousands, except per share a		
Revenue	\$ 141,549	\$ 132,223	\$ 280,398
Cost of Services and Products	110,782	107,482	220,888
	-----	-----	-----
Gross margin	30,767	24,741	59,510
Selling, General and Administrative Expenses	11,488	10,619	22,399
	-----	-----	-----
Income from operations	19,279	14,122	37,111
Interest Income	134	124	204
Interest Expense, net of capitalized interest of \$585 and \$1,930 in the three- and six-month periods in 2001	(2,355)	(2,624)	(4,682)
Other Income (Expense), Net	(883)	251	(770)

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Income before income taxes	16,175	11,873	31,863
Provision for Income Taxes	(5,661)	(4,156)	(11,152)
Net Income	\$ 10,514	\$ 7,717	\$ 20,711
Basic Earnings per Share	\$ 0.43	\$ 0.33	\$ 0.85
Diluted Earnings per Share	\$ 0.42	\$ 0.32	\$ 0.84
Weighted average number of common shares	24,667	23,464	24,347
Incremental shares from stock options	393	558	407
Weighted average number of common shares and equivalents	25,060	24,022	24,754

See Notes to Consolidated Financial Statements.

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OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Mo June
	2002
	(in thous
Cash Flows from Operating Activities:	
Net Income	\$ 20,711
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	25,243
Currency translation adjustments and other	5,812
Increase (decrease) in cash from:	
Accounts receivable	10,496
Prepaid expenses and other current assets	(4,596)
Other assets	(379)
Current liabilities	437
Other long-term liabilities	1,695

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Total adjustments to net income	38,708

Net Cash Provided by Operating Activities	59,419

Cash Flows from Investing Activities:	
Purchases of property and equipment and other	(8,836)

Net Cash Used in Investing Activities	(8,836)

Cash Flows from Financing Activities:	
Net proceeds from (payments of) revolving credit and other long-term debt	(50,000)
Proceeds from issuance of common stock	15,397

Net Cash Provided by (Used in) Financing Activities	(34,603)

Net Increase in Cash and Cash Equivalents	15,980
Cash and Cash Equivalents - Beginning of Year	10,474

Cash and Cash Equivalents - End of Period	\$ 26,454
	=====

See Notes to Consolidated Financial Statements.

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OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

These consolidated financial statements are unaudited, have been prepared pursuant to instructions for the Quarterly Report on Form 10-Q required to be filed with the Securities and Exchange Commission and do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. These financial statements reflect all adjustments that Oceaneering's management believes are necessary to present fairly Oceaneering's financial position at June 30, 2002 and its results of operations and cash flows for the periods presented. All such adjustments are of a normal and recurring nature. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Oceaneering's Annual Report on Form 10-K for the year ended December 31, 2001. The results for interim periods are not necessarily indicative of annual results.

2. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

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	June 30, 2002	Dec. 31, 2001
	-----	-----
	(in thousands)	
Spare parts for remotely operated vehicles	\$ 13,408	\$ 14,316
Inventories, primarily raw materials	15,944	9,385
Deferred taxes	10,634	10,359
Other	5,265	6,320
	-----	-----
Total	\$ 45,251	\$ 40,380
	=====	=====

3. Debt

Long-term Debt consisted of the following:

	June 30, 2002	Dec. 31, 2001
	-----	-----
	(in thousands)	
6.72% Senior Notes	\$100,000	\$100,000
Revolving credit facility	--	23,000
Term Loan agreement	20,000	47,000
	-----	-----
Total	\$120,000	\$170,000
	=====	=====

During the quarter ended June 30, 2002, Oceaneering prepaid \$21 million of the principal owed under its Term Loan agreement. As a result of the prepayment, the remaining scheduled maturities of the Term Loan changed. Oceaneering had an interest rate hedge in place that effectively fixed LIBOR at 3.24% for the Term Loan. Oceaneering revised the hedge to match the rescheduled maturities of the Term Loan. Oceaneering charged \$118,000 to interest expense in the three- and six-month periods ended June 30, 2002 as a result of this change.

Scheduled maturities of Long-term Debt as of June 30, 2002 were as follows:

(in thousands)	6.72% Notes	Revolving Credit Facility	Term Loan	Total
	-----	-----	-----	-----
Remainder of 2002	\$ --	\$ --	\$ 2,400	\$ 2,400
2003	--	--	4,800	4,800
2004	--	--	12,800	12,800
2005	--	--	--	--
2006	20,000	--	--	20,000
Thereafter	80,000	--	--	80,000
	-----	-----	-----	-----
Total	\$ 100,000	\$ --	\$ 20,000	\$120,000
	=====	=====	=====	=====

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Maturities before June 2003 are not classified as current as of June 30, 2002 since Oceaneering can extend the maturity by borrowing under the revolving credit facility with a maturity date after one year.

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4. Shareholders' Equity

Shareholders' Equity consisted of the following:

	June 30, 2002	Dec. 31, 2001
	-----	-----
	(in thousands)	
Common Stock, par value \$0.25; 90,000,000 shares authorized; 24,756,737 and 24,017,046 shares issued	\$ 6,189	\$ 6,004
Additional paid-in capital	100,443	84,105
Treasury stock; 249,872 shares in 2001, at average cost	--	(3,353)
Retained earnings	205,626	184,915
Other comprehensive income	(11,625)	(20,238)
	-----	-----
Total shareholders' equity	\$300,633	\$251,433
	=====	=====

5. Income Taxes

Cash taxes paid were \$5.9 million and \$5.4 million for the six months ended June 30, 2002 and 2001, respectively.

6. Business Segment Information

Oceaneering supplies a comprehensive range of technical services and specialty products to customers in a variety of industries. Oceaneering's Offshore Oil and Gas business consists of four business segments: Remotely Operated Vehicles ("ROVs"), Subsea Products, Mobile Offshore Production Systems and Other Services. Oceaneering's Advanced Technologies business is a separate segment that provides project management, engineering services and equipment for applications outside the oil and gas industry.

There are no differences in the basis of segmentation or in the basis of measurement of segment profit or loss from those used in Oceaneering's consolidated financial statements for the year ended December 31, 2001. The following summarizes certain financial data by business segment:

For the Three Months Ended			Fo
June 30, 2002	June 30, 2001	March 31, 2002	J
-----	-----	-----	-----

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(in thousands)

Revenue

Offshore Oil and Gas				
ROVs	\$ 37,616	\$ 40,584	\$ 36,136	\$
Subsea Products	36,458	27,194	32,558	
Mobile Offshore Production Systems	12,474	11,130	12,227	
Other Services	32,440	27,722	31,121	
	-----	-----	-----	-----
Total Offshore Oil and Gas	118,988	106,630	112,042	
Advanced Technologies	22,561	25,593	26,807	
	-----	-----	-----	-----
Total	\$ 141,549	\$ 132,223	\$ 138,849	\$
	=====	=====	=====	=====

Gross Margins

Offshore Oil and Gas				
ROVs	\$ 9,852	\$ 12,544	\$ 8,553	\$
Subsea Products	7,832	259	6,223	
Mobile Offshore Production Systems	4,419	2,591	5,443	
Other Services	4,870	4,659	5,018	
	-----	-----	-----	-----
Total Offshore Oil and Gas	26,973	20,053	25,237	
Advanced Technologies	3,794	4,688	3,506	
	-----	-----	-----	-----
Total	\$ 30,767	\$ 24,741	\$ 28,743	\$
	=====	=====	=====	=====

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7. Comprehensive Income

Comprehensive income is the total of net income and all nonowner changes in equity. The amounts of comprehensive income for the three- and six-month periods ended June 30, 2002 and 2001 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	
	-----	-----	-----	-----
	(in thousands)			
Net Income per Consolidated Statements of Income	\$ 10,514	\$ 7,717	\$ 20,711	\$
Foreign Currency Translation Gains (Losses)	9,838	(2,090)	8,796	
Change in Fair Value of Interest Rate Hedge	(442)	--	(183)	
	-----	-----	-----	-----
Comprehensive Income	\$ 19,910	\$ 5,627	\$ 29,324	\$
	=====	=====	=====	=====

Amounts comprising other elements of comprehensive income in Shareholders' Equity:

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	June 30, 2002	December 31, 2001
	-----	-----
	(in thousands)	
Accumulated Net Foreign Currency Translation Adjustments	\$(11,506)	\$(20,302)
Fair Value of Interest Rate Hedge	(119)	64
	-----	-----
	\$(11,625)	\$(20,238)
	=====	=====

8. New Accounting Standards

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the use of the purchase method of accounting for all business combinations entered into after June 30, 2001. SFAS No. 141 also specifies criteria intangible assets must meet to be recognized and reported apart from goodwill. SFAS No. 142 changes the accounting method for goodwill from an amortization to an impairment-only approach. SFAS No. 142 was effective for Oceaneering's quarter ended March 31, 2002, and early adoption of this statement was not permitted. Oceaneering completed the impairment tests of goodwill as of January 1, 2002 and determined that its goodwill is not impaired. Goodwill amortization expense was \$316,000 and \$633,000 for the three- and six-month periods ended June 30, 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

All statements in this Form 10-Q, other than statements of historical facts, including, without limitation, statements regarding our business strategy, plans for future operations and industry conditions, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks, uncertainties and assumptions, including those we refer to under the headings "Business -- Risks and Insurance" and "Cautionary Statement Concerning Forward-Looking Statements" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2001. Although we believe that the expectations reflected in such forward-looking statements are reasonable, because of the inherent limitations in the forecasting process, as well as the relatively volatile nature of the industries in which we operate, we can give no assurance that those expectations will prove to be correct. Accordingly, evaluation of our future prospects must be made with caution when relying on forward-looking information.

Material Changes in Financial Condition

We consider our liquidity and capital resources adequate to support our operations and capital commitments. At June 30, 2002, we had working capital of \$102 million. Additionally, we had \$80 million of borrowing capacity available under our revolving credit facility.

Our capital expenditures were \$12 million during the six months ended June 30, 2002, as compared to \$28 million during the corresponding period of last year. Capital expenditures in the current year consisted of expenditures relating to the addition of units to our fleet of ROVs to replace older units we retired. Prior-year expenditures consisted of final costs related to the conversion of a jackup drilling rig to a mobile production unit, the Ocean Legend, and additions to our fleet of ROVs.

We had no material commitments for capital expenditures at June 30, 2002.

At June 30, 2002, we had long-term debt of \$120 million and a 29% debt-to-total capitalization ratio. We have \$100 million of Senior Notes outstanding, to be repaid from 2006 through 2010. We have an \$80 million revolving credit facility, under which we had no outstanding borrowings and \$80 million available for future borrowings at June 30, 2002. This facility is scheduled to expire in October 2003. We also have a term loan facility that is to be repaid through April 2004. At June 30, 2002, we had \$20 million in outstanding borrowings under the term loan facility. Both the revolving credit and term loan facilities have short-term interest rates that float with market rates, plus applicable spreads. We have effectively fixed the interest rate on the term loan at approximately 4% through an interest rate swap. We have no off balance sheet debt and have not guaranteed any debt not reflected on our consolidated balance sheets.

Results of Operations

We operate in five business segments. The segments are contained within two businesses - services and products provided to the offshore oil and gas industry ("Offshore Oil and Gas") and all other services and products ("Advanced Technologies"). Our segments within the Offshore Oil and Gas business are Remotely Operated Vehicles ("ROVs"), Subsea Products, Mobile Offshore Production Systems and Other Services. We report our Advanced Technologies business as one segment.

Consolidated revenue and margin information is as follows:

	For the Three Months Ended			Fo
	June 30, 2002	June 30, 2001	March 31, 2002	
				J
			(in thousands)	
Revenue	\$ 141,549	\$ 132,223	\$ 138,849	\$
Gross margin	30,767	24,741	28,743	
Gross margin %	22%	19%	21%	
Operating margin %	14%	11%	13%	

Our Offshore Oil and Gas business results are influenced by the level of capital spending by oil and gas companies in the offshore sector, particularly in deepwater, that is, at water depths of 1,000 feet or more. In the first half of 2002, we have seen a decrease in deepwater exploration activity, particularly in the Gulf of Mexico. We expect this trend to reverse later in 2002 or 2003.

We generate a material amount of our consolidated revenue from contracts for marine services in the Gulf of Mexico and North Sea, which are usually more active from April through November compared to the rest of the year. However, our exit from the diving sector in the North Sea in early 1998 and the substantial number of multiyear ROV contracts that we entered into since calendar year 1997 have reduced the seasonality of our Other Services and ROV operations. Revenues in our Mobile Offshore Production Systems, Subsea Products and Advanced Technologies segments are generally not seasonal.

OFFSHORE OIL AND GAS

The table below sets forth our revenues and gross margins for our Offshore Oil and Gas business for the periods indicated.

	For the Three Months Ended			For the Six Months
	June 30, 2002	June 30, 2001	March 31, 2002	June 30, 2002
	(in thousands, except for percentages)			
ROVs				
Revenue	\$ 37,616	\$ 40,584	\$ 36,136	\$ 73,752
Gross margin	9,852	12,544	8,553	18,405
Gross margin %	26%	31%	24%	25%
Work class utilization %	70%	79%	70%	70%
Subsea Products				
Revenue	\$ 36,458	\$ 27,194	\$ 32,558	\$ 69,016
Gross margin	7,832	259	6,223	14,055
Gross margin %	21%	1%	19%	20%
Mobile Offshore Production Systems				
Revenue	\$ 12,474	\$ 11,130	\$ 12,227	\$ 24,701
Gross margin	4,419	2,591	5,443	9,862
Gross margin %	35%	23%	45%	40%
Other Services				
Revenue	\$ 32,440	\$ 27,722	\$ 31,121	\$ 63,561
Gross margin	4,870	4,659	5,018	9,888
Gross margin %	15%	17%	16%	16%
Total Offshore Oil and Gas				
Revenue	\$118,988	\$106,630	\$ 112,042	\$231,030
Gross margin	26,973	20,053	25,237	52,210
Gross margin %	23%	19%	23%	23%

ROV segment gross margin had been increasing over the past several years due to both additional units available for service and higher utilization rates. The higher utilization rates had resulted from the return to service of more floating drilling rigs and a rise in offshore construction-related activities. This trend reversed in the first quarter of 2002 as there was weakness in the semi-submersible drilling market, particularly in the Gulf of Mexico where we have a large market share of ROV drill support. Our ROV revenues and margins slightly improved in the second quarter over the first quarter, although not to the levels of the second quarter of 2001. The improvement was primarily achieved in our foreign operations. We are forecasting ROV results similar to those of the second quarter for each of the third and fourth quarters of 2002.

Our Subsea Products results improved over the corresponding periods of the prior year because our umbilical plants are now producing under contracts that were awarded in improved market conditions. During the first half of 2001, we were producing a large steel tube umbilical order, the largest umbilical contract we

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had ever undertaken, at a loss. It was bid and undertaken during a period of reduced demand. The completion of this project in the first half of 2001 freed up capacity at our U.K. plant for profitable work. Our Subsea Products gross margin percentage increased from the immediately preceding quarter, as our U.K. plant had more thermoplastic umbilical work on which we generally earn higher margin percentages, as compared to steel tube umbilicals, due to lower subcontractor content. While our outlook for the Subsea Products segment is highly positive based on the projected growth in subsea wellhead completions, we anticipate this segment's results will be slightly lower in the second half of 2002 as compared to the first half based on our reduced level of backlog of \$45 million at June 30, 2002 as compared to \$61 million at December 31, 2001.

Our Mobile Offshore Production Systems gross margins were higher than the corresponding periods of 2001. The Ocean Producer began operations in the fourth quarter of 2001 under a new seven-year contract, which has been providing higher revenues and margins than its prior contract. The Ocean Legend began receiving partial dayrate in the first quarter of 2001 and began receiving full dayrate mid-second quarter of 2001. As a result of brief operating problems during the third and fourth quarters of 2001, the first quarter of 2002 was the first quarter in which we achieved full dayrate for an entire quarter from the Ocean Legend. We feel we are entitled to a portion of the third and fourth quarter 2001 dayrate that we have not recognized as revenue, and we are negotiating a settlement with our customer. During the second quarter of 2002, our customer exercised its option to extend

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the Ocean Legend contract for an additional two years. As a result, our revenue and margin on this contract decreased by approximately \$19,000 per day, for four years from mid-May 2002, as compared to the first quarter of 2002. As a result of the Ocean Legend contract change, gross margin was less than the first quarter of 2002 and we anticipate lower revenue and gross margin for the balance of 2002 as compared to the first half. Because we performed a low margin project management contract in the second quarter, revenue was relatively flat as compared to the first quarter of 2002.

For our Other Services segment, the three- and six-month periods of 2001 included \$2.3 million and \$3.1 million, respectively, of gross margin related to the wind-up of our foreign vessel and diving operations. From our current operations, a significant improvement in offshore activity in the Gulf of Mexico contributed to the increase in Other Services gross margins for the three- and six-month periods ended June 30, 2002. We experienced an increase in utilization of and profitability from our two Gulf of Mexico Ocean Intervention multi-service vessels in the three- and six-month periods of 2002 compared to the corresponding periods of 2001. Additionally, gross margin improved as a result of a significant engineering and specialized diving contract, and, to a lesser extent, from topside inspection services. We believe that for 2002 our Other Services segment will earn more revenue at higher margins than it did in 2001. Currently, we project this segment's results for the second half of 2002 to be lower than achieved in the first half as a result of a soft vessel market in the Gulf of Mexico due to the low level of offshore industry activity being experienced at this time.

ADVANCED TECHNOLOGIES

Revenue and gross margin information is as follows:

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	For the Three Months Ended			For the Six Months
	June 30, 2002	June 30, 2001	March 31, 2002	June 30, 2002
	(in thousands, except for percentages)			
Revenue	\$ 22,561	\$ 25,593	\$ 26,807	\$ 49,368
Gross margin	3,794	4,688	3,506	7,300
Gross margin %	17%	18%	13%	15%

Advanced Technologies revenues and margins were down in the three- and six-month periods of 2002 as compared to the corresponding periods of 2001 from lower levels of activities from our telecommunications cable ROV services and from our space division as a result of lower NASA spending. Gross margin was higher than the immediately preceding quarter from lower repair and maintenance expenses in our ROV cable operations. We expect further improvement in this segment's results for the second half of 2002 based on new orders received from the U.S. Navy and from the theme park industry.

OTHER

Our equity in the earnings (loss) of our telecommunications joint venture was \$(429,000) and \$(37,000) for the three and six months ended June 30, 2002, compared to \$345,000 and \$722,000 for the three and six months ended June 30, 2001. The telecommunications cable lay and burial market is suffering from reduced demand for services, and weak market conditions are expected to continue at least through the balance of 2002.

Interest expense for the six months ended June 30, 2002 increased compared to the corresponding period of the prior year as interest on the construction of the Ocean Legend was capitalized until it was placed in service during the second quarter of 2001. Our debt had been incurred to fund the acquisition of additional equipment, including the Ocean Legend, and expansion of our Subsea Products production capacity. Interest expense for the quarter ended June 30, 2002 was lower than that of the quarter ended June 30, 2001 as a result of lower debt levels. Interest expense of \$2,624,000 and \$4,503,000 for the three and six months ended June 30, 2001 was net of capitalized interest of \$585,000 and \$1,930,000.

Other expense in the first half of 2001 included the first quarter write-off of \$600,000 related to the shares of Friede Goldman Halter, Inc. we received as proceeds for the sale of an out-of-service jackup rig in the fourth quarter of 1999. Friede Goldman Halter, Inc. filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code on April 19, 2001. Friede Goldman Halter, Inc. was delisted from the New York Stock Exchange on April 19, 2001.

The provisions for income taxes were related to U.S. income taxes that we provided at estimated annual effective rates using assumptions as to earnings and other factors that would affect the tax calculation for the remainder of the year and to the operations of foreign branches and subsidiaries that were subject to local income and withholding taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes from the information provided in Item 7A of our

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Annual Report on Form 10-K for the year ended December 31, 2001. For a discussion of a change we implemented relating to our interest rate swap for our term loan, see Note 3 to the Consolidated Financial Statements in this report.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

(a) Oceaneering International, Inc. held its Annual Meeting of Shareholders on June 7, 2002. The following matters were voted upon at the Annual Meeting, with the voting results as follows:

(1) Election of Class III Directors

Nominee	Shares Voted For	Votes Withheld
T. Jay Collins	19,890,398	2,676,200
D. Michael Hughes	19,881,689	2,684,909

Messrs. Charles B. Evans, John R. Huff, David S. Hooker and Harris J. Pappas also continued as directors immediately following the Annual Meeting.

(2) Approval of the 2002 Incentive Plan

Shares Voted For	Shares Voted Against	Shares Abstaining	Brok Non-
13,548,640	6,720,147	109,856	2,18

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

			Registration or File Number	Form or Report	Repo Date
*	3.01	Restated Certificate of Incorporation	1-10945	10-K	Dec.
*	3.02	Amended and Restated By-Laws	1-10945	10-K	Dec.
*	10.01	2002 Incentive Plan	1-10945	10-Q	Jun.

* Indicates exhibit previously filed with the Securities and Exchange

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Commission as indicated and incorporated herein by reference.

- (b) Oceaneering filed the following reports on Form 8-K during the quarter for which this report is filed.

Date ----	Description -----
April 8, 2002	Information furnished under Item 9 regarding the posting of a presentation on Oceaneering's Web site.
April 15, 2002	Information furnished under Item 9 regarding the posting of a presentation on Oceaneering's Web site.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OCEANEERING INTERNATIONAL, INC.
(Registrant)

Date: August 12, 2002	By: /s/ JOHN R. HUFF ----- John R. Huff Chairman and Chief Executive Officer
Date: August 12, 2002	By: /s/ MARVIN J. MIGURA ----- Marvin J. Migura Senior Vice President and Chief Financial Officer
Date: August 12, 2002	By: /s/ JOHN L. ZACHARY ----- John L. Zachary Controller and Chief Accounting Officer

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