

OCEANEERING INTERNATIONAL INC

Form 8-K

February 28, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): February 24, 2012**

**OCEANEERING INTERNATIONAL, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction**

**of incorporation)**

**1-10945**  
**(Commission**

**File Number)**

**95-2628227**  
**(I.R.S. Employer**

**Identification No.)**

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**11911 FM 529 Houston, Texas**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (713) 329-4500**

**77041**  
(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ..  Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ..  Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ..  Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ..  Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 24, 2012, the Compensation Committee of the Board of Directors of Oceaneering International, Inc. (the Compensation Committee) granted awards of restricted stock units and performance units under Oceaneering's 2010 Incentive Plan (the Incentive Plan) to various employees, including each of Oceaneering's executive officers. The following table sets forth the number of performance units and restricted stock units awarded to Oceaneering's chief executive officer (CEO), and each of the below indicated executive officers of Oceaneering listed as a named executive officer in the Summary Compensation Table in Oceaneering's proxy statement for its 2011 annual meeting of shareholders (the 2011 Proxy Statement), as well as to Mr. Clyde W. Hewlett, who is expected to be listed as a named executive officer in Oceaneering's proxy statement for its 2012 annual meeting of shareholders.

Name and Position	Number of Performance Units(1)	Number of Restricted Stock Units(2)
M. Kevin McEvoy		
President and CEO	19,500	33,000
Marvin J. Migura		
Executive Vice President	9,000	15,000
Kevin F. Kerins		
Senior Vice President-ROVs	4,500	6,950
Clyde W. Hewlett		
Senior Vice President-Subsea Projects	4,000	6,175

- (1) The performance units are scheduled to vest in full on the third anniversary of the award date, subject to: (a) earlier vesting on an employee's attainment of retirement age or the termination or constructive termination of an employee's employment in connection with a change of control or due to death or disability, resulting in vesting on a pro-rata basis over three years for each of Messrs. McEvoy and Migura (as a result of each of them having attained retirement age); and (b) such other terms as are set forth in the applicable award agreement. The number of performance units shown represent units with an initial notional value of \$100 and are not equivalent to shares of Oceaneering common stock. The Compensation Committee has approved specific financial goals and performance measures based on cumulative cash flow from operations and a comparison of return on invested capital and cost of capital for the three-year period from January 1, 2012 through December 31, 2014, to be used as the basis for the final value of the performance units under the Incentive Plan. The final value of each performance unit may range from \$0 to \$150. Upon settlement, the value of the performance units will be payable in cash.
- (2) Restricted stock units are scheduled to vest in full on the third anniversary of the award date, subject to: (a) earlier vesting on an employee's attainment of retirement age or the termination or constructive termination of an employee's employment in connection with a change of control or due to death or disability, resulting in vesting on a pro-rata basis over three years for each of Messrs. McEvoy and Migura (as a result of each of them having attained retirement age); and (b) such other terms as are set forth in the applicable award agreement. Each restricted stock unit represents the equivalent of one share of Oceaneering common stock. Settlement of the restricted stock units will be made in shares of Oceaneering common stock.

In addition, the Board of Directors of Oceaneering (the Board) granted awards of 8,000 shares of restricted stock under the Incentive Plan to each of the following nonemployee directors of the Company: T. Jay Collins; Jerold J. DesRoche; David S. Hooker; D. Michael Hughes; and Harris J. Pappas. The restricted stock awards are scheduled to vest in full on the first anniversary of the award date, subject to: (a) earlier vesting on a change of control or the termination of the director's service due to death; and (b) such other terms as are set forth in the award agreements. The Board also granted awards of 15,000 performance units and 20,000 restricted stock units to John R. Huff, Chairman of the Board.

The performance units awarded to Mr. Huff are scheduled to vest on a pro-rata basis over three years from the award date by reason of Mr. Huff having attained retirement age as of the award date, subject to: (a) earlier vesting by reason of Mr. Huff's cessation of service as Chairman for a reason other than his refusal to serve; and (b) such other terms as are set forth in the award agreement. The performance units have the same notional value equivalent as the awards to executive officers described above. The Board approved the same performance goals and measures over the same time period and with the same range of value as described above for Oceaneering's executive officers. Upon settlement, the value of the performance units will be payable in cash.

The restricted stock units awarded to Mr. Huff are scheduled to vest on a pro-rata basis over three years from the award date by reason of Mr. Huff having attained retirement age as of the award date, subject to: (a) earlier vesting by reason of Mr. Huff's cessation as service as Chairman for a reason other than his refusal to serve; and (b) such other terms as are set forth in the award agreement. Each restricted stock unit represents the equivalent of one share of Oceaneering common stock. Settlement of the restricted stock units will be made in shares of the Company's common stock.

The Compensation Committee approved the grant of an aggregate of 257,005 restricted stock units and 114,550 performance units, and the Board approved the grant of an aggregate of 15,000 performance units, 20,000 restricted stock units and 40,000 shares of restricted stock, including the awards referenced in the table and the discussion above. Those awards were made to a total of 344 Incentive Plan participants.

In addition, the Compensation Committee approved: (1) the form of 2012 Restricted Stock Unit Agreement that will govern the terms and conditions of restricted stock unit awards made to Oceaneering's executive officers and other employees; and (2) the form of 2012 Performance Unit Agreement and 2012 Performance Award: Goals and Measures that will govern the terms and conditions of performance unit awards made to Oceaneering's executive officers and other employees. The Board approved: (1) the form of 2012 Nonemployee Director Restricted Stock Agreement that will govern the terms and conditions of restricted stock awards made to Messrs. Collins, DesRoche, Hooker, Hughes and Pappas; and (2) the forms of 2012 Chairman Restricted Stock Unit Agreement, 2012 Chairman Performance Unit Agreement and 2012 Performance Award: Goals and Measures that will govern the terms and conditions of the awards of restricted stock units and performance units to Mr. Huff. As provided in the 2012 Chairman Restricted Stock Unit and Performance Unit Agreements, Mr. Huff is not eligible in 2012 for any retainers or meeting fees applicable to nonemployee directors.

The foregoing descriptions of the awards under the Incentive Plan are not complete and are qualified by reference to the complete agreements, which are attached as exhibits to this report and incorporated by reference into this Item.

On February 24, 2012, the Compensation Committee approved bonuses under the Incentive Plan to various employees, including each of the executive officers of Oceaneering listed as a named executive officer in the Summary Compensation Table in the 2011 Proxy Statement (the Named Executive Officers), as well as to Mr. Hewlett. The Committee previously established performance goals for calendar year 2011 with respect to achievement of net income by Oceaneering in calendar year 2011 under the Incentive Plan (the 2011 Cash Bonus Award Program). The Committee determined the attainment of such performance goals was 17% more than the target performance goal for 2011. The Committee awarded bonuses under the 2011 Cash Bonus Award Program to the Named Executive Officers and to Mr. Hewlett. In addition, the Committee approved an additional merit bonus to the indicated Named Executive Officers based on Oceaneering's achievement in 2011 of the highest net income in its history.

The following table summarizes these cash bonuses under the 2011 Cash Bonus Award Program and the additional merit cash bonuses to be paid:

Name and Position	2011 Cash Bonus Award Program Amount	Additional Merit Bonus Amount	Total
M. Kevin McEvoy			
President and CEO	\$ 728,000	\$ 72,000	\$ 800,000
T. Jay Collins			
Director and former President and CEO <sup>1</sup>	\$ 1,050,000		\$ 1,050,000
Marvin J. Migura			
Executive Vice President	\$ 485,000	\$ 40,000	\$ 525,000
George R. Haubenreich, Jr.			
Senior Vice President and Senior Counsel, and former General Counsel and Secretary <sup>2</sup>	\$ 373,000	\$ 2,000	\$ 375,000
Kevin F. Kerins			
Senior Vice President-ROVs	\$ 233,000	\$ 2,000	\$ 235,000
Clyde W. Hewlett			
Senior Vice President-Subsea Projects	\$ 180,000		\$ 180,000

<sup>1</sup> Mr. Collins retired from his position as President and Chief Executive Officer effective May 6, 2011.

<sup>2</sup> Mr. Haubenreich retired from his position as General Counsel and Secretary effective January 1, 2012.

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On February 24, 2012, the Compensation Committee of the Board approved increases in the annual base salary for the indicated Named Executive Officers and for Mr. Hewlett to the following amounts, effective January 1, 2012:

Name	
M. Kevin McEvoy	\$ 650,000
Marvin J. Migura	\$ 470,000
Kevin F. Kerins	\$ 325,000
Clyde W. Hewlett	\$ 300,000

On February 24, 2012, the Compensation Committee approved a performance-based 2012 Cash Bonus Award Program under the Incentive Plan, with any payments to be made no later than March 15, 2013. Bonuses under this program for executive officers will be determined by the level of achievement of net income for calendar year 2012 compared to the planned amount recommended by Oceaneering's management and approved by the Committee. Under this program, the maximum possible bonuses for the indicated Named Executive Officers and Mr. Hewlett, as a percentage of each such officer's base salary for 2012, is as follows:

Name	2012 Base Salary	Maximum Bonus as a Percentage of Base Salary
M. Kevin McEvoy	\$ 650,000	150%
Marvin J. Migura	\$ 470,000	125%
George R. Haubenreich, Jr.	\$ 210,000	50%
Kevin F. Kerins	\$ 325,000	80%
Clyde W. Hewlett	\$ 300,000	70%

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- 10.1 Form of 2012 Restricted Stock Unit Agreement
- 10.2 Form of 2012 Performance Unit Agreement
- 10.3 Form of 2012 Chairman Restricted Stock Unit Agreement
- 10.4 Form of 2012 Chairman Performance Unit Agreement
- 10.5 2012 Performance Award: Goals and Measures, relating to the form of 2012 Performance Unit Agreement and 2012 Chairman Performance Unit Agreement
- 10.6 Form of 2012 Nonemployee Director Restricted Stock Agreement

**SIGNATURE**

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 hereunto duly authorized.

OCEANEERING INTERNATIONAL, INC.

By: /s/ David K. Lawrence  
David K. Lawrence  
Vice President, General Counsel and Secretary

Date: February 28, 2012

**EXHIBIT INDEX**

<b>No.</b>	<b>Description</b>
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