

OCEANEERING INTERNATIONAL INC  
Form DEF 14A  
March 26, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**OCEANEERING INTERNATIONAL, INC.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:
  
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- 4) Proposed maximum aggregate value of transaction:
  
- 5) Total fee paid:
  
- Fee paid previously with preliminary materials.
  
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - 1) Amount previously paid:
  
  - 2) Form, Schedule or Registration Statement No.:
  
  - 3) Filing party:

4) Date filed:

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**OCEANEERING INTERNATIONAL, INC.**

**11911 FM 529, Houston, Texas 77041-3000**

March 26, 2012

Dear Shareholder:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders of Oceaneering International, Inc. The meeting will be held on Friday, May 4, 2012, at 8:30 a.m., local time, in the Atrium of our corporate offices at 11911 FM 529, Houston, Texas 77041-3000.

On the following pages, you will find the Notice of Annual Meeting of Shareholders and Proxy Statement giving information concerning the matters to be acted on at the meeting. Our Annual Report to Shareholders describing Oceaneering's operations during the year ended December 31, 2011 is enclosed.

We hope you will be able to attend the meeting in person. Whether or not you plan to attend, please take the time to vote. In addition to using the enclosed paper proxy card to vote, which you may sign, date and return in the enclosed postage-paid envelope, you may vote your shares via the Internet or by telephone by following the instructions included in this package.

Thank you for your interest in Oceaneering.

John R. Huff  
Chairman of the Board

M. Kevin McEvoy  
President and Chief Executive Officer

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 4, 2012.**

The proxy statement and annual report are available on the Internet at <http://www.oceaneering.com/investor-relations/annual-reports-and-proxies/>.

The following information applicable to the Annual Meeting may be found in the proxy statement and/or the accompanying proxy card:

the date, time and location of the meeting;

a list of the matters intended to be acted on and our recommendations regarding those matters;

any control/identification numbers that you need to access your proxy card; and

information about attending the meeting and voting in person.

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**OCEANEERING INTERNATIONAL, INC.**

**11911 FM 529, Houston, Texas 77041-3000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 4, 2012**

To the Shareholders of Oceaneering International, Inc.:

The Annual Meeting of Shareholders of Oceaneering International, Inc., a Delaware corporation ( "Oceaneering " ), will be held on Friday, May 4, 2012, at 8:30 a.m., local time, in the Atrium of our corporate offices at 11911 FM 529, Houston, Texas 77041-3000 for the following purposes:

elect three Class II directors as members of the Board of Directors of Oceaneering to serve until the 2015 Annual Meeting of Shareholders or until a successor has been duly elected and qualified (Proposal 1);  
cast an advisory vote on a resolution to approve the compensation of Oceaneering ' s named executive officers (Proposal 2);  
ratify the appointment of Ernst & Young LLP as independent auditors of Oceaneering for the year ending December 31, 2012 (Proposal 3); and  
transact such other business as may properly come before the Annual Meeting of Shareholders or any adjournment or postponement thereof.

**The Board of Directors recommends a vote in favor of Proposal 1, Proposal 2 and Proposal 3.**

The close of business on March 16, 2012 is the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournment thereof.

Our Board welcomes your personal attendance at the meeting. Whether or not you expect to attend the meeting, please submit a proxy as soon as possible so that your shares can be voted at the meeting. You may submit your proxy by filling in, dating and signing the enclosed proxy card and returning it in the enclosed postage-paid envelope. Please refer to page 1 of the Proxy Statement and the proxy card for instructions for proxy voting by telephone or over the Internet.

By Order of the Board of Directors,

David K. Lawrence

Vice President, General Counsel and

Secretary

March 26 , 2012

**YOUR VOTE IS IMPORTANT**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN, DATE AND MAIL YOUR PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE, OR VOTE BY TELEPHONE OR OVER THE INTERNET IN ACCORDANCE WITH INSTRUCTIONS IN THIS PROXY STATEMENT AND ON YOUR PROXY CARD.**

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**OCEANEERING INTERNATIONAL, INC.**

**PROXY STATEMENT**

**PROXIES AND VOTING AT THE MEETING**

Only shareholders of record at the close of business on March 16, 2012 will be entitled to notice of, and to vote at, the meeting. As of that date, 108,303,049 shares of our Common Stock, \$.25 par value per share ( Common Stock ), were outstanding. Each of those outstanding shares is entitled to one vote at the meeting. We are initially sending this Proxy Statement and the accompanying proxy to our shareholders on or about March 26, 2012. The requirement for a quorum at the meeting is the presence in person or by proxy of holders of a majority of the outstanding shares of Common Stock. There is no provision for cumulative voting.

**Solicitation of Proxies**

The accompanying proxy is solicited on behalf of our Board of Directors for use at our annual meeting of shareholders to be held at the time and place set forth in the accompanying notice. We will pay all costs of soliciting proxies. We will solicit proxies primarily by mail. In addition to solicitation by mail, our officers, directors and employees may solicit proxies in person or by telephone, facsimile and electronic transmissions, for which such persons will receive no additional compensation. We have retained Georgeson Shareholder Communications, Inc. to solicit proxies at a fee estimated at \$9,000, plus out-of-pocket expenses. We will reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy material to beneficial owners of our Common Stock.

The persons named as proxies were designated by our Board and are officers of Oceaneering. All properly executed proxies will be voted (except to the extent that authority to vote has been withheld), and where a choice has been specified by the shareholder as provided in the proxy, the proxy will be voted in accordance with the specification so made. Proxies submitted without specified choices will be voted **FOR Proposal 1** to elect the director nominees proposed by our Board, **FOR Proposal 2** to cast an advisory vote on a resolution to approve the compensation of Oceaneering's Named Executive Officers, and **FOR Proposal 3** to ratify the appointment of Ernst & Young LLP as independent auditors of Oceaneering for the year ending December 31, 2012.

**Methods of Voting**

Voting by Mail You may sign, date and return your proxy card in the pre-addressed, postage-paid envelope provided. If you return your proxy card without indicating how you want to vote, the designated proxies will vote as recommended by our Board.

Voting by Telephone or the Internet If you are a shareholder of record, you may vote by proxy by using the toll-free number or at the Internet address listed on the proxy card.

The telephone and Internet voting procedures are designed to verify your vote through the use of a voter control number that is provided on each proxy card. The procedures also allow you to vote your shares and to confirm that your instructions have been properly recorded. Please see your proxy card for specific instructions.

If you hold shares through a brokerage firm, bank or other custodian, you may vote by telephone or the Internet only if the custodian offers that option.

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### **Revocability of Proxies**

If you are a shareholder of record, and you vote by proxy, mail, the Internet or telephone, you may later revoke your proxy instructions by:

sending a written statement to that effect to our Corporate Secretary at 11911 FM 529, Houston, Texas 77041-3000, the mailing address for the executive offices of Oceaneering, provided that we receive the statement before the Annual Meeting;

submitting a signed proxy card, prior to the Annual Meeting, with a later date;

voting at a later time, but prior to the Annual Meeting, by telephone or the Internet; or

voting in person at the Annual Meeting.

If you have shares held through a brokerage firm, bank or other custodian, and you vote by proxy, you may later revoke your proxy instructions only by informing the custodian in accordance with any procedures it sets forth.

## **PROPOSAL 1**

### **Election of Directors**

Our Certificate of Incorporation divides our Board into three classes, each consisting as nearly as possible of one-third of the members of the whole Board. There are currently three directors of Class II and two members each of Classes I and III. The members of each class serve for three years following their election, with one class being elected each year.

Three Class II directors are to be elected at the 2012 Annual Meeting. In accordance with our bylaws, directors are elected by a plurality of the votes cast. Accordingly, abstentions and broker non-votes marked on proxy cards will not be counted in the election. The Class II directors will serve until the 2015 Annual Meeting of Shareholders or until a successor has been duly elected and qualified. The directors of Classes III and I will continue to serve their terms of office, which will expire at the Annual Meetings of Shareholders to be held in 2013 and 2014, respectively.

The persons named in the accompanying proxy intend to vote all proxies received in favor of the election of the nominees named below, except in any case where authority to vote for the directors is withheld. Although we have no reason to believe that the nominees will be unable to serve as directors, if any nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee our Board designates.

Set forth below is information (ages are as of May 4, 2012) with respect to the nominees for election as directors of Oceaneering.

### **Nominees**

#### **2012 - Class II Directors**

Jerold J. DesRoche

Mr. DesRoche, 75, has been an owner since 1991 of National Power Company, a privately owned company that owns and operates power generation facilities using waste fuels and renewable energy. He was a director of National Power Company from 1991 to December 2011. He served as President and Chief Executive Officer of ABB Combustion Engineering Canada, Inc. from 1988 to 1991. He is chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee of Oceaneering's Board. Mr. DesRoche has been a director of Oceaneering since 2003.

The Board has determined that Mr. DesRoche is qualified to serve on our Board based on his substantial prior experience as a member of our Board and his familiarity with Oceaneering resulting from that experience, as well as his considerable experience as an entrepreneur, business

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owner and executive officer and director of international and domestic companies engaged in energy-related businesses. Including his experience on our Board, Mr. DesRoche has over 31 years of experience as a director of one or more companies engaged in energy-related businesses.

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### **John R. Huff**

Mr. Huff, 66, has been Chairman of Oceaneering's Board of Directors since 1990. He served as Chief Executive Officer of Oceaneering from 1986 to May 2006. Mr. Huff also serves as a director of KBR, Inc. and Suncor Energy, Inc. Mr. Huff served as a director of Rowan Companies, Inc. from April 2006 to May 2009 and of BJ Services Company from 1992 to April 2010. Mr. Huff has been a director of Oceaneering since 1986.

The Board has determined that Mr. Huff is qualified to serve on our Board based on his substantial prior experience as a member of our Board, including 22 years as Chairman of our Board, his in-depth knowledge regarding Oceaneering and its businesses which he gained through 20 years as our Chief Executive Officer, and his considerable experience as an entrepreneur and a director of several other, large multi-national companies, including several companies engaged in oilfield-related and other energy-related businesses. Mr. Huff has expansive knowledge of the oil and gas industry as well as relationships with chief executive officers and senior management at oil and gas and oil field companies throughout the world. Including his service on our Board, Mr. Huff has over 44 years of experience with companies engaged in oilfield-related or other energy-related businesses.

### **M. Kevin McEvoy**

Mr. Kevin McEvoy, 61, has been President and Chief Executive Officer of Oceaneering since May 2011.

Mr. McEvoy joined Oceaneering in 1984, when we acquired Solus Ocean Systems, Inc. Since 1984, he has held various senior management positions in each of our operating groups. He was appointed a Vice President in 1990, a Senior Vice President in 1998, Executive Vice President in 2006 and the additional position of Chief Operating Officer in February 2010. Mr. McEvoy has been a director of Oceaneering since May 2011.

The Board has determined that Mr. McEvoy is qualified to serve on our Board based on his thorough knowledge regarding Oceaneering and its businesses, which he gained through his years of service as a member of our executive management team, as well as through his prior service on our Board. Since joining Oceaneering in 1984, Mr. McEvoy has been involved in all aspects of our operating groups, including service as a Vice President, Senior Vice President, Executive Vice President, Chief Operating Officer, President and Chief Executive Officer. Mr. McEvoy has over 37 years of experience in offshore, subsea and marine-related activities, primarily in oil and gas- and oilfield-related areas, with significant international exposure.

## **Continuing Directors**

Information below (ages are as of May 4, 2012) is for those directors whose terms will expire in 2013 and 2014.

### **2013 - Class III Directors**

#### **David S. Hooker**

Mr. Hooker, 69, has been Chairman of Houlder Limited, an engineering company, since June 2008, Chairman of Avoco Secure Ltd., a software development and distribution company, since 2006, and Chairman of Ocean Hover Limited, an oilfield hovercraft marketing organization, since 2004. He is also a director of Aminex plc, an oil and gas exploration and production company, and a director of Helium Enterprises Ltd., a helium exploration company. He is Chairman of the Audit Committee of Oceaneering's Board and a member of the Nominating and Corporate Governance Committee of Oceaneering's Board. Mr. Hooker has been a director of Oceaneering since 1973.

The Board has determined Mr. Hooker is qualified to serve on our Board based on his substantial prior experience as a member of our Board and his familiarity with Oceaneering resulting from that experience, his financial expertise, as well as his considerable experience as an entrepreneur and as chairman or as a director of several other companies, including companies engaged in oilfield-related, other energy-related and insurance businesses. Mr. Hooker provides the Board with an international perspective and insight. Including his service on our Board, Mr. Hooker has 39 years of experience as a director of a publicly traded company and over 40 years of experience with companies engaged in oilfield-related or other energy-related businesses.

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### Harris J. Pappas

Mr. Pappas, 67, has been President of Pappas Restaurants, Inc., a privately owned multistate restaurant group, since 1980 and a director of Luby's, Inc., a publicly traded restaurant company, since 2001. He also served as Chief Operating Officer of Luby's Inc. from 2001 to 2011. Mr. Pappas also serves on the Advisory Board of Frost National Bank Houston and is a director of TIRR Hospital in the Memorial Hermann Hospital System. He is a member of the Audit Committee and the Compensation Committee of Oceaneering's Board. Mr. Pappas has been a director of Oceaneering since 1996.

The Board has determined Mr. Pappas is qualified to serve on our Board based on his substantial prior experience as a member of our Board and his familiarity with Oceaneering resulting from that experience, as well as his considerable experience as an executive officer and a director of both privately owned and publicly traded companies. Mr. Pappas' financial expertise, business ownership and entrepreneurial experience in the service industry allows him to provide valuable contributions to our Board. Including his service on our Board, Mr. Pappas has 16 years of experience as a director of a publicly traded company.

### **2014 - Class I Directors**

### T. Jay Collins

Mr. Collins, 65, served as Chief Executive Officer of Oceaneering from May 2006 to May 2011, and as President of Oceaneering from 1998 to May 2011. Mr. Collins previously served as Chief Operating Officer of Oceaneering from 1998 until 2006. He also served as Executive Vice President Oilfield Marine Services of Oceaneering from 1995 to 1998 and as Senior Vice President and Chief Financial Officer of Oceaneering from 1993 until 1995. Mr. Collins has been a director of Oceaneering since 2002.

The Board has determined that Mr. Collins is qualified to serve on our Board based on his substantial prior experience as a member of our Board and his thorough knowledge regarding Oceaneering and its businesses which he gained through his years of service as a member of our executive management team, as well as through his prior service on our Board. Since joining Oceaneering in 1993, Mr. Collins has been involved in all functional aspects of our management, including service as our Chief Financial Officer, our Chief Operating Officer and our Chief Executive Officer. Mr. Collins has expansive knowledge of the oil and gas industry and is on the boards of several industry trade associations. Including his service on our Board, Mr. Collins has over 41 years of experience with companies engaged in oilfield-related or other energy-related businesses.

### D. Michael Hughes

Mr. Hughes, 73, has been owner of The Broken Arrow Ranch and affiliated businesses, which harvest, process and market wild game meats, since 1983. He has been associated with Oceaneering since its incorporation, serving as Chairman of the Board from 1970 to 1980 and from 1984 to 1990. He is Chairman of the Nominating and Corporate Governance Committee of Oceaneering's Board and a member of the Audit Committee of Oceaneering's Board. Mr. Hughes has been a director of Oceaneering since 1970.

The Board has determined that Mr. Hughes is qualified to serve on our Board based on his substantial prior experience as a member of our Board, including his prior service as Chairman of the Board, as well as his thorough knowledge regarding our company, its culture and history and our businesses gained from his association with Oceaneering since its inception. Mr. Hughes has significant business ownership, financial and entrepreneurial expertise and experience. Including his service on our Board, Mr. Hughes has over 41 years of experience with companies engaged in oilfield-related or other energy-related businesses.

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The following table sets forth the number of shares of Common Stock beneficially owned as of March 16, 2012 by each director and nominee for director, each of the executive officers named in the Summary Compensation Table in this Proxy Statement and all directors and executive officers as a group. Except as otherwise indicated, each individual named has sole voting and dispositive power with respect to the shares shown.

Name	Shares Underlying		Total
	Number of Shares (1)	Restricted Stock Units (2)	
T. Jay Collins	118,374	78,000	196,374
Jerold J. DesRoche	56,000		56,000
Kevin F. Kerins	6,566	24,950	31,516
George R. Haubenreich, Jr.	57,500	24,000	81,500
Clyde W. Hewlett	37,695	22,175	59,870
David S. Hooker	72,000		72,000
John R. Huff	306,800	70,000	376,800
D. Michael Hughes	98,200		98,200
M. Kevin McEvoy	81,798	96,000	177,798
Marvin J. Migura	78,700	47,000	125,700
Harris J. Pappas	80,000		80,000
All directors and executive officers as a group (14 persons)	1,012,526	409,235	1,421,761

- (1) There are no outstanding stock options for directors and executive officers. Includes the following shares granted pursuant to restricted stock award agreements, as to which the recipient has sole voting power and no dispositive power: Mr. Collins 8,000; Mr. DesRoche 8,000; Mr. Hooker 8,000; Mr. Hughes 8,000; Mr. Pappas 8,000 and all directors and executive officers as a group 40,000. Also includes the following share equivalents, which are fully vested but are held in trust pursuant to the Oceaneering Retirement Investment Plan (the 401(k) Plan ), as to which the individual has the right to direct the plan trustee on how to vote: Mr. McEvoy 22,298 and Mr. Hewlett 244; and all directors and executive officers as a group 25,293. At withdrawal, the share equivalents are settled in shares of Common Stock. Each executive officer and director owns less than 1% of the outstanding Common Stock; all directors and executive officers as a group own (1) approximately 0.9% of the outstanding Common Stock and (2) approximately 1.3% of the total of the outstanding shares of Common Stock and the shares underlying restricted stock units owned by directors and executive officers.
- (2) Includes shares of Common Stock that are represented by restricted stock units of Oceaneering that are credited to the accounts of certain individuals and are subject to vesting. The individuals have no voting or investment power over these restricted stock units.

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Listed below are the only persons who, to our knowledge, may be deemed to be a beneficial owner as of March 16, 2012 of more than 5% of the outstanding shares of Common Stock. This information is based on statements filed with the Securities and Exchange Commission (the SEC).

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Lone Pine Managing Member LLC and certain affiliated persons Two Greenwich Plaza Greenwich, CT 006830	7,839,018 (2)	7.2
Neuberger Berman Group LLC and certain affiliated persons 605 Third Avenue New York, NY 10158	6,780,942 (3)	6.3
PRIMECAP Management Company 225 South Lake Ave., #400 Pasadena, CA 91101	6,290,144 (4)	5.8
FMR LLC 82 Devonshire Street Boston, MA 02109	6,245,453 (5)	5.8
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	6,093,071 (6)	5.6
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	6,003,564 (7)	5.5

(1) The percentage is based on the total number of issued and outstanding shares of Common Stock as of March 16, 2012.

(2) The amount beneficially owned of 7,839,018 shares as shown, is based upon a Schedule 13G/A filed with the SEC and dated February 14, 2012 reporting (i) Lone Spruce, L.P. has shared voting and dispositive power over 78,201 shares; (ii) Lone Balsam, L.P. has shared voting and dispositive power over 171,505 shares; (iii) Lone Sequoia, L.P. has shared voting and dispositive power over 143,327 shares; (iv) Lone Cascade, L.P. has shared voting and dispositive power over 3,664,660 shares; (v) Lone Sierra, L.P. has shared voting and dispositive power over 172,667 shares; (vi) Lone Pine Associates LLC has shared voting and dispositive power over 393,033 shares; (vii) Lone Pine Members LLC has shared voting and dispositive power over 3,837,327 shares; (viii) Lone Pine Capital LLC has shared voting and dispositive power over 3,608,658 shares; (ix) Lone Pine Managing Member LLC has shared voting and dispositive power over 7,839,018 shares and (x) Stephen F. Mandel, Jr. has shared voting and dispositive power over 7,839,018 shares. Lone Pine Managing Member LLC is the managing member and has the power to direct the affairs of Lone Pine Associates LLC (which is the general partner and has the power to direct the affairs of Lone Spruce, L.P., Lone Sequoia, L.P. and Lone Balsam, L.P.), Lone Pine Members LLC (which is the general partner and has the power to direct the affairs of Lone Cascade, L.P. and Lone Sierra, L.P.) and Lone Pine Capital LLC. Mr. Mandel is the managing member of Lone Pine Managing Member LLC and in that capacity directs its operations.

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The amount beneficially owned of 6,780,942 shares as shown is based upon a Schedule 13G/A filed with the SEC and dated February 14, 2012 reporting (i) Neuberger Berman Group LLC and Neuberger Berman LLC each have shared voting power with respect to 6,035,592 shares and shared dispositive power with respect to 6,780,942 shares; (ii) Neuberger Berman Management LLC has shared voting and dispositive power with respect to 5,937,224 shares; and (iii) Neuberger Berman Equity Funds has shared voting and dispositive power with respect to 5,370,024 shares.

- (4) The amount beneficially owned of 6,290,144 shares as shown, is as reported by PRIMECAP Management Company in a Schedule 13G/A filed with the SEC and dated February 9, 2012. Includes 3,625,344 shares of sole voting power, no shares of shared voting power and 6,290,144 shares of sole dispositive power.



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- (5) The amount beneficially owned of 6,245,453 shares as shown, is as reported by FMR LLC ( FMR ) in a Schedule 13G/A filed with the SEC and dated February 14, 2012. Includes 6,167,906 shares beneficially owned by Fidelity Management & Research Company ( Fidelity ), a wholly owned subsidiary of FMR, as a result of its acting as an investment advisor to various investment companies (the Funds ). FMR and Edward C. Johnson 3d, Chairman of FMR, through FMR s control of Fidelity and the Funds, each has sole power to dispose of the 6,167,906 shares owned by the Funds. Neither FMR nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Funds, which power resides with the Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees. Strategic Advisers, Inc., 82 Devonshire Street, Boston MA 02109, a wholly owned subsidiary of FMR and an investment advisor beneficially owns 1,877 shares. Pyramis Global Advisors, LLC ( PGALLC ), 900 Salem Street, Smithfield, Rhode Island, 02917, an indirect wholly owned subsidiary of FMR, is the beneficial owner of 65,070 shares. Edward C. Johnson 3d and FMR, through its control of PGALLC, each has sole dispositive power over 65,070 shares and sole power to vote 62,570 shares. Pyramis Global Advisors Trust Company ( PGATC ), 900 Salem Street, Smithfield, Rhode Island 02917, an indirect wholly owned subsidiary of FMR, is the beneficial owner of 10,600 shares. Edward C. Johnson 3d and FMR through its control of PGATC each has sole dispositive power over and sole power to vote 10,600 shares.
- (6) The amount beneficially owned of 6,093,071 shares as shown, is as reported by BlackRock, Inc. in a Schedule 13G/A filed with the SEC and dated January 20, 2012. BlackRock, Inc. has sole voting and sole dispositive power over 6,093,071 shares.
- (7) The amount beneficially owned of 6,003,564 shares as shown, is as reported by Capital World Investors in a Schedule 13G/A filed with the SEC and dated February 9, 2012. Capital World Investors has 6,003,564 shares of sole voting and dispositive power.

**Corporate Governance**

During 2011, our Board of Directors held nine meetings of the full Board and 20 meetings of the committees of the Board. Each director attended at least 75% of the aggregate number of meetings of the Board and meetings of the committees of the Board on which he served. In addition, we have a policy that directors are encouraged to attend the annual meeting. Last year, all of our directors attended our annual meeting. In 2011, the nonemployee directors met in regularly scheduled executive sessions without management present, and similar sessions are scheduled for 2012. The chairmen of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee chair these executive sessions on a rotating basis. Interested parties may communicate directly with the nonemployee directors by sending a letter to the Board of Directors (independent members), c/o Corporate Secretary, Oceaneering International, Inc., 11911 FM 529, Houston, Texas 77041-3000.

Under rules adopted by the New York Stock Exchange (the NYSE ), our Board of Directors must have a majority of independent directors. The director independence standards of the NYSE require a board determination that our director has no material relationship with us and has no specific relationships that preclude independence. Our Board of Directors considers relevant facts and circumstances in assessing whether a director is independent. Our Board of Directors has determined that the following directors meet the NYSE independence requirements: Jerold J. DesRoche; D. Michael Hughes; David S. Hooker; and Harris J. Pappas. Our Board does not believe that M. Kevin McEvoy (our Chief Executive Officer), T. Jay Collins (our former Chief Executive Officer) or John R. Huff (our Chairman of the Board and former Chief Executive Officer) is independent under the NYSE independence standards.

We have three standing committees of our Board of Directors: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. Our Board of Directors has determined that each member of these committees is independent in accordance with the requirements of the NYSE. Our Board has also determined that each member of the Audit Committee meets the independence requirements for service on an audit committee that the SEC has established.

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### **The Audit Committee**

The Audit Committee, which is comprised of Messrs. Hooker (Chairman), Hughes and Pappas, held 11 meetings during 2011. Our Board of Directors determined that all members of the Audit Committee are audit committee financial experts as defined in the applicable rules of the SEC. For information relating to the background of each member of the Audit Committee, see the biographical information under Proposal 1 Election of Directors and Continuing Directors. The Audit Committee is appointed by our Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, to assist the Board in its oversight of:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

the independence, qualifications and performance of our independent auditors;

the performance of our internal audit functions; and

the adequacy of our internal control over financial reporting.

Our management is responsible for our internal controls and preparation of our consolidated financial statements. Our independent auditors are responsible for performing an independent audit of the consolidated financial statements and internal controls over financial reporting and issuing reports thereon. The Audit Committee is responsible for overseeing the conduct of these activities and appointing our independent auditors. As stated above and in the Audit Committee Charter, the Audit Committee's responsibility is one of oversight. The Audit Committee is not providing any expert or special assurance as to Oceaneering's financial statements or any professional certification as to the independent auditors' work.

In discharging its duties, the Audit Committee reviews and approves the scope of the annual audit, non-audit services to be performed by the independent auditors and the independent auditors' audit and non-audit fees; reviews and discusses with management (including the senior internal auditor) and the independent auditors' annual audit of our internal control over financial reporting; recommends to our Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for filing with the SEC; meets independently with our internal auditors, independent auditors and management; reviews the general scope of our accounting, financial reporting, annual audit and our internal audit programs and matters relating to internal control systems, as well as the results of the annual audit and interim financial statements, auditor independence issues and the adequacy of the Audit Committee charter; and reviews with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding our financial statements or accounting policies. A copy of the Audit Committee charter is available on the Corporate Governance page in the Investor Relations section of our Web site ([www.oceaneering.com](http://www.oceaneering.com)). Any shareholder may obtain a written copy of the charter from us upon request. The report of the Audit Committee is included in this Proxy Statement under the heading Report of the Audit Committee.

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### **The Compensation Committee**

The Compensation Committee, which is comprised of Messrs. DesRoche (Chairman) and Pappas, held five meetings during 2011. The Compensation Committee is appointed by our Board of Directors to:

assist the Board in discharging its responsibilities relating to: (1) compensation of our executive officers and nonemployee directors; and (2) employee benefit plans and practices; and

produce or assist management with the preparation of any reports that may be required from time to time by the rules of the NYSE or the SEC to be included in our proxy statements for our annual meetings of shareholders or annual reports on Form 10-K.

Specific duties and responsibilities of the Compensation Committee include: overseeing our executive and key employee compensation plans and benefit programs; reviewing and approving objectives relevant to the compensation of executives and key employees, including administration of annual bonus plans, long-term incentive plans, supplemental executive retirement plan and severance, termination and change-of-control arrangements; approving employment agreements for key executives; reviewing and making recommendations to the Board regarding the directors and officers indemnification and insurance matters; evaluating the performance of executives and key employees, including our Chief Executive Officer; recommending to the Board the compensation for the Board and committees of the Board; and annually evaluating its own performance and its charter.

Since 2004, the Compensation Committee has engaged Mercer, a nationally recognized human resource consulting firm, to assist the Compensation Committee in its administration of compensation for our executive officers. Mercer assisted the Compensation Committee in the design and particulars of our existing long-term incentive program. Mercer performed a market analysis of total direct compensation (the sum of salary, annual incentive bonus and long-term incentive compensation) and retirement plan value for our executives and other key employees and compensation for nonemployee directors among peer group companies and other survey data, see Compensation Discussion and Analysis The Role of the Compensation Consultant in this Proxy Statement. The Compensation Committee approved the form and amounts of our 2011 long-term incentive program and compensation for our executive officers and other key employees, and recommended to the Board the forms and amounts of compensation for nonemployee directors.

A copy of the Compensation Committee charter is available on the Corporate Governance page in the Investor Relations section of our Web site ([www.oceaneering.com](http://www.oceaneering.com)). Any shareholder may obtain a written copy of the charter from us upon request. The report of the Compensation Committee is included in this Proxy Statement under the heading Report of the Compensation Committee.

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### **The Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee, which is comprised of Messrs. Hughes (Chairman), DesRoche and Hooker, held four meetings during 2011. The Nominating and Corporate Governance Committee is appointed by our Board of Directors to:

identify individuals qualified to become directors of Oceaneering;

recommend to our Board candidates to fill vacancies on our Board or to stand for election to the Board by our shareholders;

recommend to our Board a director to serve as Chairman of the Board;

recommend to our Board committee assignments for directors;

periodically assess the performance of our Board and its committees;

periodically review with our Board succession planning with respect to our Chief Executive Officer and other executive officers;

evaluate related-person transactions in accordance with our policy regarding such transactions; and

periodically review and assess the adequacy of our corporate governance policies and procedures.

The Nominating and Corporate Governance Committee operates under a written charter adopted by our Board of Directors. A copy of this charter and a copy of our Corporate Governance Guidelines are available on the Corporate Governance page in the Investor Relations section of our Web site ([www.oceaneering.com](http://www.oceaneering.com)). Any shareholder may obtain a written copy of each of these documents from us upon request.

The Nominating and Corporate Governance Committee solicits ideas for potential Board candidates from a number of sources, including members of our Board of Directors and our executive officers. The Committee also has authority to select and compensate a third-party search firm to help identify candidates, if it deems it advisable to do so.

The Nominating and Corporate Governance Committee will also consider nominees recommended by shareholders in accordance with our bylaws. In assessing the qualifications of all prospective nominees to the Board, the Nominating and Corporate Governance Committee will consider, in addition to criteria set forth in our bylaws, each